CHAPTER-3
PRICES, WAGES AND EMPLOYMENT

Consumer Price Index and Inflation

Bangladesh Bureau of Statistics (BBS) using 1995-96 as the base year has computed National Consumer Price Index (CPI). The index basket used includes a large number of food and non-food commodities and services utilised by the consumers in their daily life. To construct the price index of the base year 1995-96, 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. Then national price index has been estimated taking into account the weighted average of the consumption expenditure of two areas.

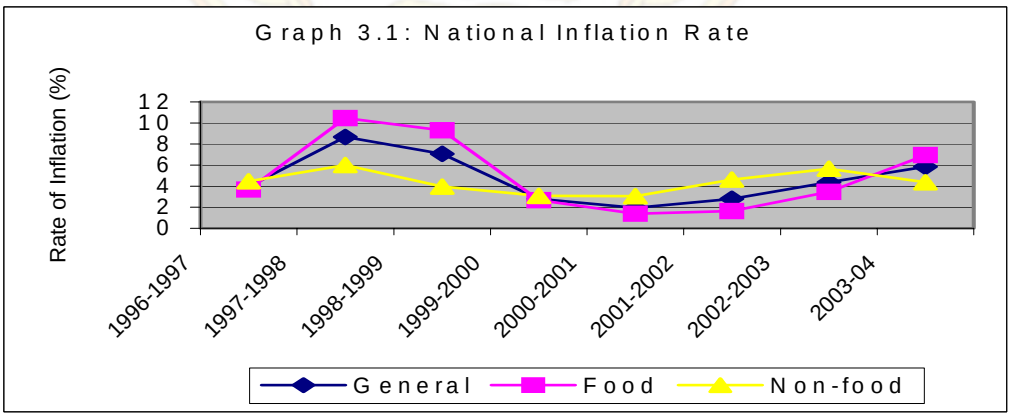
The rate of inflation (national) assessed by the current national index in FY 2003-04 stood at 5.83 percent. This was 2.79 percent and 4.38 percent in 2001-02 and 2002-03 respectively. Consumer price index during FY 1996-97 to 2003-04 calculated by this method is furnished in Table 3.1

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
General	103.96	112.96	120.94	124.31	126.72	130.26	135.97	143.90	153.23
(% change)	(3.96)	(8.66)	(7.06)	(2.79)	(1.94)	(2.79)	(4.38)	(5.83)	(6.49)
Food	103.67	114.51	125.16	128.52	130.30	132.43	137.01	146.50	158.08
(% change)	(3.67)	(10.46)	(9.30)	(2.68)	(1.38)	(1.63)	(3.46)	(6.93)	(7.91)
Non-food	104.47	110.73	115.10	118.64	122.25	127.89	135.13	141.03	147.14
(% change)	(4.47)	(5.99)	(3.95)	(3.08)	(3.04)	(4.61)	(5.66)	(4.37)	(4.33)

Source: BBS.



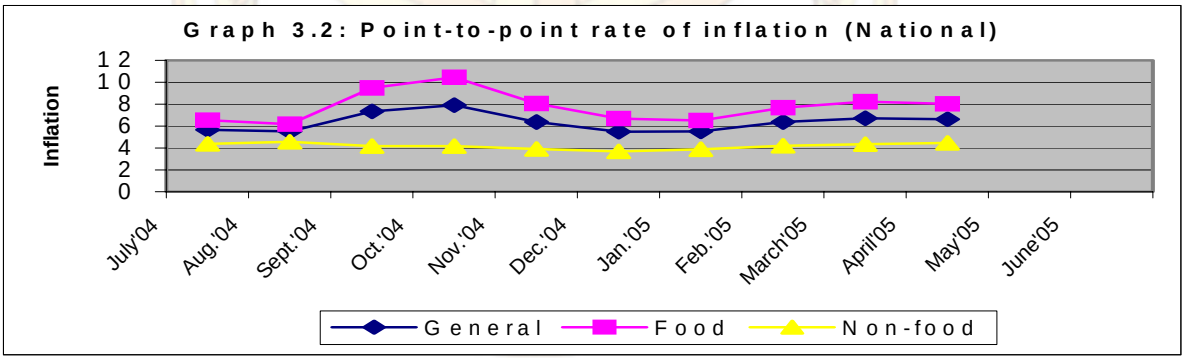
.

Based on annual average, the rate of inflation in FY 2004-05 stood at 6.49 percent. In June 2005, the average inflation rates of food and non-food items are 7.9 percent and 4.33 percent respectively. On point-to-point basis the rate of inflation at national level is 7.35 percent and inflation rates of food and non-food items are 8.73 percent and 5.32 percent respectively. The upward trend of inflation is mainly attributable to devastating flood and surge in prices of imported commodities like oil, fertilizers etc. The monthly rate of inflation during FY 2004-05 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)

		2004-05												
		July'04	Aug'04	Sept'04	Oct.'04	Nov.'04	Dec'04	Jan.'05	Feb.'05	Mar.'05	April'05	May'05	June'05	Average
National	General	5.65	5.51	7.35	7.92	6.36	5.50	5.52	6.38	6.71	6.62	6.90	7.35	6.35
	Food	6.54	6.17	9.48	10.46	8.05	6.70	6.52	7.70	8.22	8.02	8.26	8.73	7.79
	Non-Food	4.38	4.57	4.16	4.18	3.91	3.69	3.89	4.21	4.34	4.45	4.44	5.32	4.18
Urban	General	5.48	5.32	6.82	7.67	6.50	5.46	5.40	5.61	6.06	6.05	6.37	6.89	6.04
	Food	6.71	6.22	9.35	10.94	8.84	6.81	6.10	6.42	7.35	7.42	7.70	8.72	7.62
	Non-Food	4.21	4.39	4.20	4.25	4.05	4.04	4.67	4.77	4.70	4.61	4.96	4.96	4.39
Rural	General	5.71	5.60	7.56	8.02	6.30	5.52	5.57	6.68	6.98	6.84	7.11	7.53	6.48
	Food	6.47	6.15	9.54	10.26	7.71	6.65	6.70	8.24	8.59	8.27	8.50	8.73	7.86
	Non-Food	4.45	4.64	4.15	4.16	3.87	3.55	3.59	3.99	4.20	4.38	4.73	5.46	4.10

Source: BBS.



Wage

The wage rate index during FY 1997-98 through 2003-04 is presented in Table 3.3. Indices for the past several years may be seen at Appendix-15. In FY 1997-98 the nominal wage rate index stood at 2,141, which grew to 3,111 in FY 2003-04. Compared to FY 2002-03, the nominal index was up by 6.31 percent in FY 2003-04. The real wage indices were 141 in FY 2002-03. The indices stood at 146 in FY 2003-04 growing at the rate of 3.55 percent and up to December FY

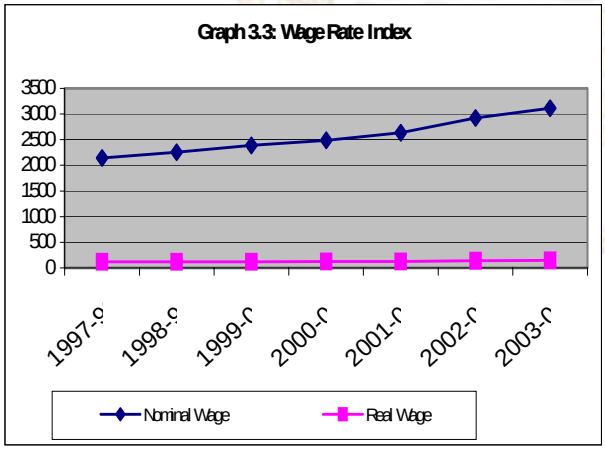
2004-05 the indices stood at 148, which is 1.37 percent higher compared to the same period of the previous fiscal year. It is observed from the nominal wage rate index that in FY 2003-04 the growth rate of fisheries sector index is higher than that of the previous fiscal year and stood at 8.28 percent from 6.30 percent. In FY 2003-04 the growth rate of nominal wage rate index is higher than the rate of inflation.

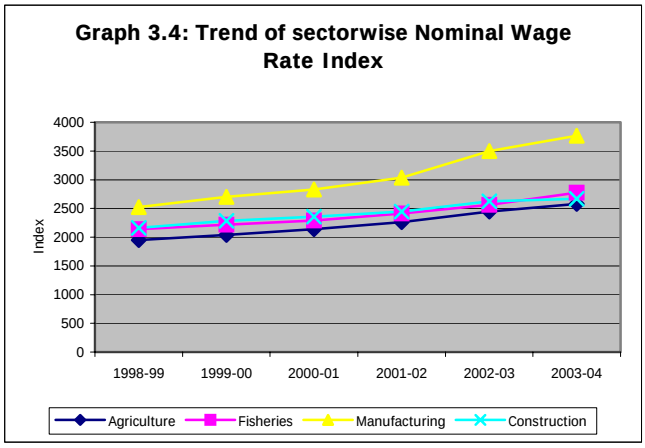
Table 3.3: Rate of Increase in Wages

(Base year 1969-70=100)

Fiscal Year	Nominal Wage Rate Index					CPI for industrial labour (national)	Real Wage Rate Index
	General	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 (6.56)	4015 (6.64)	2758 (3.33)	2213 (3.95)	148 (1.37)

*percentage change compared to the same period of the previous fiscal year.
Source: BBS.





Labour Force and Employment

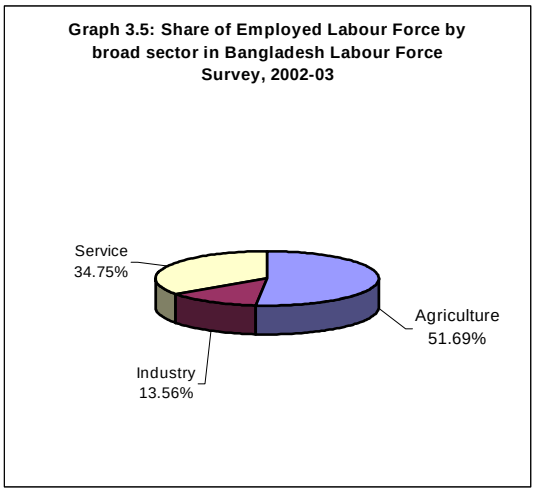
According to Bangladesh Labour Force Survey 2002-03 conducted by BBS, a labour force (above 15 years) of 4.43 crore (male 3.45 crore and female 0.98 crore) is engaged in a variety of

professions, the highest (51.69 percent) still being in agriculture. A similar survey carried out in 1999-00 indicated that a labour force of 3.90 crore (male 3.11 crore and female 0.79 crore) 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 0.92 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. 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.



Foreign Employment

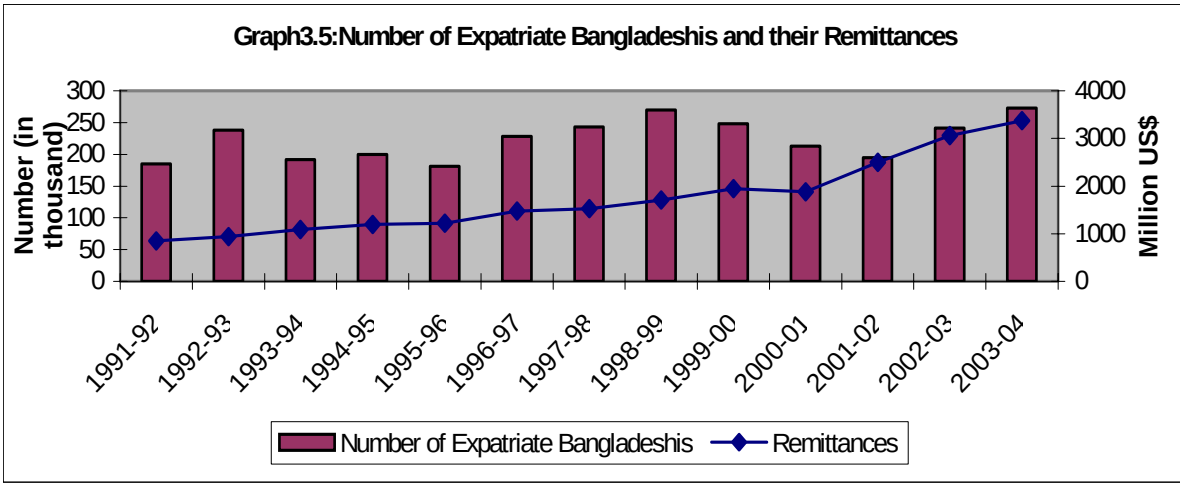
Foreign employment and workers' remittances contribute significantly to the economic development of the country through reduction of unemployment and augmenting foreign exchange reserves and income. It may be noted that in FY 2004-05, the remittances from expatriate Bangladeshi workers as percent of GDP and commodity export stood about 6.43 percent and 44.47 percent respectively. A sizable portion of labour force of the country is employed in different countries of the world including Middle East. Manpower export has been increasing every year. During 1976 to June 2005 manpower having a strength of about 40 lakh has been exported. A total of 2.50 lakh Bangladeshis had gone abroad for employment in FY

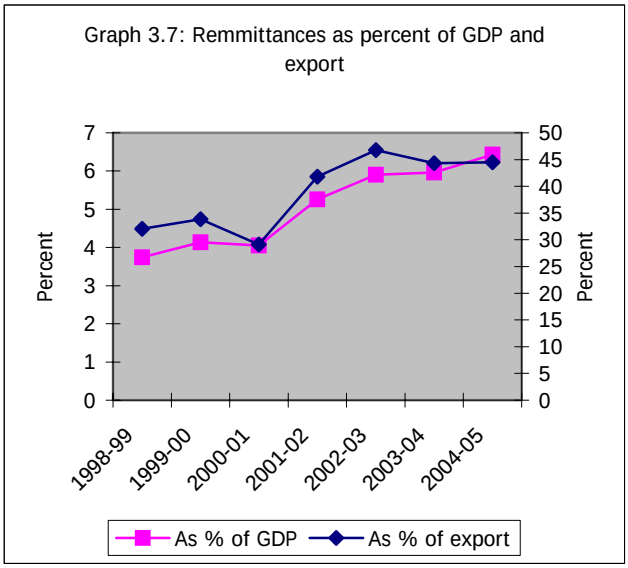
2004-05, which is 10.8 percent lower than the previous year. In order to increase workers' remittances, the present Government immediately after taking office created a separate Ministry called the Ministry of Expatriate Welfare and Foreign Employment and expanded the existing facilities for sending remittances through banking channel with various incentives along with the implementation of Money Laundering Prevention Act. As a result, the amount of remittances is on the increase. In FY2003-04, remittances stood at US$ 3,371.97 million reflecting 10.12 percent rise over the previous year. In FY2004-05 remittances stood at US$ 3,848.29 million reflecting 14.13 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 (%)	Crore Tk.	Percentage change (%)
1991-92	185	848.00	10.99	3241.5	18.93
1992-93	238	944.00	11.32	3698.4	14.10
1993-94	192	1088.80	15.34	4354.8	17.75
1994-95	200	1197.63	10.00	4814.3	10.55
1995-96	181	1217.06	1.62	4977.8	3.40
1996-97	228	1475.40	21.23	6304.3	26.65
1997-98	243	1525.42	3.39	6951.2	10.26
1998-99	270	1705.74	11.82	8213.0	18.15
1999-00	248	1949.32	14.28	9825.4	19.63
2000-01	213	1882.10	-3.45	10266.0	4.48
2001-02	195	2501.13	32.89	14377.0	40.08
2002-03	251	3061.97	22.42	17728.8	23.31
2003-04	277	3371.97	10.12	19842.0	11.92
2004-05	250	3848.29	14.13	23694.06	19.41

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





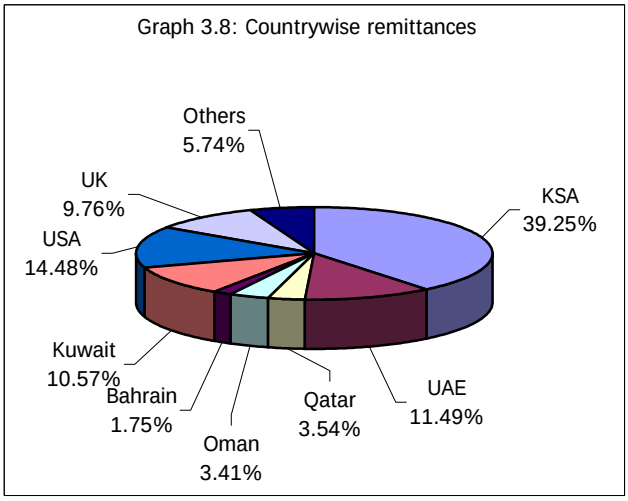
In FY 1998-99 remittances as percent of GDP and commodity export stood at 3.74 percent and 32.04 percent respectively. In FY 2004-05 remittances as percent of GDP and commodity export are 6.43 percent and 44.47 percent respectively. Major share of total remittances come from the countries in the Middle 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 ten years are shown in table 3.6.

Table 3.6: Country wise Remittances

(in million US$)

FY	KSA	UAE	Qatar	Oman	Bahrain	Kuwait	USA	UK	Malaysia	Singapore	Others	Total
1994-95	476.87	81.34	72.18	81.27	33.71	174.72	102.23	47.02	50.02	3.03	75.24	1197.63
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	113.64	118.53	61.11	361.24	467.81	297.54	37.06	32.37	123.18	3371.97
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

Source: Bangladesh Bank.



It is observed from the pie chart that in FY 05 as usual the highest (39.25 percent) remittances came from Saudi Arabia. In the total remittance, the share of remittances from USA, UAE and Kuwait are 14.48 percent, 11.49 percent and 10.57 percent respectively. In the current fiscal year about 70 percent remittances came from the countries in the Middle East only. It is clearly observed from the above table that prior to FY 99 the second highest remittances used to come from Kuwait but since FY 99 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 table that during 1976 to June, 2005 about half of total expatriate workers were unskilled. There is however a significant number of professionals and skilled labourers working abroad. In 2001, of the total expatriate labour force, 42.54 percent were engaged as professionals and skilled & semi-skilled workers. This rose to 47.06 percent and 46.00 percent in 2003 and 2004 respectively. The pie chart shows that the share of professional, skilled, semi-skilled and unskilled labourers in the total expatriate workforce were 7 percent, 30 percent, 9 percent and 54 percent respectively in 2003. The number of expatriate Bangladeshis classified by skill is shown in Table 3.7.

Graph 3.9: Number of Expatriates Classified by Skill

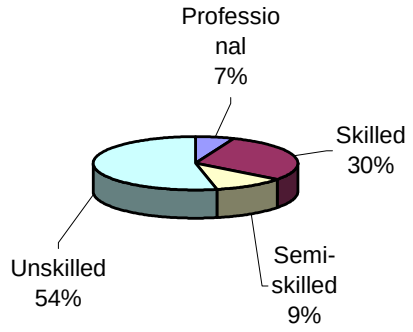
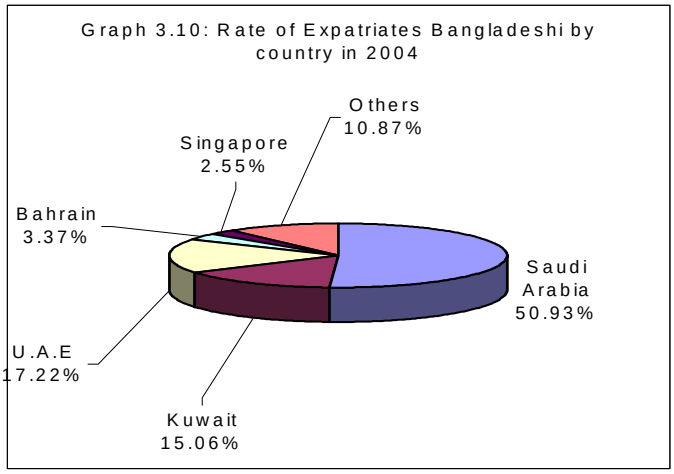


Table 3.7: Number of Expatriates Classified by Skill

Calendar Year	Professional	Skilled	Semi-skilled	Unskilled	Total
1990	6004	35613	20792	41405	103814
1991	9024	46887	32605	58615	147131
1992	11375	50689	30977	95083	188124
1993	11112	71662	66168	95566	244508
1994	8390	61040	46519	70377	186326
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 (Up to June)	3161	49766	12073	49519	114519

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 to April 2005, different countries in Middle East were the destination of about 88 percent of total manpower export. In 2004 Middle East alone was the destination of 89 percent of total manpower export. The number of expatriate Bangladeshis by country in 2004 is shown in the pie chart 3.10.



It is seen from the Pie Chart that in 2004 the expatriate Bangladeshis in Saudi Arabia, UAE, Kuwait, Bahrain and Singapore were 50.93 percent, 17.22 percent, 15.06 percent, 3.37 percent and 2.55 percent respectively. During the same period 10.87 percent Bangladeshi workers went to Oman, Qatar, UK, Mauritius, Jordan and other countries of the world. The number of expatriates Bangladeshis by country since 1990 is shown in Table 3.8.

Table 3.8: Number of Expatriate Bangladeshis by Country

Calendar Year	Saudi Arabia	Kuwait	UAE	Bahrain	Oman	Malaysia	Singapore	Others	Total
1990	57486	5957	8303	4563	13980	1385	776	11364	103814
1991	75656	28574	8583	3480	23087	1628	642	5481	147131
1992	93132	34377	12975	5804	25825	10537	313	5161	188124
1993	106387	26407	15810	5396	15866	67938	1739	4965	244508
1994	91385	14912	15051	4233	6470	47826	391	6058	186326
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 (Up to June)	42120	20851	27616	4910	2341	157	4269	12255	114519

Source: Bureau of Manpower, Employment and Training.

Manpower export as well as foreign employment is an important tool for poverty alleviation. To maintain the flow of remittances, the Government has established a database computer network in District Employment and Manpower Offices. These offices are intended to create a low cost and transparent process in foreign employment. Bureau of Manpower, Employment and Training has already introduced computer based online immigration clearance programme. Five hundred flats have been constructed which will be sold to wage earners. A 'One Stop Service Centre' has been constructed with all facilities and a welfare desk has been established at ZIA International Airport for facilitating safe arrival and departure of wage earners.