

CHAPTER 3

PRICES, WAGES AND EMPLOYMENT

Consumer Price Index and Inflation

Bangladesh Bureau of Statistics (BBS) has computed National Consumer Price Index (CPI) using food and non-food commodities and services utilised by the consumers in their daily life. Using 1995-96 as the base year, the current CPI has been published. To construct the price index, the commodity and weight of the index basket have been obtained from Household Income and Expenditure Survey (HIES), 1995-96. All Rural and All Urban price indices were compiled using the lists of consumer goods of rural and urban households based on the survey. Then national price index has been estimated taking into account the weighted average of the consumption expenditure of two areas. All indices are shown separately by food and non-food groups that are disaggregated by a number of sub groups.

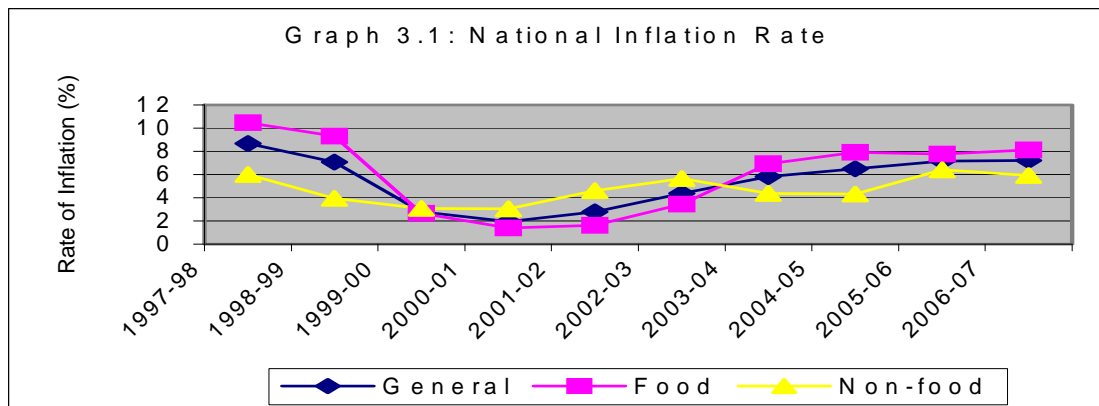
The rate of inflation (national) assessed by the current national index in FY 2006-07 stood at 7.22 percent. This was 7.17 percent and 6.48 percent in FY 2005-06 and FY 2004-05 respectively. Consumer Price Index during FY 1997-98 to FY 2006-07 are shown in Table 3.1.

Table 3.1: Consumer Price Index and Inflation

(Base year 1995-96=100)

Index	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
General	112.96	120.94	124.31	126.72	130.26	135.97	143.90	153.23	164.21	176.06
(% change)	(8.66)	(7.06)	(2.79)	(1.94)	(2.79)	(4.38)	(5.83)	(6.48)	(7.17)	(7.22)
Food	114.51	125.16	128.52	130.30	132.43	137.01	146.50	158.08	170.34	184.18
(% change)	(10.46)	(9.30)	(2.68)	(1.38)	(1.63)	(3.46)	(6.93)	(7.91)	(7.76)	(8.12)
Non-food	110.73	115.10	118.64	122.25	127.89	135.13	141.03	147.14	156.56	165.79
(% change)	(5.99)	(3.95)	(3.08)	(3.04)	(4.61)	(5.66)	(4.37)	(4.33)	(6.40)	(5.90)

Source: BBS.



On point-to-point basis the rate of inflation in June'07 at national level is 9.20 percent and inflation rates of food and non-food items are 9.82 percent and 8.34 percent respectively. The upward trend of inflation is mainly due to the unexpected price hike of oil and essentials imported from international market. The monthly rate of inflation during FY 2006-07 calculated on point-to-point basis is presented in Table 3.2.

Table 3.2: Monthly Rate of Inflation (Point- to- Point) during FY 2006-07

Category		2005-06												
		July'06	Aug'06	Sept'06	Oct.'06	Nov.'06	Dec'06	Jan.'07	Feb.'07	Mar.'07	April'07	May'07	June'07	Average
National	General	6.77	6.67	6.89	7.31	6.37	6.13	5.94	7.28	7.43	8.28	8.05	9.20	7.22
	Food	7.42	7.42	8.25	9.00	7.28	7.08	6.65	8.36	8.36	8.98	8.35	9.82	8.12
	Non-Food	5.92	5.64	4.86	4.76	8.87	4.65	4.95	5.74	5.74	7.35	7.77	8.34	5.90
Urban	General	6.87	6.83	6.83	7.13	5.53	5.44	5.79	7.26	7.12	7.86	8.08	9.35	7.03
	Food	8.34	8.33	8.93	9.65	6.50	6.44	6.97	9.03	8.60	9.44	9.21	10.71	8.54
	Non-Food	5.25	5.19	4.50	4.31	4.44	4.34	4.50	5.33	5.47	6.09	6.78	7.80	5.34
Rural	General	6.73	6.60	6.91	7.39	6.70	6.42	6.01	7.29	7.55	8.45	8.04	9.14	7.30
	Food	7.04	7.04	7.96	8.74	7.61	7.35	6.51	8.08	8.50	8.79	7.98	9.45	7.96
	Non-Food	6.17	5.82	5.00	4.93	5.04	4.77	5.12	5.89	5.88	7.83	8.15	8.55	6.10

Source: BBS.

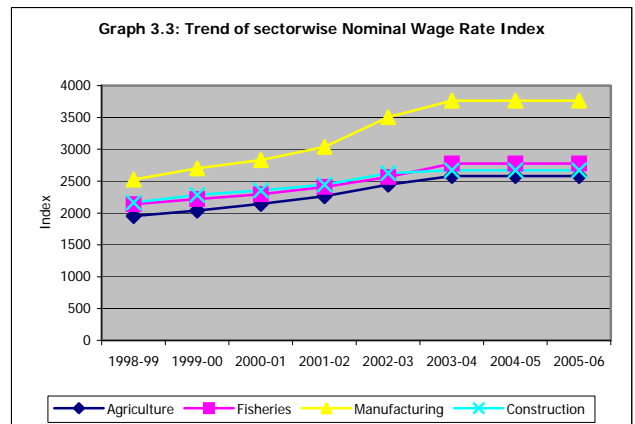
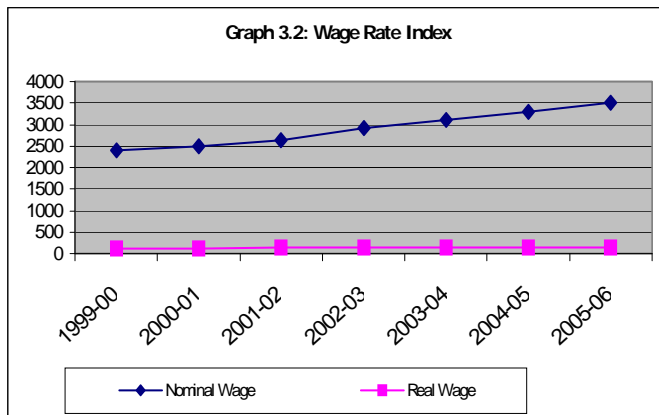
Wage

Bangladesh Bureau of Statistics has presented Wage Rate Index in four major groups. The indices have been constructed on 1969-70 as base year. The Wage Rate Index during FY 1998-99 through FY 2006-07 is presented in Table 3.3. In FY 1998-99 the nominal wage rate index stood at 2259 which grew to 3779 in FY 2006-07. Compared to FY 2005-06, the nominal index was up by 7.76 percent in FY 2006-07. The real wage index was 149 in FY 2004-05. In FY 2005-06 the index remain same i.e. 149. It is observed from the Nominal Wage Rate Index that in FY 2006-07 the growth of construction sector index is the highest (8.52%) which was 3.77 percent higher than that of previous year. Besides this, the growth rate of agriculture, fishery and manufacturing sector index are 7.86 percent, 6.35 percent and 7.99 percent respectively.

Table 3.3: Rate of Increase in Wages
(Base year 1969-70=100)

Fiscal Year	Nominal Wage Rate Index					CPI for industrial labour (national)	Real Wage Rate Index (General)
	General	Agriculture	Fisheries	Manufacturing	Construction		
1998-99	2259 (5.51)	1950 (4.28)	2138 (4.14)	2522 (5.30)	2163 (8.69)	1921 (9.90)	118 (-3.28)
1999-00	2390 (5.80)	2037 (4.46)	2220 (3.84)	2701 (7.10)	2286 (5.69)	1973 (2.71)	121 (2.54)
2000-01	2489 (4.14)	2141 (5.11)	2292 (3.24)	2832 (4.85)	2356 (3.06)	1999 (1.32)	125 (3.31)
2001-02	2637 (5.95)	2262 (5.65)	2411 (5.19)	3035 (7.17)	2444 (3.74)	2024 (1.25)	130 (4.00)
2002-03	2926 (10.96)	2443 (8.00)	2563 (6.30)	3501 (15.35)	2624 (7.36)	2068 (2.17)	141 (8.46)
2003-04	3111 (6.31)	2582 (5.69)	2775 (8.28)	3765 (7.55)	2669 (1.69)	2129 (2.95)	146 (3.55)
2004-05	3293 (5.85)	2719 (5.31)	2957 (6.55)	4015 (6.64)	2758 (3.33)	2216 (4.08)	149 (2.05)
2005-06	3507 (6.50)	2926 (7.61)	3133 (5.95)	4293 (6.92)	2889 (4.75)	2351 (6.09)	149 (0.00)
2006-07	3779 (7.76)	3156 (7.86)	3332 (6.35)	4636 (7.99)	3135 (8.52)	-	-

- indicates data is not available
Source: BBS.



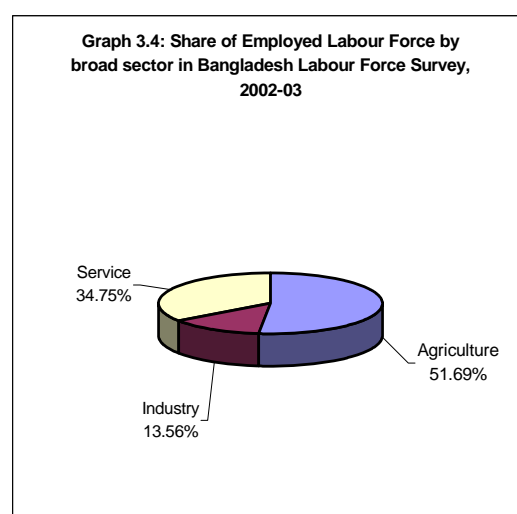
Labour Force and Employment

According to Bangladesh Labour Force Survey 2002-03, a labour force (above 15 years) of 4.43 crore (male 3.45 crore and female 0.98 crore) is engaged in a variety of professions, the highest (51.69 percent) still being in agriculture. It is to be noted that the Labour Force Survey, 1999-00 indicated that, a labour force of 3.90 crore (male 3.11 crore and female 0.79 crore) of above 15 years of age was engaged in a range of professions, the highest (50.77 percent) being in agriculture. During the two survey periods the number of agriculture workers increased by 1.16 percent.

According to Labour Force Survey 2002-03 it is observed that highest 44.70 percent labour force is engaged in self-employment which was 46.67 percent according to the Labour Force Survey 1999-00. It may be noted that during the two survey periods, the number of self-employed labour force decreased by 2 percent. According to the Labour Force Survey 2002-03, 20.09 percent of labour force was engaged as daily labourers and 13.77 percent as full time employed workers, which was 24.36 percent and 16.67 percent respectively according to the previous survey. The latest survey also indicated that 18.28 percent of the labour force was engaged as unpaid family labourers, which is increased by 6 percent. The share of employed labour force (above 15 years) by different sectors of the economy according to Labour Force Survey 1995-96, 1999-00 and 2002-03 is shown in Table 3.4.

Table 3.4: Share of Employed Labour Force (Above 15 years) by Sector

Sector	1995-96	1999-00	2002-03
Agriculture, forestry and fishery	48.85	50.77	51.69
Mining & quarrying	-	0.51	0.23
Manufacturing	10.06	9.49	9.71
Power, gas & water	0.29	0.26	0.23
Construction	2.87	2.82	3.39
Trade, hotel & restaurant	17.24	15.64	15.34
Transport, maintenance & communication	6.32	6.41	6.77
Finance, business & services	0.57	1.03	0.68
Commodities & personal services	13.79	13.08	5.64
Public administration and defence	-	-	6.32
Total	100.00	100.00	100.00



Source: Labour Force Survey, 1995-96, 1999-00 & 2002-03 BBS.

Note: According to Labour Force Survey 2002-03, population above 15 years of age has been counted as labour force, but in the previous surveys the criterion for counting labour force was population above 15 years.

Overseas Employment

Overseas employment and workers' remittances contribute significantly to the economic development of the country through reduction of unemployment and augmenting foreign exchange reserves and income. A sizeable number of Bangladeshi professionals, skilled, semi-skilled and unskilled labour force is employed in different countries including the Middle East. With a few exceptions, manpower export has been increasing every year. A total of 2.50 lakh Bangladeshis had gone abroad for employment in FY 2004-05, which is 9.75 percent higher than the previous year. The number stood at 2.91 lakh in FY 2005-06, which is 16.4 percent higher than the previous year. In FY 2006-07, manpower exports reached 5.64 lakh, which is 93.81 percent higher than the previous year. During 1976 to June 2007 manpower having strength of about 48.9 lakh has been exported.

In order to increase workers' remittances and to expand the facilities of remittance inflow through banking channel, the following important steps has been taken by the government in the recent fiscal years:

- Expansion and close observation of drawing system of Bangladeshi banks with more number of foreign exchange houses;
- To increase the inflow of remittances, the annual minimum limit of remittance for the exchange houses of UK, Canada and USA have been fixed up;
- Take necessary measures for quick disbursement along with develop delivery service of remittances to the beneficiary within the country.

Due to the increase of skilled manpower export and the creation of facilities to send remittances from abroad expatriate worker's remittances flow has been increasing gradually. It may be noted that in FY 2005-06, the remittances from expatriate Bangladeshi workers stood at US\$ 4801.88 million reflecting 24.78 percent rise over the previous year. In FY2006-07, remittances stood at US\$ 5978.47 million reflecting 24.50 percent rise over the previous year. The number of expatriate Bangladeshi workers and their remittances in Taka and Dollar are shown in Table 3.5.

Table 3.5: Number of Expatriate Bangladeshis and their Remittances

Fiscal Year	No of employment abroad (000)	Amount of remittance			
		Million US\$	Percentage change (%)	Cröre Tk.	Percentage change (%)
1997-98	243	1525.43	3.39	6951.20	10.26
1998-99	270	1705.74	11.82	8213.00	18.15
1999-00	248	1949.32	14.28	9825.40	19.63
2000-01	213	1882.10	-3.45	10266.00	4.48
2001-02	195	2503.44	32.81	14390.19	40.17
2002-03	251	3060.31	22.25	17719.58	23.14
2003-04	277	3372.49	10.20	19872.39	12.15
2004-05	250	3848.30	14.11	23646.97	18.99
2005-06	291	4801.88	24.78	32210.87	36.22
2006-07	564	5978.47	24.50	41303.93	27.88

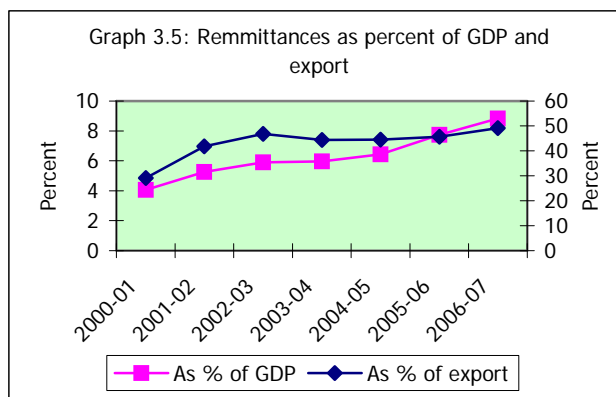
Source: Bureau of Manpower, Employment & Training and Bangladesh Bank.

The amount of remittances in terms of GDP and export earnings has also increased. In FY 2000-01 remittances as percent of GDP and export stood at 4.01 percent and 29.10percent respectively. In FY 2006-07 remittances as percent of GDP and export stood at 8.83 percent and 49.09 percent respectively. Table 3.6 and Graph 3.5 show remittances in terms GDP and export earnings for last few years

Table 3.6: Remittances as percent of GDP and export

Fiscal Year	As Percent of GDP	As percent of Export
2000-01	4.01	29.10
2001-02	5.26	41.78
2002-03	5.90	46.76
2003-04	5.98	44.35
2004-05	6.37	44.47
2005-06	7.75	45.62
2006-07	8.83	49.09

Source: BBS, EPB, Bangladesh Bank

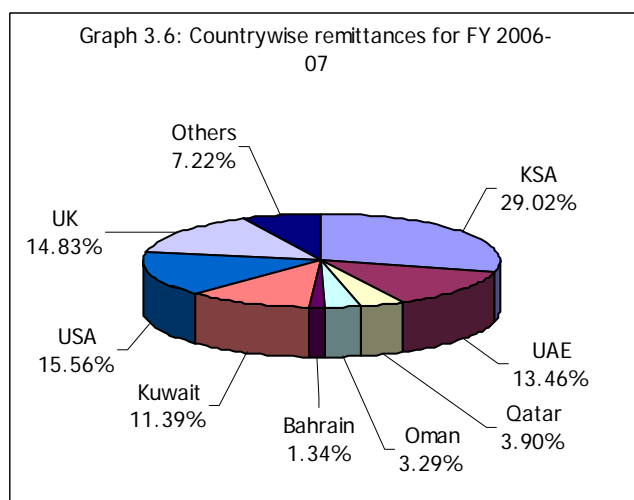


Major share of total remittances come from the countries in the Middle East. But individually the position of USA is just behind Saudi Arabia over the last few years. Country wise remittances of expatriate Bangladeshi workers over the last few years are shown in table 3.7.

Table 3.7: Country wise Remittances

FY	(in million US\$)											Total
	KSA	UAE	Qatar	Oman	Bahrain	Kuwait	USA	UK	Malaysia	Singapore	Others	
1995-96	498.20	83.70	53.28	81.71	30.08	174.27	115.36	41.28	74.43	3.99	60.76	1217.06
1996-97	587.15	89.64	53.16	94.45	31.52	211.49	157.39	56.20	94.51	6.66	93.23	1475.40
1997-98	589.29	106.86	57.81	87.61	32.42	213.15	203.13	65.80	78.09	7.69	83.57	1525.42
1998-99	685.49	125.34	63.94	91.93	38.94	230.22	239.43	54.04	67.52	13.07	95.82	1705.74
1999-00	916.01	129.86	63.73	93.01	41.80	245.01	241.30	71.79	54.04	11.63	81.14	1949.32
2000-01	919.61	144.28	63.44	83.66	44.05	247.39	225.62	55.70	30.60	7.84	59.91	1882.10
2001-02	1147.95	233.49	90.60	103.27	54.12	285.75	356.24	103.31	46.85	14.26	65.29	2501.13
2002-03	1254.31	327.40	113.55	114.06	63.72	338.59	458.05	220.22	41.40	31.06	99.61	3061.97
2003-04	1386.03	373.46	113.94	118.53	61.11	361.24	467.81	297.54	37.06	32.37	123.18	3372.27
2004-05	1510.45	442.24	136.41	131.32	67.18	406.80	557.31	375.77	25.51	47.69	147.60	3848.29
2005-06	1696.96	561.44	175.64	165.25	67.33	494.39	760.69	555.71	20.82	684.84	238.81	4801.88
2006-07	1734.70	804.84	233.17	196.47	79.96	680.70	930.33	886.90	11.84	80.24	339.32	5978.47

Source: Bangladesh Bank.



It is observed from the pie chart that in FY 2006-07 as usual the highest (29.02 percent) remittances came from Saudi Arabia. In the total remittance, the share of remittances from USA, UK, UAE and Kuwait are 15.56 percent, 14.83 percent, 13.46 percent and 11.39 percent respectively. In this fiscal year about 62.47 percent remittances came from the countries in the Middle East only.

It is also observed from the above table that prior to FY 2000-01 the second highest remittances used to come from Kuwait but since FY 2001-02 second highest remittances come from the USA. The remittances from UK grew significantly in the last couple of years. This trend of growth is also continuing in current fiscal year. It is noted that in FY 2006-07 third highest remittances come from the UK.

It would be observed from the statistics of Bureau of Manpower Employment and Training (BMET) that during 1976 to May, 2007 about 50 percent of overseas worker are unskilled. The number of expatriate Bangladeshis classified by skill since 1998 is shown in Table 3.8 below. From the table 3.8 it is observed that in 1998, of the total expatriate labour force, 51.77 percent were engaged as professionals and skilled & semi-skilled workers and 47.58 were unskilled workers which come down to 39.41 percent in 2006.

The total percentage of professionals and skilled & semi-skilled workers in 2001, 2002, 2003, 2004 and 2005 were 42.01 percent, 47.25 percent, 46.06 percent, 45.99 percent and 55.46 percent respectively. The pie chart shows that the share of professional, skilled, semi-skilled and unskilled labourers in the total expatriate workforce were 0.07 percent, 21.83 percent, 20.62 percent and 57.48 percent respectively during January-May of 2007.

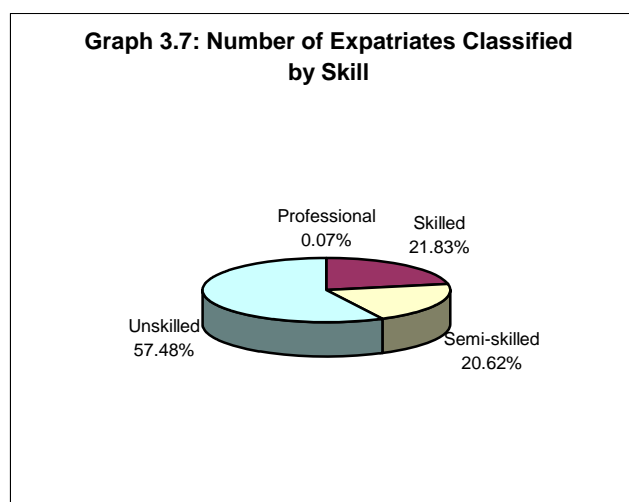
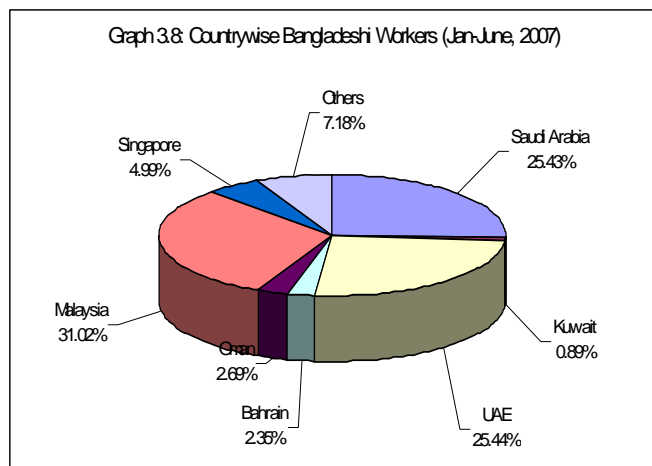


Table 3.8: Number of Expatriates Classified by Skill

Calendar Year	Professional	Skilled	Semi-skilled	Unskilled	Total
1998	9574	74718	51590	131785	267667
1999	8045	98449	44947	116741	268182
2000	10669	99606	26461	85950	222686
2001	6940	42742	30702	109581	188965
2002	14450	56265	36025	118516	225256
2003	15862	74530	29236	136562	254190
2004	19107	81887	24566	147398	272958
2005	1945	116393	24546	112556	255440
2006	925	115468	33965	231158	381516
2007 (January-May)	180	58042	54815	152790	265827

Source: Bureau of Manpower, Employment and Training.

It has been observed that, most of the expatriates are working in Saudi Arabia, U.A.E, Kuwait, Oman, Malaysia and Singapore. Besides, new employment opportunities have also been created for Bangladeshi workers in Bahrain, Qatar, Jordan, South Korea, Brunei, Mauritius, Italy and other countries. From the inception of manpower export in 1976 to June 2007, different countries in Middle East were the destination of about 86 percent of total manpower export. The number of expatriate Bangladeshis by country in 2005 is shown in the pie chart 3.8.



It is seen from the Pie Chart that in 2007 (January - June) the expatriate Bangladeshis in Malaysia, UAE, Saudi Arabia and Singapore were 31.02 percent, 25.44 percent, 25.43 percent and 4.99 percent respectively. During the same period 13.12 percent Bangladeshi workers went to the rest of the world. The number of expatriates Bangladeshis by country since 1996 is shown in Table 3.9.

Table 3.9: Number of Expatriate Bangladeshis by Country

Calendar Year	Saudi Arabia	Kuwait	UAE	Bahrain	Oman	Malaysia	Singapore	Others	Total
1996	72734	21042	23812	3759	8691	66631	5304	9741	211714
1997	106534	21126	54719	5010	5985	152844	27401	7458	381077
1998	158715	25444	38796	7014	4779	551	21728	10640	267667
1999	185739	22400	32344	4639	4045	-	9596	9419	268182
2000	144618	594	34034	4637	5258	17237	11095	5213	222686
2001	137248	5341	16252	4371	4561	4921	9615	6656	188965
2002	163254	15767	25438	5370	3927	85	6870	4545	225256
2003	162131	26722	37346	7482	4029	28	5304	11148	254190
2004	139031	41108	47012	9194	4435	224	6948	25006	272958
2005	80425	47029	61978	10716	4827	2911	9651	37903	255440
2006	109513	35775	130204	16355	8082	20469	20139	44032	381516
2007 (January-June)	85313	2994	85345	7876	9036	104050	16726	18050	335403

Source: Bureau of Manpower, Employment and Training.

With a view to reduce the cost for recruiting process of overseas employment, eliminating harassment of workers, protecting fraudulent and to construct appropriate statistics for all the potential foreign workers in accordance with their professions and skills, programme has been launched to enlist them in the District Employment and Manpower Office. A database computer network for overseas employment has been established in the Bureau of Manpower, Employment and Training (BMET) with the network connection to the Ministry of Expatriate Welfare and Employment, airports, BAIRA office and District Employment and Manpower Offices. Therefore, recruiting agencies and foreign employers can be able to select and recruit workers from the database as per their requirements. Meanwhile, Bureau of Manpower, Employment and Training has already introduced computer based online immigration clearance programme. So, it is expected that the number of illegal workers will be reduced. Some other important welfare activities for overseas employee are given below:

- 500 flats are under construction at Baridhara, Dhaka which will be sold to wage earners;
- A 'One Stop Service Centre cum Hostel Complex' has been constructed at Eskaton, Dhaka with all the facilities to expatriate workers. This service centre has all the facilities for expatriates like passport, immigration, hotel and restaurant, medical centre, community centre, accommodation, selection of workers and pre-departure briefing etc.; and
- Two Welfare Desks have been established at ZIA International Airport for facilitating safe arrival and departure of the wage earners. Welfare Desks have also been set up at Shah Amanat Airport, Chittagong and Osmani International Airport, Sylhet.