CHAPTER 3
PRICES, WAGES AND EMPLOYMENT

Consumer Price Index and Inflation

Bangladesh Bureau of Statistics (BBS) computes National Consumer Price Index (CPI) using food and non-food commodities and services utilized by the consumers in their daily life. Using 1995-96 as the base year, the current CPI has been published. In order to construct the price index, the commodity and weight of the index basket from the Household Income and Expenditure Survey (HIES), 1995-96 is used. 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.

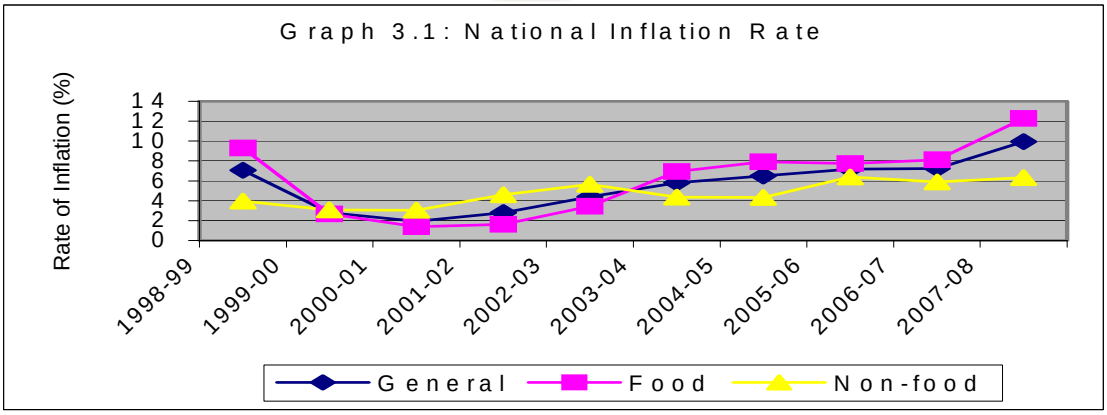
The rate of inflation (national) assessed by the current national index in FY 2007-08 stood at 9.93 percent. This was 7.22 percent and 7.17 percent in FY 2006-07 and FY 2005-06 respectively. Consumer Price Index and inflation during FY 1998-99 to FY 2007-08 are shown in Table 3.1.

Table 3.1: Consumer Price Index and Inflation

(Base year 1995-96=100)

Index	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
General	120.94	124.31	126.72	130.26	135.97	143.90	153.23	164.21	176.06	193.54
(% change)	(7.06)	(2.79)	(1.94)	(2.79)	(4.38)	(5.83)	(6.48)	(7.17)	(7.22)	(9.93)
Food	125.16	128.52	130.30	132.43	137.01	146.50	158.08	170.34	184.18	206.79
(% change)	(9.30)	(2.68)	(1.38)	(1.63)	(3.46)	(6.93)	(7.91)	(7.76)	(8.12)	(12.28)
Non-food	115.10	118.64	122.25	127.89	135.13	141.03	147.14	156.56	165.79	176.26
(% change)	(3.95)	(3.08)	(3.04)	(4.61)	(5.66)	(4.37)	(4.33)	(6.40)	(5.90)	(6.32)

Source: BBS.



Upward inflationary pressure continued throughout the fiscal year. On point-to -point basis the rate of inflation in June'08 at national level was 10.04 percent and inflation rates of food and non-food items were 14.10 percent and 3.54 percent respectively. The upward trend in inflation stemmed from the unprecedented rise in price of fossil fuel and commodity price of essential imported from international market. The monthly rate of inflation during FY 2007-08 calculated on point-to-point basis is presented in Table 3.2.

Table 3.2: Monthly Rate of Inflation (Point- to- Point) during FY 2007-08

Category		2007-08												
		July'07	Aug'07	Sept'07	Oct.'07	Nov.'07	Dec'07	Jan.'08	Feb.'08	Mar.'08	April'08	May'08	June'08	Average
National	General	10.10	10.12	9.60	10.06	11.21	11.59	11.43	10.16	10.06	7.66	7.44	10.04	9.93
	Food	11.42	11.62	11.10	11.73	13.83	14.46	14.20	12.72	12.92	9.82	9.62	14.10	12.28
	Non-Food	8.23	7.99	7.35	7.42	7.26	7.27	7.21	6.26	5.63	4.16	3.89	3.54	6.32
Urban	General	10.09	10.24	9.57	9.64	11.29	11.47	11.28	10.14	10.02	7.59	7.18	9.40	9.80
	Food	12.46	12.94	12.09	12.15	15.50	15.77	15.00	13.59	13.81	9.95	9.52	14.33	13.05
	Non-Food	7.42	7.20	6.65	6.67	6.46	6.62	7.10	6.23	5.70	4.83	4.47	3.64	6.06
Rural	General	10.10	10.07	9.60	10.22	11.19	11.63	11.49	10.18	10.08	7.68	7.54	10.29	9.99
	Food	10.97	11.06	10.68	11.54	13.13	13.91	13.86	12.35	12.54	9.76	9.67	14.00	11.94
	Non-Food	8.54	8.29	7.61	7.71	7.55	7.52	7.25	6.28	5.60	3.91	3.67	3.50	6.41

Source: BBS.

Wage

Bangladesh Bureau of Statistics has constructed a Wage Rate Index on 1969-70 as the base year. The Wage Rate Index during FY 1998-99 through FY 2006-07 is presented in Table 3.3. In FY 1999-00 the nominal wage rate index stood at 2390 which grew to 4227 in FY 2007-08. Compared to FY 2006-07, the nominal index was up by 11.85 percent in FY 2007-08. The real wage index was 149 in FY 2004-05. In FY 2005-06 the index remained unchanged. It is observed from the Nominal Wage Rate Index that in FY 2007-08 the growth of construction sector index was the highest (13.21%) which is 4.69 percentage point higher than that of previous year. Besides this, agriculture, fishery and manufacturing sector index registered a growth of 11.66 percent, 10.62 percent and 12.10 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		
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 (7.69)	3332 (6.35)	4636 (7.99)	3135 (8.52)	-	-
2007-08	4227 (11.85)	3524 (11.66)	3686 (10.62)	5197 (12.10)	3549 (13.21)	-	-

- indicates data is not available

Source: BBS.

Labour Force and Employment

According to the Bangladesh Labour Force Survey 2005-06, a labour force (above 15 years) of 4.74 crore (male 3.61 crore and female 1.13 crore) is engaged in a range of professions, the highest (48.10 percent) still being in agriculture. According to the Labour Force Survey, 2002-03, the total labour force of over 15 years of age was 4.43 crore (male 3.45 crore and female 0.98 crore) with Agriculture remained the highest (51.69 percent) source of employment. Between the two survey periods, the number of agriculture workers decreased by 3.59 percent. According to Labour Force Survey, 2005-06, it is observed that highest 41.98 percent of labour force is engaged in self-employment which was 44.70 percent in 2002-03. It may be noted that during the two survey periods, the number of self-employed labour force decreased by 2.72 percent. According to the Labour Force Survey 2005-06, 18.14 percent of labour force was engaged as daily labourers and 13.92 percent as full time employed workers, which was 20.09 percent and 13.77 percent respectively according to the previous survey. The latest survey also indicated that 21.73 percent of the labour force was engaged as unpaid family labourers indicating an increase by 3.45 percent. The share of employed labour force (above 15 years) by different sectors of the economy as per Labour Force Survey 1995-96, 1999-00, 2002-03 and 2005-06 is shown in Table 3.4.

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

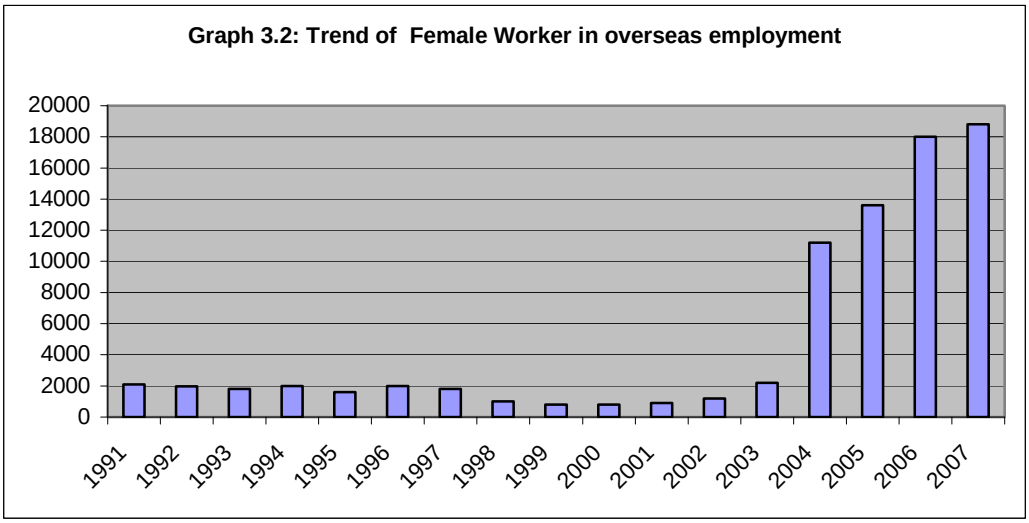
Sector	1995-96	1999-00	2002-03	2005-06
Agriculture, forestry and fishery	48.85	50.77	51.69	48.10
Mining & quarrying	-	0.51	0.23	0.21
Manufacturing	10.06	9.49	9.71	10.97
Power, gas & water	0.29	0.26	0.23	0.21
Construction	2.87	2.82	3.39	3.16
Trade, hotel & restaurant	17.24	15.64	15.34	16.45
Transport, maintenance & communication	6.32	6.41	6.77	8.44
Finance, business & services	0.57	1.03	0.68	1.48
Commodities & personal services	13.79	13.08	5.64	5.49
Public administration and defence	-	-	6.32	5.49
Total	100.00	100.00	100.00	100.00

Source: Labour Force Survey, 1995-96 , 1999-00,2002-03 & 2005-06 BBS.
Note: According to Labour Force Survey 2002-03 and 2005-06, 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 10 years.

Overseas Employment

Overseas employment and workers' remittances contribute significantly to the economic development process of the country through generating income, employment opportunities and bolstering foreign exchange reserves. A sizeable number of Bangladeshi professionals, skilled, semi-skilled and un-skilled labour force are employed in different parts of the world including the Middle East. Manpower export has been increasing every year, with a few exceptions. During 1976 to June 2008 a total of about 58.6 lakh skilled, semi skilled and unskilled workers went overseas. Bangladesh has achieved a huge success in manpower export during FY 2007-08. A total of 9.81 lakh Bangladeshis went abroad for employment in FY 2007-08, which is 73.94 percent higher than the previous fiscal year. After a doldrums of ten years, Malaysia opened its employment market for Bangladeshi workers in October 2006. In the mean time emigration clearance for a total of about 0.29 million workers have been issued. Of them, about 0.25 million have already departed. Besides this, Oman, after 12 years, has opened up its market for Bangladeshi workers from November 2007. New opportunities for Bangladeshi workers have recently been created in Canada, Rumania, Russia and Sudan.

Employment opportunities for female workers, along side the male workers, are increasing and the rate of overseas employment of female worker increased gradually. The total number of female workers working abroad is shown in the graph 3.2.



It is evident from the graph 3.2 that overseas female employment is increasing significantly.

To ensure the regional parity in overseas employment 'Divisional Quota' system has been introduced in the selection process of workers for Korea under the Employment Permit System (EPS). Language training, online registration and final selection of the first batch under EPS have been successfully completed. On behalf of the Government of Bangladesh, Bangladesh Overseas Employment Services Limited (BOESL) has been working as the recruiting agency. During 2008 about 10,000 Bangladeshi workers are expected to be employed in Korea under EPS. People of 'Monga' regions of Bangladesh will receive priority for overseas employment processed by the BOESL. Likewise, a margin of 4% has been set aside for the people of Monga areas for recruitment by the private recruiting agencies. Moreover, required training programme has been arranged for the 'Monga' affected poor and ultra poor for facilitating their overseas employment. Palli Karma-Sahayak Foundation has been involved in this effort and the feasibility of banks' assistance in this regard is also being examined.

Remittances

In order to increase flow of workers' remittances and encourage remittance using banking channel, the following important steps have been taken by the government in the recent years:

- Increased number of foreign exchange houses have been involved in remittance and their drawing system is being closely monitored by the Bangladeshi Banks;
- Speeding up disbursement procedure and delivery service of remitted money to the beneficiaries.

With increase in employment of skilled manpower and creation of improved facilities for remittances, worker's remittances flow shows a significant growth in the recent years. It may be

noted that in FY 2006-07, the remittances from expatriate Bangladeshi workers stood at US$ 5978.47 million reflecting 24.50 percent rise over the previous year. In 2007-08, remittances shot up to US$ 5978.47 million reflecting 32.39 percent rise over the preceding year. The number of expatriate Bangladeshi workers and their remittances in Taka and US 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 (%)
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	32274.60	36.49
2006-07	564	5978.47	24.50	41298.50	27.96
2007-08	981	7914.78	32.39	54293.24	31.47

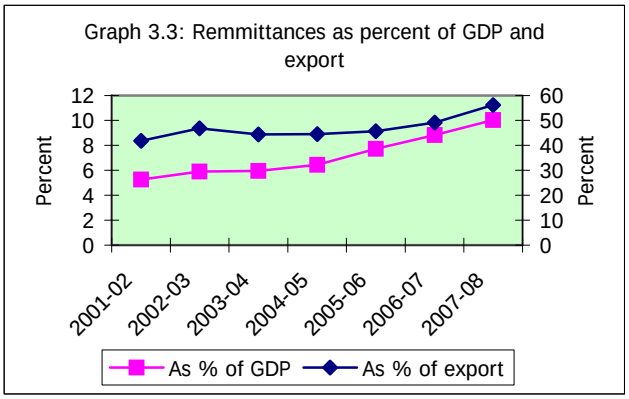
Source: Bureau of Manpower, Employment & Training and Bangladesh Bank.

The amount of remittances in terms of GDP and export earnings has also increased over the years. In FY 2001-02, remittances as percent of GDP and export stood at 5.26 percent and 41.78 percent respectively. In FY 2007-08, remittances as percent of GDP and export were 10.02 percent and 56.09 percent respectively. Table 3.6 and Graph 3.3 show remittances in terms of 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
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
2007-08	10.02	56.09

Source: BBS, EPB, Bangladesh Bank



Middle Eastern countries taken together constitute major source of total remittances for Bangladesh. But individually Saudi Arabia tops the list followed by the USA. Country

wise remittances of expatriate Bangladeshi workers over the last few years are shown in table 3.7.

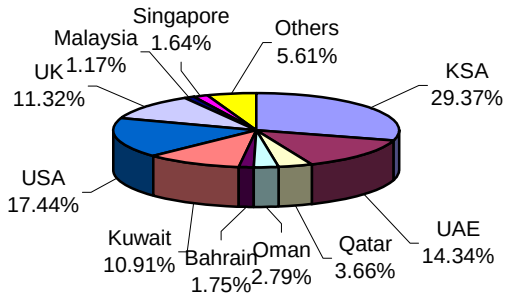
Table 3.7: Country wise Remittances

(in million US$)

FY	KSA	UAE	Qatar	Oman	Bahrain	Kuwait	USA	UK	Malaysia	Singapore	Others	Total
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
2007-08	2324.23	1135.14	289.79	220.64	138.20	863.73	1380.08	896.13	92.44	130.11	444.38	7914.78

Source: Bangladesh Bank

Graph 3.4: Countrywise remittance in FY 08



It is observed from the Graph 3.4 that in FY 2007-08, the highest (29.37%) remittances came from Saudi Arabia. Of the total remittance, the share of remittance from USA, UAE, UK and Kuwait are 17.44 percent, 14.34 percent, 11.32 percent and 10.91 percent respectively. In this fiscal year, about 63 percent remittance came from the countries in the Middle East only

It is also observed from the above table that since FY 2001-02, the remittance from UK grew significantly. This trend of growth is also continuing in current fiscal year. It may be noted that in FY 2007-08, the fourth highest remittances has come from the UK.

It is observed from the statistics of the Bureau of Manpower Employment and Training (BMET) that during 1976 to 2007 about half of overseas workers that went abroad are unskilled. But this trend is gradually shifting and the share of professional and skilled workers is increasing. From the table 3.8, it is observed that in 1998, of the total expatriate labour force, 50.77 percent were engaged as professionals, skilled and semi-skilled workers which come down to 42 percent in 2007

The Graph 3.5 shows that the share of professional, skilled, semi-skilled and less-skilled labourers in the total expatriate workforce were 0.21 percent, 32.16 percent, 15.18 percent and 52.44 percent respectively in 2008.

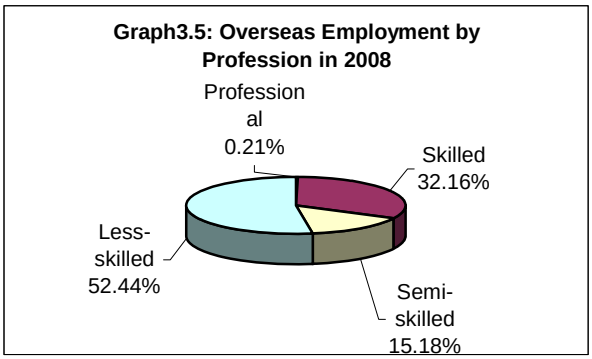
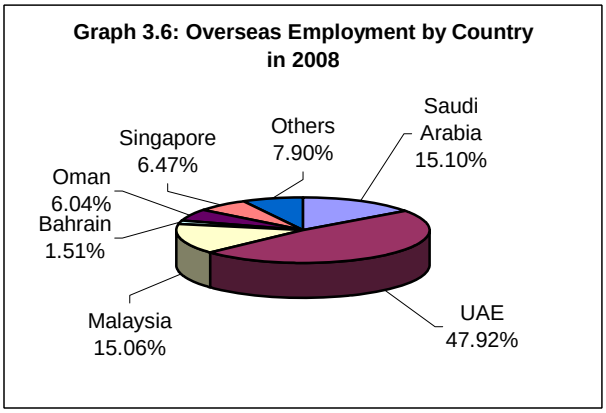


Table 3.8: Number of Expatriates Classified by Skill

Calendar Year	Professional	Skilled	Semi-skilled	Less-skilled	Total
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	676	165338	183673	482922	832609
2008	1864	281450	132825	458916	875055

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 2008, different countries in Middle East were the destination of about 80 percent of total manpower export. The number of expatriate Bangladeshis by country in 2005 is shown in the graph3.6.



It is seen from the Graph 3.6 that in 2008, the expatriate Bangladeshis in UAE, Saudi Arabia, Malaysia and Singapore were 47.92 percent, 15.10 percent, 15.06 percent and 6.47 percent respectively. During the same period 15.45 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	204112	4212	226392	16433	17478	273201	38324	52457	832609
2008	132124	319	419355	13182	52896	131762	56581	68836	875055

Source: Bureau of Manpower, Employment and Training.

Steps taken for the expansion of Overseas Employment

With a view to reduce the cost for recruiting process of overseas employment, eliminate harassment of workers, protect fraudulent practices and collect appropriate statistics of all the potential foreign workers in accordance with their professions and skills, measures has been taken 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, Airport, BAIRA office and District Employment and Manpower Offices. Recruiting agencies and foreign employers are now able to select and recruit workers from the database as per their requirements.

Alongside increasing manpower export, the prime objective of the government is to ensure the optimum welfare of the worker. In order to ensure welfare and the protection of rights of workers MOU's were signed with the government of the UAE and South Korea in May and June, 2007 respectively. In 2008, the government also signed an additional protocol with Qatar and an MOU with Oman regarding the export of manpower. 'Expatriate Welfare Desk' has been established in 29 DC offices to protect the expatriates' workers interest, protect them from harassment at home and to aware the people regarding overseas employment. In future the same desk will be introduced in the rest of the districts.