

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 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.

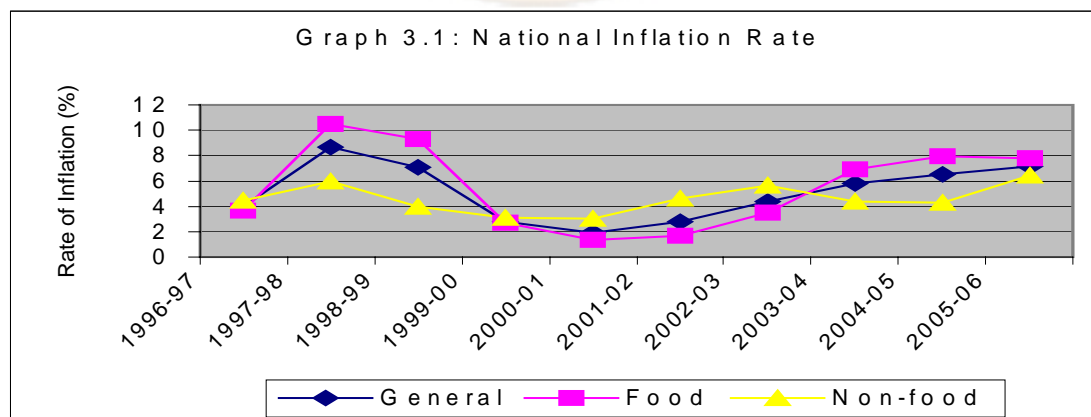
The rate of inflation (national) assessed by the current national index in FY 2005-06 stood at 7.17 percent. This was 6.48 percent and 5.83 percent in FY 2004-05 and FY 2003-04 respectively. Consumer Price Index during FY 1996-97 to FY 2005-06 are shown in Table 3.1.

Table 3.1: Consumer Price Index and Inflation

(Base year 1995-96=100)

Index	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
General	103.96	112.96	120.94	124.31	126.72	130.26	135.97	143.90	153.23	164.21
(% change)	(3.96)	(8.66)	(7.06)	(2.79)	(1.94)	(2.79)	(4.38)	(5.83)	(6.48)	(7.17)
Food	103.67	114.51	125.16	128.52	130.30	132.43	137.01	146.50	158.08	170.34
(% change)	(3.67)	(10.46)	(9.30)	(2.68)	(1.38)	(1.63)	(3.46)	(6.93)	(7.91)	(7.76)
Non-food	104.47	110.73	115.10	118.64	122.25	127.89	135.13	141.03	147.14	156.56
(% change)	(4.47)	(5.99)	(3.95)	(3.08)	(3.04)	(4.61)	(5.66)	(4.37)	(4.33)	(6.40)

Source: BBS.



On point-to-point basis the rate of inflation in June'06 at national level is 7.54 percent and inflation rates of food and non-food items are 8.81 percent and 5.73 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 2005-06 calculated on point-to-point basis is presented in Table 3.2.

Table 3.2: Point- to- Point Rate of Inflation (National) (Base year 1995-96=100)

Category		2005-06												
		July'05	Aug'05	Sept'05	Oct.'05	Nov.'05	Dec'05	Jan.'06	Feb.'06	Mar.'06	April'06	May'06	June'06	Average
National	General	7.68	7.93	7.01	7.28	7.95	7.07	6.59	5.72	6.17	7.46	7.61	7.54	7.17
	Food	9.18	9.43	7.20	7.42	8.58	7.14	6.67	5.53	6.09	8.27	8.90	8.81	7.76
	Non-Food	5.47	5.71	6.86	7.12	7.03	7.13	6.70	6.28	6.57	6.43	5.87	5.73	6.40
Urban	General	7.01	7.07	6.36	6.37	6.92	6.66	6.13	5.80	5.94	7.27	7.41	7.20	6.68
	Food	9.04	9.08	7.09	6.85	7.99	7.58	7.27	6.74	6.96	9.23	9.94	9.35	8.09
	Non-Food	4.88	4.94	5.57	5.82	5.74	5.66	4.91	4.79	4.83	5.14	4.67	4.86	5.14
Rural	General	7.95	8.28	7.28	7.64	8.37	7.23	6.77	5.67	6.27	7.53	7.70	7.67	7.36
	Food	9.24	9.58	7.24	7.66	8.84	6.96	6.41	5.02	5.72	7.87	8.46	8.57	7.62
	Non-Food	5.70	6.01	7.36	7.63	7.52	7.71	7.40	6.86	7.26	6.93	6.35	6.07	6.90

Source: BBS.

Wage

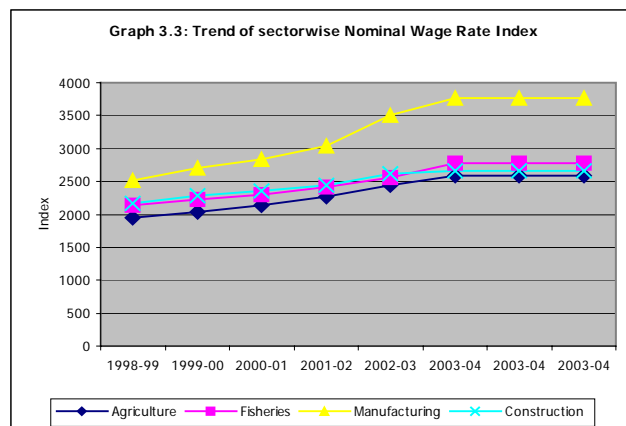
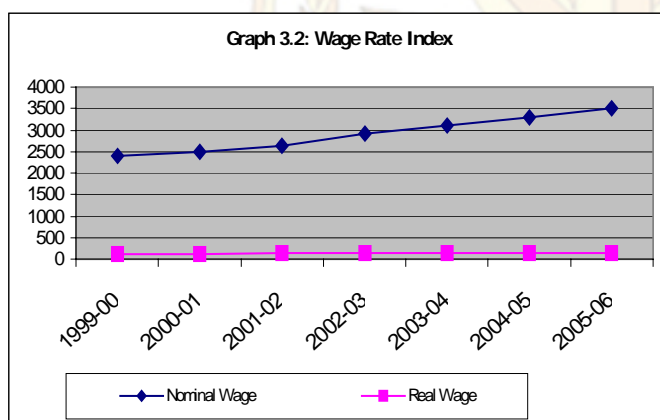
Bangladesh Bureau of Statistics has presented Wage Rate Index in four major groups. The indices have been constructed on 1969-70 as base year. The Wage Rate Index during FY 1997-98 through FY 2005-06 is presented in Table 3.3. In FY 1997-98 the nominal wage rate index stood at 2,141 which grew to 3507 in FY 2005-06. Compared to FY 2004-05, the nominal index was up by 6.50 percent in FY 2005-06. The real wage index was 146 in FY 2003-04. The index stood at 149 in FY 2004-05 growing at the rate of 2.05 percent and in FY 2005-06 the index remain same i.e. 149. It is observed from the Nominal Wage Rate Index that in FY 2005-06 the growth rate of agriculture, manufacturing and construction sector index is higher than that of the previous fiscal yea. In FY 2005-06, the growth rate of Nominal Wage Rate Index is higher than the rate of inflation of industrial labour.

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		
1997-98	2141 (7.59)	1870 (3.66)	2053 (4.00)	2395 (10.83)	1990 (7.68)	1748 (5.11)	122 (1.67)
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)

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.

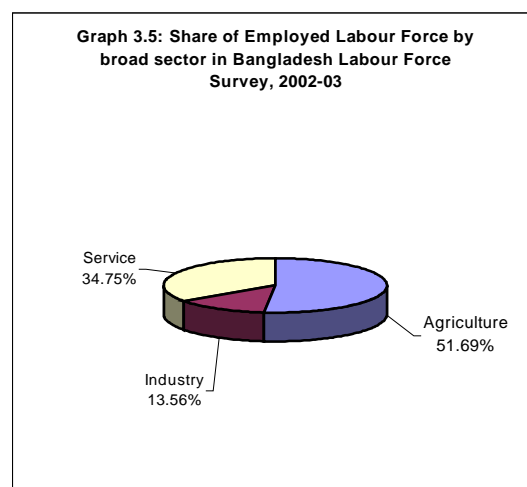
Table 3.4: Share of Employed Labour Force

(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

A sizeable number of Bangladeshi professionals, skilled, semi-skilled and un-skilled labour force is employed in different countries including the Middle East. 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. With a few exceptions, manpower export has been increasing every year. A total of 2.77 lakh Bangladeshis had gone abroad for employment in FY 2003-04, which is 10.36 percent higher than the previous year. The number stood at 2.50 lakh in FY 2004-05, which is 9.75 percent lower than FY 2003-04. In FY 2005-06, manpower exports reached 2.91 lakh, which is 16.27 percent higher than the previous year. During 1976 to June 2006 manpower having strength of about 43.37 lakh has been exported. Similarly expatriate worker's remittances flow has been showing increasing trend day by day. It may be noted that in FY 2004-05, the remittances from expatriate Bangladeshi workers stood at US\$ 3,848.29 million reflecting 14.13 percent rise over the previous year. In FY2005-06, remittances stood at US\$ 4801.88 million reflecting 24.73 percent rise over the previous year. The

continuous augmentation in worker's remittances is mainly due to the increase of skilled manpower export and the creation of facilities to send remittances from abroad.

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 current fiscal year:

- Expansion of drawing system of Bangladeshi banks with more number of foreign exchange houses;
- Take necessary measures for quick disbursement of remittances to the beneficiary within the country;
- 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;
- The drawing mechanism of Bangladeshi banks and concerned exchange houses has been taken under close observations; and
- Monitor the overall issues along with develop delivery service through frequent inspection of Banks etc.

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 (%)	Crore Tk.	Percentage change (%)
1995-96	181	1217.06	1.62	4977.83	15.38
1996-97	228	1475.40	21.23	6304.34	26.65
1997-98 ^R	243	1525.42	3.39	6950.83	10.25
1998-99 ^R	270	1705.74	11.82	8216.15	18.20
1999-00	248	1949.32	14.28	9825.19	19.58
2000-01 ^R	213	1882.10	-3.45	101186.10	3.67
2001-02	195	2501.13	32.89	14377.03	41.14
2002-03	251	3061.97	22.42	17728.77	23.31
2003-04 ^R	277	3371.97	10.12	19869.86	12.08
2004-05	250	3848.29	14.13	23694.06	19.25
2005-06	291	4801.88	24.78	32210.90	35.95

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

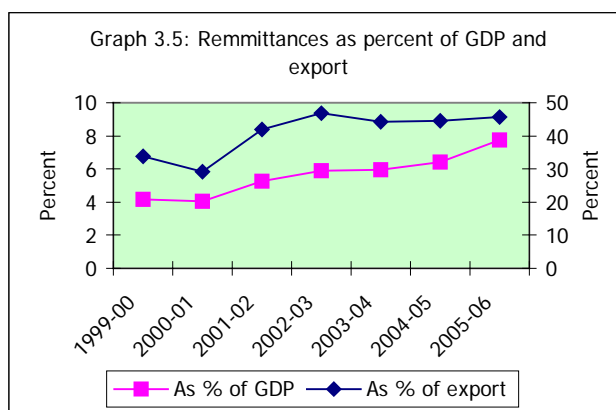
R : Revised.

The amount of remittances in terms of GDP and export earnings has also increased. In FY 1999-2000 remittances as percent of GDP and export stood at 4.14 percent and 33.89 percent respectively. In FY 2005-06 remittances as percent of GDP and export stood at 7.74 percent and 45.62 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
1999-00	4.14	33.89
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	44.46
2005-06	7.73	45.62

Source: BBS, EPB, Bangladesh Bank



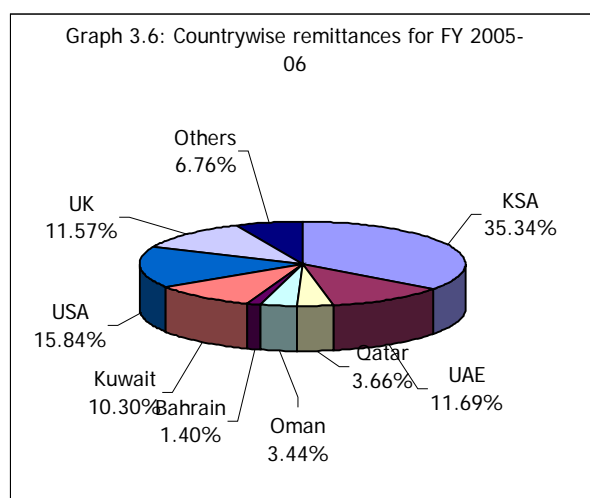
Major share of total remittances come from the countries in the Middle East. But individually the position of USA is just behind Saudi Arabia over the last few years. Country wise remittances of expatriate Bangladeshi workers over the last few years are shown in table 3.7.

Table 3.7: Country wise Remittances

(in million US\$)

FY	KSA	UAE	Qatar	Oman	Bahrain	Kuwait	USA	UK	Malaysia	Singapore	Others	Total
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

Source: Bangladesh Bank.



is observed from the pie chart that in FY 2005-06 as usual the highest (35.34 percent) remittances came from Saudi Arabia. In the total remittance, the share of remittances from USA, UAE, UK and Kuwait are 15.84 percent, 11.69 percent, 11.57 percent and 10.30 percent respectively. In the current fiscal year about 50.00 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 would be observed from the statistics of Bureau of Manpower Employment and Training (BMET) that during 1976 to June, 2006 period, about 43,37,187 Bangladeshi worker got overseas employment. Out of them, 4.08 percent are professional worker, 33.42 percent are skilled worker, 15.49 percent are semi-skilled worker and 47.01 percent are unskilled worker.

The number of expatriate Bangladeshis classified by skill since 1995 is shown in Table 3.8 below. In 1995, of the total expatriate labour force, 52.42 percent were engaged as professionals and skilled & semi-skilled workers and 47.58 were unskilled workers. The percentage of professionals and skilled & semi-skilled workers in 2000 and 2005 were 61.40 percent and 55.94 percent respectively. The pie chart shows that the share of professional, skilled, semi-skilled and unskilled labourers in the total expatriate workforce were 0.37 percent, 40.65 percent, 9.45 percent and 49.44 percent respectively during January-July of 2006.

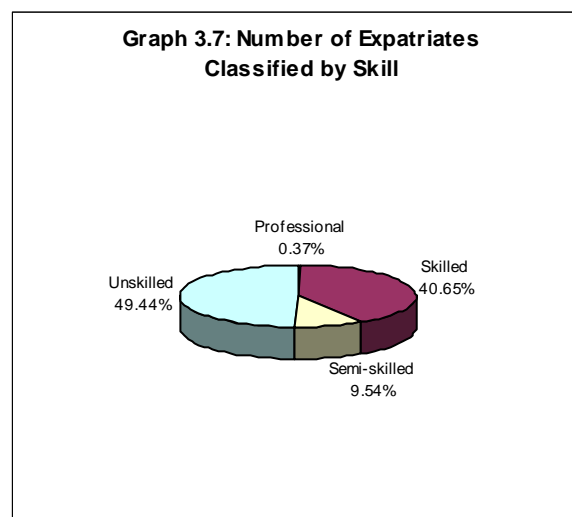
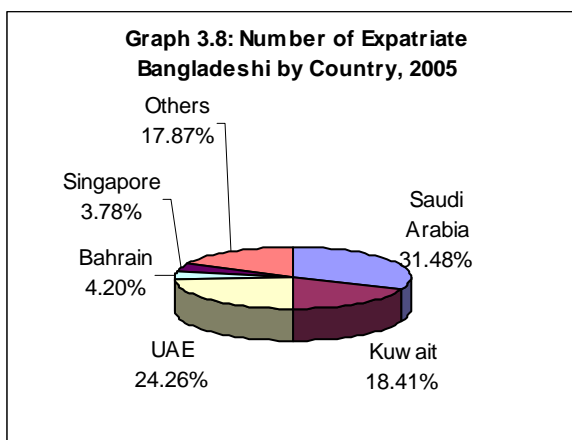


Table 3.8: Number of Expatriates Classified by Skill

Calendar Year	Professional	Skilled	Semi-skilled	Unskilled	Total
1995	6352	59907	32055	89229	187543
1996	3188	64301	34689	109536	211714
1997	3797	65211	193558	118511	381077
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 (January-June)	578	64107	15052	77983	157720

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 2006, different countries in Middle East were the destination of about 88 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 2005 the expatriate Bangladeshis in Saudi Arabia, UAE, Kuwait, Bahrain, and Singapore were 31.48 percent, 24.26 percent, 18.41 percent, 4.20 percent and 3.78 percent respectively. During the same period 17.87 percent Bangladeshi workers went to Oman, Qatar, Malaysia, UK, Mauritius, Jordan and other countries of the world. The number of expatriates Bangladeshis by country since 1995 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
1995	84009	17492	14686	3004	20949	35174	3762	8467	187543
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 (January-June)	44861	12663	54173	7534	3151	6682	7705	20951	157720

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. With the technical assistance of Bangladesh University of Engineering and Technology (BUET), 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. The following facilities will be created through database networking system:

- Occupation and skill of all the migrant workers can be known and equal opportunity can be ensured for the workers from every corner of the country in the process of overseas employment;
- This system will eliminate illegal sub-agent or middleman system that will largely reduce fraudulence in the overseas employment process;
- List of job-seekers can easily be available from the database system to recruit for overseas employment and it is expected to reduce the distance between employer and potential overseas workers. so, manpower export will be develop further;
- Recruiting agencies and BAIRA can recruit workers directly from the database;
- Transparency and accountability in the overseas recruitment system will be developed and that will reduce the illegal opportunity for going abroad.

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 have been constructed at Baridhara, Dhaka which will be sold to expatriate workers on the basis of payments made by remittances;
- A 'One Stop Service Centre' has been constructed 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.

Remittances have been playing important role for the socio-economic development of their respective countries over the last two decades. According to the report of 'Economic and Social Survey of Asia and Pacific, 2006' published by ESCAP shows that in 2005, developing countries have received US\$176 billion remittances which is more than double of the foreign aid received by those countries. In fact, remittance flows in 2005 was US\$232 billion all over the world. Three of the five biggest remittances inflow countries are in the ESCAP region. These are: India (US\$ 21.7 billion), China (US\$ 21.3 billion) and Philippines (US\$ 11.6 billion). Other major remittances inflow countries of this region are Bangladesh, Pakistan and Sri Lanka.