Bangladesh's ratio of low-paid workers 3rd highest in South Asia

STAR BUSINESS REPORT

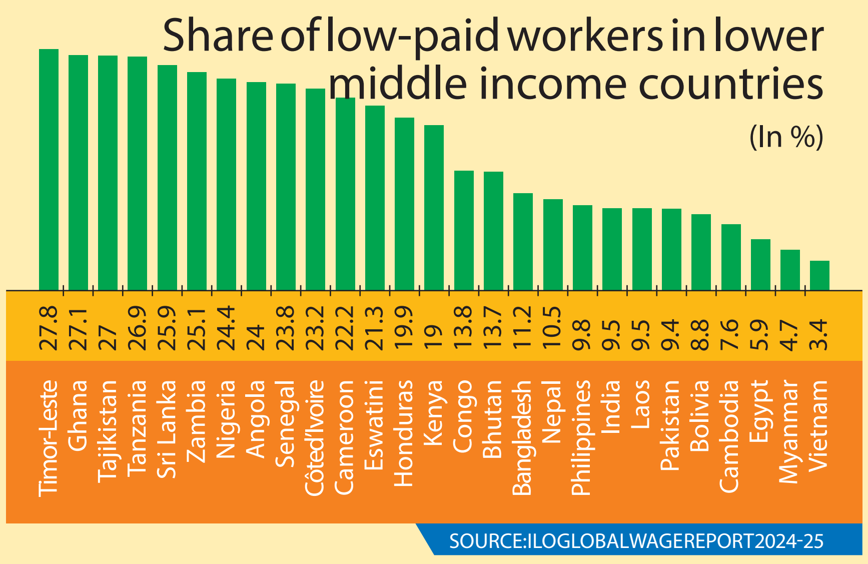
Bangladesh has the third highest percentage of low-paid workers among South Asian nations after Sri Lanka and Bhutan, according to a report by the International Labour Organization (ILO) released yesterday.

The share of low-paid wage workers, meaning those whose hourly wage falls below 50 percent of the median hourly wage, among all the workers in Bangladesh is 11.2 percent.

Meanwhile, 25.9 percent of the workers in the island nation of Sri Lanka are low-paid while the ratio is 13.8 percent in the landlocked country of Bhutan, the UN agency said in its Global Wage Report 2024-25.

Among the South Asian countries, Pakistan has the lowest ratio of low-paid workers at 9.4 percent followed by India, said the report, which added that low-paid workers account for 11.5 percent of workers globally.

At the global level, women are overrepresented among low-paid wage workers, representing about half of the total. Migrants and workers in the informal economy also comprise a good portion of the low-paid wage workers, the report said.



"This overrepresentation of women among low-paid wage workers is observed in all country income groups," said the report, which found that wage inequality has decreased in about two-thirds of all countries since 2000.

The report also found that since the early 2000's, on average, wage inequality, which compares the wages of high and low wage earners, decreased in many countries.

The most significant decreases occurred among low-income countries while wage inequality is declining at a slower pace in wealthier countries.

Besides, global wages have been growing faster than inflation in recent times.

In 2023, real wages worldwide grew by 1.8 percent with projections anticipating 2.7 percent growth in 2024, the highest increase in more than 15 years.

"Such positive outcomes mark a notable recovery when compared to the negative global wage growth, of -0.9 percent observed in 2022, a period when high inflation rates outpaced nominal wage growth," it said.

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Gen Z: The new challenge for family businesses

MAHTAB UDDIN AHMED

In recent years, family businesses are facing a new wave of challenges, dealing with Gen Z. Except for a few, most family-run companies are showing cracks that could lead to collapse. The older generation hopes their progeny will follow in their footsteps, but are they truly leaving behind stellar examples?

One business owner, notorious for mistreating employees and vendors, left a daughter who kept us waiting for hours to flaunt her authority, finally summoning us just when we were about to leave with a gun casually placed on the table. Then, there is the son of a wealthy family who refused to join their family empire because of his father's unethical practices, which reflects the growing generational divide in ethics and professional approaches within family enterprises.

Many family businesses focus only on wealth accumulation, overlooking the importance of preparing the next generation for a smooth transition. The older generation tends to be hesitant to allow newcomers to grow by making mistakes, expecting them only to mirror them. They fail to understand that strategies that work for today's leaders may fail tomorrow.

Gen Z is tech-savvy and entrepreneurial; they value diversity and inclusivity. They prioritise mental health, work-life balance, and ethical practices. Highly adaptable, they embrace innovation and social causes, preferring authentic communication. Financial independence and personal growth are central to their ethos, with a focus on purpose-driven careers as opposed to traditional paths.

In Bangladesh, family businesses are often rooted in traditional practices, valuing hierarchy, loyalty, and relationships over process-related formalities. They emphasise control, stability, and empire-building, relying on personal connections and time-tested methods. However, their informal management styles, dubious ethical practices and resistance to change often clash with Gen Z's focus on innovation, transparency, and inclusivity.

It is time to align with Gen Z by fostering open communication, involving them in decisions, and prioritising transparency. Encouraging innovation, adopting technology, and mentoring while respecting values like work-life balance can bridge gaps, ensuring smoother transitions. These preparations must begin years before transferring the family business baton to Gen Z.

Some successful family-run businesses that try to replicate past success models often overlook the need for fresh strategies. They hesitate to develop/part with loyal but outdated employees, leaving Gen Z confused with the work dynamics. They often forget a critical principle: "Losers live in the past, while winners learn from it and focus on building the future."

Deloitte's 2024 Family Enterprise Survey reveals significant generational gaps in family business succession. While 63 percent see "interest in succession" as a major risk, only 13 percent of next-gen members strongly believe in smooth transitions.

Recent global and local events highlight a significant shift in how Gen Z perceives and reacts to the world around them. Take the Gaza conflict, for instance; while many governments expressed support for Israel, the youth worldwide stood firmly on the side of justice and truth, amplifying unheard voices through social media and grassroots activism.

Closer to home in Bangladesh, the older generation often turned a blind eye to the injustices of past regimes, hesitant to challenge the status quo. But it was Gen Z that fearlessly took to the streets, demanding accountability and change.

Gen Z is an active force for change, challenging outdated systems and dreaming of a better future. They inspire hope in uncertain times, urging us to trust their vision and empower them. With guidance, they can lead society's growth and progress, shaping a brighter tomorrow.

The author is president of the Institute of Cost and Management Accountants of Bangladesh and founder of BuildCon Consultancies Ltd

Indian banks reviewing Adani Group exposure

REUTERS, *Mumbai/New Delhi*

Indian lenders, including State Bank of India, are reviewing their exposure to Adani Group and examining whether they need to tighten their due diligence when offering new loans to them, after the US accused Chairman Gautam Adani of bribery, eight bankers said.

Bank of India, Union Bank, ICICI Bank, Canara Bank, IDBI Bank and RBL Bank, which have a relatively smaller exposure to the group, are also undertaking a similar exercise.

A review would not necessarily entail any change in the lenders' credit approach with regards to the group.

A regulatory source aware of the development said from a banking system perspective there is no need to panic as no entity at this point is over exposed to the group.

The Reserve Bank of India did not reply to an email seeking comment.

SBI has the largest exposure to the Adani Group among Indian banks, with sanctioned loans of 338 billion rupees ($4 billion), according to IIFL Securities, a brokerage.

SBI won't stop lending to ongoing Adani projects that are nearing completion, sources said, but added the bank will exercise caution while disbursing loans to ensure all terms and conditions are being met by the group.

Lack of storage compromising fertiliser quality in Rangpur

KONGKON KARMAKER

The Bangladesh Chemical Industries Corporation's (BCIC's) buffer warehouse in Rangpur is grappling with a severe shortage of storage space that has left authorities with no choice but to store excess fertiliser stocks outdoors.

This has raised concerns that the stocks could be damaged by exposure to sunlight and rain, especially as the only means of protection for these stocks are simple polythene coverings.

The buffer warehouse currently holds 10,500 tonnes of fertiliser, more than double its maximum storage capacity of 5,000 tonnes. This has created a critical management challenge that warehouse authorities emphasised must be resolved as soon as possible.

The problem only intensifies during the peak agricultural season from November to March as fertiliser demand rises manifold, with Rangpur requiring around 45,000 tonnes of urea for crops like potato and paddy.

The annual demand for urea in the district is approximately 80,000 tonnes, which is supplied through 106 authorised dealers.

Foysal Ahmed, deputy manager of the warehouse, said they are taking measures to ensure the safety and quality of stocks kept under open skies.

During off-peak periods, authorities stockpile fertiliser for emergency use, which further strains the warehouse's limited capacity, Ahmed added.

To address the crisis, the BCIC has acquired land in Rangpur's Darshana to construct a new warehouse with a 20,000-tonne storage capacity.

Ahmed said the new warehouse will eliminate these problems once operational.

Civic leaders and farmers' representatives have also called for a swift resolution.

Palash Kanti Nag, convenor of the Krishak Sangram Parishad in Rangpur, criticised the mismanagement.

"While farmers are struggling with rising fertiliser costs, loss of quality will be another issue if such huge quantities of fertiliser are kept under open skies," he said.

Excess stocks of fertiliser are being kept outside the Rangpur buffer warehouse of the Bangladesh Chemical Industries Corporation. PHOTO: COLLECTED

"It is not possible to maintain the quality of fertiliser if it is stored under open skies for a long time. Sometimes it solidifies," Nag added.

Nag claimed the Rangpur buffer warehouse is not the only one suffering from a lack of storage space, saying that warehouses in almost every other district are facing similar issues.

For example, he said, there is a shortage of space at the Baghabari Bandar in the Shajadpur upazila of Sirajganj, a hub that supplies fertiliser to 16 districts under the Rangpur and Rajshahi divisions.

Azizul Islam, a farmer in the Dinajpur sadar upazila, said growers often cannot gauge the quality of fertilisers and therefore end up using an excess amount after not getting the expected results.

"This happens due to the loss of quality of the fertiliser," he added.

Moreover, around 1,500 tonnes of urea fertiliser have been languishing at the warehouse for nearly 14 years due to a long-standing legal dispute regarding its suitability for use, according to officials.

The legal dispute dates back to 2011, when the BCIC identified quality issues in agricultural inputs supplied by Chattogram-based Noor Trading.

Due to defects like torn bags, reduced weight and substandard quality, the fertiliser was deemed unfit for distribution among farmers.

Despite multiple notifications to the supplier, the issue remains unresolved.

As it is evidence in the case, the fertiliser is still stored in the warehouse.

In 2022, the BCIC directed the warehouse authorities to re-bag usable portions of the fertiliser, recovering only 1,099 tonnes of intact urea. However, the ongoing legal proceedings have stalled the disposal of the remaining stock.

Bangladesh meets most of its fertiliser demand through imports.

The government has set a target to import 52 lakh tonnes of fertiliser, comprising 20 lakh tonnes of urea, for the current fiscal year.

Bangladesh used 57.7 lakh tonnes of chemical fertiliser in fiscal year 2023-24, up 2.3 percent compared to the previous year, with urea accounting for 46 percent of the total usage.

A significant portion of fertiliser is required by the country's major crop-producing districts in the northwest region.

Mexico says Trump plans may cost 400,000 US jobs

AFP, *Mexico City*

Mexico said Wednesday the United States will be shooting itself in the foot if President-elect Donald Trump implements his threats to impose 25-percent tariffs on Mexican imports.

Trump on Monday fired the warning shot in a looming trade war with the top three US trading partners by threatening to impose huge tariffs on Mexico, Canada and China if they failed to stop illegal migration and drug smuggling into the United States.

He said he would charge 25 percent tariffs on Mexican and Canadian imports and 10 percent on Chinese goods "above any additional tariffs" on the world's second-biggest economy.

Mexico's Economy Minister Marcelo Ebrard warned that the cost to US companies of the tariffs on Mexico would be "huge."

"Around 400,000 jobs will be lost" in the United States, he said, citing a study based on figures from US carmakers that manufacture in Mexico.

He added the tariffs would also hit US consumers hard.

Ebrard cited the US market for pickup trucks, most of which are manufactured in Mexico, as an example, claiming the tariffs would add $3,000 to the cost of a new vehicle.

"The impact of this measure will chiefly be felt by consumers in the United States... That is why we say that it would be a shot in the foot," he said, speaking alongside President Claudia Sheinbaum during her regular morning conference.

Trump tariff talk spurs global jitters, preparations

AFP, *Washington*

Donald Trump's tariff threats have rattled foreign businesses and governments, with many fearing it could signal the opening salvo of an all-out trade war when he returns to the White House next year.

The president-elect on Monday placed both allies and rivals on notice, vowing to quickly slap an across-the-board tariff of 25 percent on Canada and Mexico, and add a 10 percent tariff on China.

Following through on that threat -- or his campaign promise of a 10 percent levy on all US imports -- will spark retaliation and have ripple effects across the global economy, analysts say.

"Our assumption is that all these other countries, all these other advanced economies, especially in Asia, they will retaliate in kind," economist Bernard Yaros of Oxford Economics told AFP.

US tariffs and retaliation including from Europe and Asia would "depress growth" and trade flows, he said, estimating a cut to global growth of 0.1 to 0.9 percentage points in 2026.

Even before tariffs take effect, threats weigh on sentiment and could delay investments and hiring, ING economists Ruben Dewitte and Inga Fechner warned in a note.

Trump has long viewed tariffs as a negotiating tool -- or an "all-purpose bludgeon" as a recent Wall Street Journal editorial put it.

On Monday, Trump said that the tariffs on Mexico and Canada would only be removed when illegal immigration and drug trafficking to the United States are stopped.

While seeking to build US leverage, he also risks longer term impacts, with some suggesting he would push countries toward China, Columbia Law School professor Petros Mavroidis said.

"What he definitely does is alienate all his allies," he told AFP. Erin Murphy, senior fellow at the Center for Strategic and International Studies, said in Trump's threats "there is no differentiation" regarding countries' economic development status or affinity with Washington.

A container ship sits docked at the Port of Oakland in California. US tariffs and retaliation, including from Europe and Asia, may depress growth and trade flows, an economist said. PHOTO: AFP/FILE

Europe could be particularly impacted, Dewitte and Fechner said, warning that "a looming new trade war could push the eurozone economy from sluggish growth into recession."

EU tariffs on car imports were a particular target of Trump during his campaign. But US reliance on the bloc for strategically important products, mainly in the chemical and pharmaceutical sectors, could give the EU some leverage in talks, ING said.

"European countries will be less likely to strike any kind of bargain with Trump than Canada or Mexico," said Peterson Institute for International Economics nonresident senior fellow Gary Hufbauer.

He expects the EU could offer to reduce auto tariffs and buy more US agricultural products like soybeans, but it may not be enough for an administration seeking greater market access or rules exemptions.

Should the US impose tariffs, the EU will probably retaliate on iconic US goods like iPhones or whiskey, he said.

European countries could turn to the World Trade Organization (WTO), though even favorable rulings from the international body may not significantly change US practices.