South Asia's youth boom: opportunity or pressure?

IMF says investment in people is key

MD MEHEDI HASAN, *from Bangkok*

South Asia's young population presents both an opportunity and a challenge for policymakers, the International Monetary Fund (IMF) said yesterday.

At a press conference on the Global Policy Agenda at the 2026 Annual Meetings of the IMF and the World Bank in Bangkok, the IMF said advanced economies and some emerging markets are ageing fast, while Africa and South Asia are experiencing a youth bulge, an unusually large share of young people in the population.

IMF Managing Director Kristalina Georgieva took part in the conference.

According to a Unicef report, South Asia has the world's largest population of young people, with more than 340 million adolescents and over 700 million people under the age of 24.

In Bangladesh, nearly 46 million people, or one-fourth of the population, are aged 15-29, making it one of the region's largest youth populations, according to the Bangladesh Bureau of Statistics.

The IMF said countries with growing youth populations should prioritise investment in education, skills and health. Modernising labour markets requires expanding retraining opportunities, increasing labour force participation, easing worker mobility and supporting workers through transitions rather than trying to preserve specific jobs.



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PHOTO: STAR/FILE

The IMF also described a vibrant private sector as essential for generating growth and employment. It recommended simplifying regulations, strengthening competition and governance, expanding access to finance and designing efficient tax systems while maintaining openness to trade and investment.

The rapid adoption of artificial intelligence (AI) and digital finance offers new opportunities but could also disrupt labour markets and widen inequality, the multilateral lender said. Realising the benefits of AI will require investment in digital infrastructure, sustainable energy and skills, alongside policies to ensure productivity gains translate into broad improvements in living standards.

The IMF urged governments to reprioritise public spending to protect growth-supporting investment and essential social expenditure.

$18,000 foreign travel quota, but limited ways to spend it

MIZANUR RAHMAN

The Bangladesh Bank's decision to increase the annual foreign exchange entitlement for adult travellers from $12,000 to $18,000 is welcome. It recognises the rising cost of international travel. Yet a higher annual entitlement offers little benefit if travellers cannot use it for ordinary and essential expenses.

I experienced this contradiction during a family trip to the United States.

I needed to buy domestic air tickets in the US for myself, my wife and my child. Like many cost-conscious travellers, I looked for cheaper fares. But when the combined fare exceeded $300, I could not complete the transaction because of the limit on online international card payments.

Although I had sufficient funds within my approved travel entitlement, I could not use them for a legitimate family expense.

The problem became more serious after I landed at Los Angeles International Airport with my daughter around midnight. I could either take an expensive airport taxi or use a much cheaper app-based service such as Uber. Unfortunately, my Bangladeshi-issued card could not be used to pay for the Uber ride.

With a tired child beside me, I had no practical choice but to take the more expensive option. The journey cost more than twice as much as an Uber ride would have.

The next morning, I asked a friend living in New York to add his credit card to my Uber account. A genuine traveller with an approved foreign exchange entitlement should not have to depend on someone else's foreign card to pay for basic transport.



The $18,000 travel entitlement means little if travellers cannot use their cards for legitimate expenses such as flights, hotels and basic transport abroad.

Recent measures allowing international cards to be used for certain airline ticket purchases are positive. But travellers do not always buy directly from airlines. Many use platforms such as Trip.com or compare fares on Skyscanner to find cheaper options.

The same issue arises with hotels. Travellers frequently use Booking.com or Agoda because these platforms often offer better rates than hotels' own websites. A policy that permits payment to a direct provider but restricts payments through a recognised, lower-cost intermediary simply makes travel more expensive.

When legitimate card payments fail, travellers may be forced to carry more cash or turn to informal payment channels. This weakens the formal financial system rather than protecting it.

Bangladesh must, of course, protect its foreign exchange reserves and prevent misuse. But restrictions should be proportionate to the actual risk. Banks already maintain detailed transaction records, while financial and tax systems are becoming increasingly integrated. Authorities can identify and investigate suspicious transactions without blocking routine travel expenses.

The Bangladesh Bank should therefore consider raising the single-transaction ceiling to a reasonable level and introducing clear exemptions for genuine travel services. These should cover domestic air tickets purchased abroad, recognised hotel-booking platforms, app-based transport, rail tickets and car rentals.

Banks should also receive uniform instructions so that legitimate payments are not declined simply because a merchant is classified as an online intermediary rather than an airline or hotel.

The principle is simple: if the state authorises a traveller to use a certain amount of foreign currency, that person should be able to spend it on legitimate, traceable travel expenses.

Increasing the annual entitlement to $18,000 is progress. But the reform will remain incomplete until it works in real life, at the airport, on booking platforms and during a late-night journey with a child.

The writer is the head of operations and CFO of The Daily Star

Garment workers' wages need review as living costs rise

Factory owners, union leaders and economists say

STAR BUSINESS REPORT

Factory owners, trade union leaders and economists yesterday called for a review of garment workers' wages to reflect the rising cost of living.

They made the call at a seminar organised by the Garment Workers' Trade Union Center (GWTUC) at the Jatiya Press Club in Dhaka.

In a statement presented at the seminar, the GWTUC said the latest minimum wage for garment workers was fixed in 2023 and took effect on December 1 that year.

The minimum monthly wage was raised from Tk 8,000 to Tk 12,500, but the increase was only half of what workers had demanded, the statement said. Since then, the cost of living has continued to rise, while the minimum wage has remained unchanged.

The statement estimated that goods and services that cost Tk 8,000 in 2018 would now require Tk 14,500 to Tk 15,000 to buy.

Despite nominal wage increases, workers' purchasing power has therefore declined, it said.

Workers' incomes are insufficient to cover essential expenses such as food, rent, healthcare, education and transport, according to the statement. Many are forced to work excessive overtime but still struggle to maintain a basic standard of living for their families.



PHOTO: STAR/FILE

It said wage determination should take into account the actual cost of living, inflation, productivity and the equitable distribution of wealth generated by the industry.

Mujahidul Islam Selim, former president of the Communist Party of Bangladesh, said workers' interests and the garment industry's interests were not contradictory.

Fair wages, better working conditions, skills development and investment in technology could strengthen the industry's long-term competitiveness, he said.

Mahmud Hasan Khan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said employers supported the formation of a wage board, but the timing of its formation was for the government to decide.

He said the BGMEA's current leadership would not interfere in the selection of workers' representatives to the board.

Employers would also need time to implement a new wage structure, he added.

Khondaker Golam Moazzem, president of Knowledge Hub Institute Trust, said garment workers had already taken to the streets demanding higher wages.

Although the minimum monthly wage for the lowest grade is Tk 12,500, workers in a lower grade are paid Tk 9,875, he said.

Moazzem urged workers to remain united, select their own representatives to the wage board and announce their choices publicly.

He also called for garment workers' wages to reflect the industry's productivity.

GWTUC President Montu Ghosh chaired the seminar.

PKSF signs Tk 500cr solar power deal with Finance Division

STAR BUSINESS DESK

Palli Karma-Sahayak Foundation (PKSF) has signed a Tk 500 crore agreement with the Finance Division of the Ministry of Finance to expand the use of solar power across Bangladesh.

Nazneen Sultana, joint secretary of the Finance Division, and AKM Nuruzzaman, senior general manager of PKSF, signed the agreement at a ceremony held in Dhaka on Tuesday, according to a press release.

Under the initiative, PKSF will extend loans to end users at an interest rate of 6 percent through its partner organisations.

To this end, PKSF has launched a specialised Renewable Energy Financing Programme to facilitate financing for solar power installations and accelerate the adoption of renewable energy across the country.

The initiative is expected to strengthen Bangladesh's energy security by diversifying energy sources and promoting wider access to clean, renewable power, the release added.

It will also contribute to environmentally sustainable energy solutions, reduce reliance on conventional power sources and encourage greater private-sector participation in the country's transition towards sustainable development.

Global economy weathers shocks, but risks mount: IMF

MD MEHEDI HASAN, *from Bangkok*

The global economy has weathered a series of shocks better than expected, but repeated disruptions are eroding countries' capacity to respond, IMF Managing Director Kristalina Georgieva said on Wednesday.

Presenting the fund's Global Policy Agenda at a press conference during the 2026 Annual Meetings of the IMF and the World Bank in Thailand, she said global growth is projected at 3.1 percent in 2026, unchanged from the April forecast but below last year's 3.4 percent.

The IMF said the stable headline figure masks "divergent outcomes" across economies.

Two opposing forces are at work. Wars in the Middle East and Ukraine are disrupting supply chains and driving up commodity prices, while rapid advances in artificial intelligence (AI) are boosting investment, trade and stock markets.

The energy shock proved less damaging than feared, thanks to flexible supply responses, inventory drawdowns, lower oil dependency and fiscal support.

A downturn has been avoided "for now", the IMF said, but growth remains modest and inflationary pressures persist.

Energy exporters not directly affected by the conflicts, economies integrated into technology value chains, such as Thailand and Malaysia, and countries with strategic reserves have fared better. Energy importers, countries with limited policy buffers and those less exposed to the technology boom are facing greater strain.

Many low-income and fragile states fall into the latter group, raising the risk of widening income disparities across countries.

ERODING BUFFERS

Policy buffers have weakened, the IMF warned. Global public debt is approaching 100 percent of gross domestic product (GDP), while rising sovereign bond yields in advanced economies are putting additional pressure on emerging and developing economies, particularly low-income countries facing high debt-service costs.



IMF Managing Director Kristalina Georgieva gestures during a briefing at the IMF-World Bank Group annual meetings in Bangkok yesterday.

PHOTO: AFP

Other risks include trade tensions, El Niño's potential impact on food markets, a possible market correction linked to AI, vulnerabilities in non-bank financial institutions and cyber threats.

Georgieva said cyber threats were already causing real-world damage, citing an incident in France in which a cyberattack caused refrigerator temperatures to rise, spoiling food. As such attacks become more frequent, they could target financial systems, turning cyber risk into a financial stability concern.

POLICY PRIORITIES

The IMF urged governments to protect people rather than prices, recommending temporary, targeted support for vulnerable households instead of broad price controls.

Credible fiscal consolidation remains a top priority, the fund said. A restrictive monetary stance is generally still warranted but should be calibrated to country-specific conditions. Monetary policy should tighten further if inflation expectations risk becoming unanchored.

Temporary foreign exchange intervention may be justified to curb disorderly currency movements, but it should not replace broader macroeconomic adjustment. Financial supervisors should also contain excessive leverage, particularly in technology-related exposures.

The fund said its "Bangkok Blueprint" aims to strengthen safeguards for digital finance, improve cyber protection and combat digital fraud.

It also cited research suggesting that AI could raise sub-Saharan Africa's GDP by up to 4 percent cumulatively over a decade.

For low-income countries, the IMF stressed the need to address debt vulnerabilities despite declining official development assistance. It said it was involved in debt restructuring cases under the Common Framework.