

## 700 containers miss shipment for drivers' work abstention

DWAIPAYAN BARUA, Ctg

Around 700 twenty-foot equivalent units (TEUs) of export containers missed scheduled shipment through Chattogram port on Thursday and Friday because of a three-day work abstention by the prime mover drivers and helpers in one of the 19 inland container depots (ICDs).

On Wednesday, the drivers of the prime movers stopped operations demanding appointment letters in recognition of their permanent employment, a raise in trip allowances and annual increments.

The ICD named Vertex Off Dock Logistics Services Ltd located in Patenga area has 40 prime movers. Of them, 25 belong to the ICD and the rest are supplied by two contractors.

A number of export containers missed scheduled shipment in the mornings of Thursday and Friday as those could not be sent to the port before the departure of the ships, said Kazi Murad Hossain, executive director of Vertex Off Dock Logistics Services.

However, operations at the ICD resumed yesterday at 3am after the management of the ICD and the workers' union leaders reached a consensus through a meeting.

More export containers may continue to miss shipment since the three-day stalemate created a backlog, Moazzem Hossain, senior operation manager of the ICD, told The Daily Star.

The stuffing of export cargoes was also hampered as a number of empty containers could not be brought from the port during the stalemate, he said.

He said many forwarders are trying to airship the export cargoes that missed the shipment through the port, which would increase the expense.

## Southeast Bank's profit falls 36% in Q1

STAR BUSINESS REPORT

Southeast Bank made a profit of Tk 92.15 crore in the first quarter of 2024, a decrease of 36 percent year-on-year.

The private commercial lender reported a profit of Tk 147 crore in the identical period last year.

Therefore, the bank's earnings per share (EPS) nosedived to Tk 0.72 in 2024 from Tk 1.14 in 2023, according to its unaudited financial statements.

"The EPS decreased due to an increase of provisions against loans and the diminution in value of investments," said Southeast Bank.

The bank also suffered a massive decline in its net operating cash flow per share (NOCFPS), shedding 66 percent to Tk 5.66 from Tk 16.97. It attributed an increase in the disbursement of loans, and the fall in borrowing from other banks to the decrease.

The net asset value per share slid marginally to Tk 25.56 from Tk 26.05.

Established in 1995, Southeast Bank currently runs its operations through 135 branches, two offshore banking units, 22 sub-branches, and more than 175 ATM booths.

# Poverty reduction rates arithmetically correct. Do they reflect reality?

Asks poverty and inequality expert Prof Joe Devine



### Observations



Fears of rising inequality are well founded in Bangladesh



More work is needed to understand inequality



Rising inequality, persisting poverty will result in uncertainty and perhaps unrest



Growth alone will not help face the challenges of inequality and poverty



Addressing inequality and poverty alongside growth is important



Investments should be increased in health and education

AM JAHID

Bangladesh is doing better than many countries in reducing poverty. However, questions remain whether the data about poverty alleviation match reality, according to Prof Joe Devine, an expert on poverty, inequality, and vulnerability.

Officially, 5.6 percent of the population in Bangladesh are classified as extreme poor. This means, the country is technically close to being a nation with zero extreme poverty, he said.

"I am sure the calculations on extreme poverty are arithmetically correct, but I doubt they reflect reality."

He made the comments during an interview on the sidelines of an international conference at the Pan Pacific Sonargaon Dhaka recently.

Devine, also an associate pro-vice-chancellor at the University of Bath in the UK, said: "If it is really true that extreme poverty levels are that low, perhaps the way we talk about and categorise poverty is not very helpful."

"I understand that policymakers might want simple and accurate calculations but as a researcher, I see poverty as a far more complex experience and I wonder if our calculations capture the complexity."

The researcher said the latest data from the Household Income and Expenditure Survey (HIES) showed that fears of growing inequality are well-founded.

He drew attention to the fact that research into inequality in Bangladesh is very much in its infancy, and more work is needed to understand what

shape inequality will take.

"We've got some figures from the HIES. Apart from that, we don't know much about inequality."

"In order to properly do that kind of analysis, we need to get a better sense of the dynamics of class formation and reproduction and the relations between different groups on the inequality spectrum."

People in Bangladesh talk about the middle class. And, according to Prof Devine, the middle class is a broad category, and it can cover people who are rich right down to the people who might be doing well but are not rich.



Joe Devine

"Thus, this is one category that really needs to be better understood."

He said one can easily observe aspects of inequality in Bangladesh: some people live comfortably and their options in life are going to be much better.

"You can also see some people who might even be professionals but are struggling with the cost of living. Are these all parts of the middle class? Do they share the same experiences? I doubt it. And we know even less about the impact of inequality on poor people."

He said when inequality is

discussed, it usually refers to one person's relative position to another. "So, we need to start by understanding more how different people experience inequality."

Inequality is not unique to Bangladesh. Rather, it is a common phenomenon in many countries.

Prof Devine said discussions about inequality are tough political economy questions because they ultimately point to society's willingness to support redistribution measures.

He elaborates unequal societies tend not to develop very well.

"If inequality rises in Bangladesh and poverty persists, this will result in unsustainable conditions that will only bring uncertainty and perhaps unrest. There are moral and pragmatic reasons why Bangladesh should consider carefully the challenges posed by a rise in inequality."

Prof Devine co-authored the book "Aiding Resilience Among The Extreme Poor In Bangladesh". During the interview, he talked about the enduring nature of inequality, citing education and health as examples.

"We can see in Bangladesh a plethora of health and education services that cater to the rich, the middle class and the poor. Inevitably, those servicing the poor will not be providing the same quality of care and attention. This has intergenerational impacts."

"So, if I can't go to school or I have poor health, it is more likely that my children will not go to school or suffer from poor health. Inequality, like poverty, is reproduced over time and as it does, it becomes tougher, more intractable."

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## Where is the economy heading?

MAMUN RASHID

This is exactly the question I came across from the investment community in the US, India, and Singapore in the last one month or so. They asked where the exchange rate may settle down and the local currency borrowing rate may go. If they invest in Bangladesh, will they be able to take back their return on investments timely and easily?

Bangladesh's economy continues to face headwinds owing to high inflation and low forex reserves. Imports, ranging from capital machinery to raw materials and industrial goods, have experienced a decline for the second consecutive year, largely attributable to the ongoing dollar crisis.

Both GDP growth and job creation show signs of decline and private investment remains stagnant and inequality and poverty are on the rise.

The recent turmoil can also be blamed on the internal fault lines that have long remained unaddressed. There are several fault lines including the mess in the banking sector, the diversion of remittances to informal channels, export proceeds not being repatriated on time, issues with governance and institutional capacity, low revenue collection, rising public debt, and regulators' stubborn stance on exchange and interest rates for long.

The economy's capacity to absorb shocks has weakened significantly in recent times. Persistent high inflation for around two years has reduced the purchasing power of the poor and their living standards.

The World Bank's Poverty Outlook for Bangladesh showed nearly half a million Bangladeshis will fall into extreme poverty between FY2022-23 and FY2023-24. This section of the population is expected to survive on less than \$2.15 a day.



According to the World Food Programme, almost 40 million people were identified as food-insecure. The trend has been observed to steadily increase from May 2023.

The tightening of imports has had repercussions on production with its spillover effects being felt in investment and employment generation.

Bangladesh Bank data shows a continuous decline in overall imports for two consecutive years. Imports decreased nearly 16 percent in FY23. In July-February of the current fiscal year, it saw a further decrease of 15.36 percent, year-on-year.

A more alarming concern is the decline in the opening of letters of credit for imports of capital machinery, which dropped 19 percent in July-February. Imports of industrial raw materials and intermediate goods experienced declines of 4.09 percent and 17 percent, respectively.

The stagnation of private investment, which has been the primary driver of Bangladesh's impressive economic growth for over a decade, barring the pandemic year, remains a significant concern.

Without a substantial increase in both local and foreign private investments, Bangladesh will struggle to sustain economic growth and generate much-needed jobs for the approximately 2.5 million youths entering the workforce each year.

Also, we have not succeeded in building a dynamic private sector. Instead of being utilised for productive purposes, bank loans are being laundered and allegedly siphoned off the country.

Foreign direct investment remains significantly lower at 0.7 percent of GDP, largely due to an unfriendly business environment. On the other hand, persistently high inflation is eroding people's purchasing power and savings capacity.

Fresh investments are insignificant. Those who are already present are reinvesting. The primary issue with FDI is that investors encounter challenges when repatriating profits. Also, a complicated tax regime adds to the obstacles.

In the face of these challenges, we emphasise the need for policy interventions to invigorate private sector investment, foster savings, and increase investor confidence through better marker management, in order to propel economic growth and create jobs. Without such measures, Bangladesh will find it harder to attain the status of a middle- and higher-income nation.

The author is an economic analyst

## OpenAI plans to announce Google search competitor on Monday

REUTERS

OpenAI plans to announce its artificial intelligence-powered search product on Monday, according to two sources familiar with the matter, raising the stakes in its competition with search king Google.

The announcement date, though subject to change, has not been previously reported. Bloomberg and the Information have reported that Microsoft OpenAI is working on a search product to potentially compete with Alphabet's Google and with Perplexity, a well-funded AI search startup.

OpenAI declined to comment before Reuters published its report on Thursday.

After publication, OpenAI on Friday posted on X that the company would stream a live event on Monday, to "demo some ChatGPT and GPT-4 updates."

CEO Sam Altman later posted on X, "not gpt-5, not a search engine, but we've been hard at work on some new stuff we think people will love! feels like magic to me."

Alphabet's stock partly recovered from an over 2 percent loss following Altman's post, and was last down 0.9 percent.

OpenAI's announcements could be timed a day before the Tuesday start of Google's annual I/O conference, where the tech giant is expected to unveil a slew of AI-related products.

## China's consumer prices rise for third month, signalling demand recovery

REUTERS, Beijing

China's consumer prices rose for a third straight month in April, while producer prices extended declines, signalling an improvement in domestic demand, as Beijing navigates challenges in its bid to shore up a shaky economy.

The closely watched numbers follow better-than-expected imports data for April, suggesting a flurry of policy support measures over the past several months may be helping consumer confidence.

Consumer prices edged up 0.3 percent in April from a year earlier, data from the National Bureau of Statistics showed on Saturday, versus a rise of 0.1 percent in March and a Reuters poll forecast for an increase of 0.2 percent.

"Strip out food and energy prices, and the consumer inflation data suggests a comeback in demand, especially in services," said Xu Tianchen, senior economist at the Economist Intelligence Unit.

Core inflation, excluding volatile food and fuel prices, grew 0.7 percent in April, up from 0.6 percent in March.

Overall the consumer price index (CPI) rose 0.1 percent from the previous month, beating a forecast fall of 0.1 percent in the

poll and reversing a drop of 1 percent in March.

Most China watchers say Beijing still has its work cut out, though, and the momentum might prove unsustainable, as official surveys show cooling factory

and services activity, while a lengthy housing crisis shows no sign of easing, boosting the case for more policy support.

"Price hikes by utility companies is another potential driver," Xu added.

"The fiscal strains some local



People buy vegetables at a market in Shenyang, in northeastern China's Liaoning province. China's consumer price index rose by 0.3 percent year-on-year in April, staying in positive territory for the third straight month.

PHOTO: AFP/FILE