

# Low prices, lack of buyers hit small tea growers in Panchagarh

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About 2,000 small tea growers in Panchagarh are facing troubles as factory owners are rejecting a huge quantity of green leaves during purchase and have cut prices by 20 percent.

The farmers are being forced to dump their produce because of the factories' refusal to buy "improperly plucked or packaged" leaves. Farmers alleged that they were compelled to sell the leaves to the factory owners at a price lower than the rate earlier fixed by a panel of buyers, growers and local administrators for the current plucking season.

Taking advantage of the situation, two to three factories are rejecting up to 40 percent of the tea produce, saying those leaves had been improperly plucked.

Abu Hossain, a tea grower of Bhitargarh Prophanpara in the northern district, has cultivated tea on 10 acres since 2011.

He shipped 1,000kg tea leaves to North Bengal Tea Factory where the buyer purchased those leaves at Tk 20 a kg, down more than 21 percent from the prices quoted in the beginning of the plucking season. The factory rejected 30 percent of his produce.

Hossain dumped 2,000kg tea leaves on Thursday as the factories refused to purchase it. Still, he has to continue plucking leaves in regular intervals to continue production. "If leaves are not plucked on time,

the next round will be delayed as new leaves will arrive late," Hossain said.

He earned Tk 12 lakh last year from crops harvested from his land, but this year he is worried about the fate of his produce.

In the beginning of the season, he thought he would earn a minimum of Tk 15 lakh. Now the prospects of higher income are far from bright.

There are six tea factories in the district. Five of them buy green leaves and turn them into tea before selling them through auction in Chittagong.

In the beginning of tea cultivation in the area during 2010-2013, the authorities of Salilon Tea Factory, one of the six factories, spurred local people into tea cultivation and made commitments to purchase the green leaves from them, said farmers.

At present, at least four factories are running their operation with the leaves grown in their own estates and are purchasing an insignificant quantity of leaves from small farmers.

Sayed Ali, another farmer of Bhitargarh village, said he earned Tk 5 lakh from his tea garden spreading over four acres.

He said he will get Tk 8 lakh if he can sell his produce. But factories' reluctance to buy the produce could shatter his hope.

Tea plucking season normally starts in March, but November and December are the months when tea leaves are plucked in bulk. But Ali had to dump 8,000kg tea

leaves worth Tk 1.6 lakh last week as the factories refused to purchase the produce.

Mozaharul Haque, a small tea farmer of Amarkhana village, said he brought 500kg tea leaves to Karatoya Tea Factory a few days ago, but the factory authorities agreed to pay him for 250kg, rejecting the rest of the leaves.

Several other small tea farmers of Panchagarh Sadar also said they are also facing troubles in selling their produce.

In the current season, the factories are rejecting tea leaves citing different excuses and inflicting huge financial losses on growers, said the farmers.

Abdus Samad, manager of Salilon Tea Factory, said the factory has the capacity to process 15,000-20,000 kg of tea leaves per day. "So, we have no way to buy extra leaves from growers," he said.

Officials at the Tea Board in Panchagarh said small growers have lost their interest due to the low prices. More than 2,049 hectares of land have been brought under tea cultivation in the district.

Of the area, the production is going on in full swing on 1,713 hectares, according to Sumon Sikdar, senior planning officer of the Tea Board in Panchagarh.

There are 25 tea estates, 17 medium tea gardens and about 2,000 small tea growers in the district. Last year, the district produced 25.21 lakh kg processed tea from 1.18 crore kg raw tea leaves. This year the production will be much higher than the

previous season, Sikdar said.

There are only six tea factories in Panchagarh, which are not enough against the production of raw tea leaves, he said.

"As a result, factory owners take advantage of lack of adequate tea factories. The farmers will get good prices if more tea factories are set up in the district," Sikdar said.

The tea cultivation has created jobs for about 40,000 people, including a large number of women. There are about 16,000 hectares of land in the district which are suitable for tea plants.

Bangladesh's burgeoning tea industry dates back to the British colonial period when large scale tea plantation was introduced in Sylhet and Chittagong.

Till 2000, all tea estates were in greater Sylhet, Brahmanbaria, Chittagong and Rangamati.

However, considering the geographical proximity of Panchagarh to India's tea growing region of Darjeeling, some companies started small-scale tea plantation in the district only two decades ago.

But the small farmers in the district would not be interested to get into tea plantation on a large scale if they do not get good prices for their produce, said a number of growers.

Amal Krishna Mandal, deputy commissioner of Panchagarh, said the prime minister has already approved a plan to set up a tea factory in the district.



Mouree Israt Khan poses with the champion's trophy after winning the Meizan Malaysian Palm Oil SHERA Rondhonsilpi-2016, a cooking competition, at its grand finale held at Pan Pacific Sonargaon Hotel in Dhaka on November 25.

## Airbus cuts 1,100 jobs in France, Germany

AFP, Paris

Airbus announced Tuesday it was cutting more than 1,100 jobs in Europe and closing one of its sites in the Paris region as part of an ongoing restructuring programme.

A total of 640 jobs will be lost in France, mostly affecting operations in Suresnes, near Paris, where a research facility will close. Another 429 jobs will go at German sites including in Hamburg, Bremen, Ulm and Ottobrunn, near Munich.

"Airbus Group envisages a progressive reduction of its current workforce of around 136,000 by a maximum of 1,164 positions," it said in a statement. Unions accuse Airbus of following "financial logic" in cutting jobs at a time when its order book is worth nearly 1.0 trillion euros (\$1.05 trillion), equivalent to eight to 10 years of production.



SAA Masrur, country head of Bank Alfalah Bangladesh, and Syed Yameenul Huq, director for sales and marketing at Royal Tulip Sea Pearl Beach Resort and Spa, attend a deal signing ceremony. The debit cardholders of the bank will enjoy 50 percent discount on weekdays and 40 percent discount on weekends on their stay at the resort's various lodging options.

BANK ALFALAH

## ICAB awards 24 entities for best financial reporting

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Among manufacturers, RAK Ceramics (Bangladesh) was awarded the top prize, while GlaxoSmithKline Bangladesh and BSRM Steels came in second and third.

In the communication and information technology sector, Grameenphone bagged the top award.

Brac won the top position in the NGO category, while Sajida Foundation and Uddipan secured second and third places.

Infrastructure Development Company won the top award as a public sector entity, while Golden Harvest Agro Industries came in first in agriculture. The corporate governance awards went to Prime Bank, IDLC Finance and Eastern Bank respectively.

IDLC Finance, Bank Asia and Prime Bank also bagged the first, second and third prizes in the integrated reporting category.

Apart from the awards, 17 organisations also won certificates of merit.

ICAB President Kamrul Abedin said the

introduction of new accounting standards such as revenue recognition, fair value accounting have made financial reporting more challenging today.

"For implementation of these updated standards, ICAB has been working closely with relevant ministries, NBR, Bangladesh Bank, Office of the Comptroller and Auditor General, securities regulator, stock exchanges and other government and non-government organisations through knowledge sharing," he said.

The ICAB also focuses on strengthening its oversight functions of the practicing firms to be aligned with changing global standards, he added.

Md Matiul Islam, chairman of the jury board of ICAB National Award 2016, said the selection of the winners was fair and impartial. A transparent method was used to determine the winners in each category, he added. Prime Minister's Economic Affairs Adviser Mashiur Rahman also spoke.

### WINNERS IN DIFFERENT CATEGORIES

CATEGORY	FIRST	SECOND	THIRD	CERTIFICATE OF MERIT
Private banks	Prime	UCB	Eastern	Bank Asia, Mercantile, Jamuna, DBBL, Southeast, Mutual Trust, Islami
Non-banks	IDLC Finance	LankaBangla Finance	Union Capital	
Manufacturing	RAK Ceramics (Bangladesh)	GlaxoSmithKline Bangladesh	BSRM Steels	BSRM, Premier Cement, Linde, Summit Power, Heidelberg Cement, Berger Paints, British American Tobacco
Insurance	Green Delta Insurance	Reliance Insurance	Prime Insurance	
NGO	Brac	Sajida Foundation	Uddipan	Ghashful, BURO Bangladesh
ICT	Grameenphone			
Public entities	Infrastructure Development Co.			
Agriculture	Golden Harvest Agro Industries			
Corporate governance	Prime Bank	IDLC Finance	Eastern Bank	
Integrated reporting	IDLC Finance	Bank Asia	Prime Bank	LankaBangla Finance

## Philippine bank says it won't compensate BB for reserve heist

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An anti-money laundering body of the Philippines last week filed charges against five officials of RCBC in connection with the heist. Bangladesh is, however, relying on a commitment made by then RCBC president Tan that, if found liable, the bank would voluntarily compensate Bangladesh for its losses.

"In the Senate hearing, they had informed [the public] that if RCBC was made liable, they would take it to their board to compensate [Bangladesh] with \$50 million. This amount was very clearly mentioned," Bangladesh Ambassador to Manila John Gomes said in an interview with the Inquirer.

Gomes earlier said Bangladesh believes RCBC was "definitely responsible" for the disappearance of the money having cleared the transaction despite the "urgent stop payment" orders from the NY Fed.

"If they put the red flag on, then none of this would have happened. I still believe

RCBC has to answer. The resignation of the RCBC president, the resignation of the chief of treasury... obviously these are indicating that they are definitely responsible," he added.

BB Spokesperson Subhankar Saha told Reuters that "halt payment" instructions were sent to RCBC both by BB and the NY Fed but RCBC did not comply with those.

"The payment in cash was also abnormal," he said. "The mechanism of the transfer of money was also not transparent. So, all these are questionable."

Only about \$15 million has been recovered and returned to Bangladesh, with a further \$2.7 million frozen.

Encouraged by the recovery, Bangladesh sent a team to the Philippines on Saturday with the objective to help repatriate about \$66 million.

The Anti-Money Laundering Council of the Philippines has accounted for \$60 million of the stolen money, but the other \$21 million is yet to be traced.

## Package VAT may be cut

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But many large shops tend to pay package VAT instead, due to which they do not need to show their annual turnover to the revenue authority, said a senior official of the NBR earlier.

Officials said the government plans to scrap the package VAT system entirely in the new law, which would be in force

from July 1 next year because of collection of poor amount of revenue against high administrative cost of about Tk 60 crore a year.

Under the new law, shops with an annual turnover of up to Tk 30 lakh would be exempt from VAT payment. A turnover tax would be applicable for turnovers of Tk 30 lakh to Tk 80 lakh a year.

## India's Exim Bank keen to open office in Dhaka

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Exim Bank is a development partner that serves as an important link between all the stakeholders and ensures smooth implementation of projects under the LoC, they said.

Subsequently, they requested Bangladesh to take the necessary measures so that Exim Bank can quickly open an office in Dhaka.

At the Delhi meeting, the status of the projects being implemented under the two LoCs will be discussed in detail, according to the ERD official.

Of the \$1 billion LoC extended to Bangladesh in 2010, \$200 million was converted to grants and released, while the remaining \$800 million was given against 15 projects.

The amount was later increased to \$862 million; only \$325.74 million has so far been disbursed.

Of the 15 projects, eight have been completed, where the amount of Indian loans was \$162.63 million, according to the review report.

Seven projects are ongoing, with commercial contracts signed against loans of \$644.33 million. The upcoming commercial contracts amount to \$215.67 million.

During Prime Minister Narendra Modi's visit to Bangladesh in June last year, India announced another \$2 billion loans.

The agreement for the LoC was signed in March 2016, with the loan becoming effective from May.

Primarily, 14 projects have been identified under the latest LoC. Of those, Bangladesh sent final funding confirmation for 11 projects to India.

India confirmed nine of the projects, involving \$1.22 billion, while the other two are under consideration.

## Home loans to soar 67pc in four years

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The study identified the low- and middle income households as those with monthly household income of less than Tk 60,000.

"The rural low- and middle-income housing sector can create a huge opportunity for the banking sector," said Ananya Wahid Kader, senior financial sector specialist of the IFC. The demand for housing finance will not only grow in rural areas but also in major cities including Dhaka, the report said.

Dhaka City is set to grow from a population of 1.89 crore in 2011 to a projected 2.74 crore by 2030, with an implied growth rate of 4.3 percent. While other cities will also

grow, their proportion of the total urban population is expected to decline or remain static, IFC said.

Inadequate basic amenities both in urban and rural areas also create an opportunity for lenders to finance renovations or new construction, the report said.

Presently, over 85 percent of all rural and over 70 percent of urban dwelling units fall in inadequate or deficient categories, which signifies the scale of housing finance needs.

Bangladesh will need to construct about 85 lakh new houses in the next five years to overcome the existing shortage in urban areas, and most of the need is concen-

trated in the low- and lower middle-income groups, the report said.

Against this demand, about 25,000 units are supplied each year, according to the Real Estate and Housing Association of Bangladesh, the platform for realtors. REHAB members account for around 15,000 units.

However, the IFC report says that private developers cater only to the upper- and upper middle-income groups, while the middle- and low-income segments remain largely untapped. The development of affordable housing is in a very nascent stage, with the volume being barely 2 percent of all newly constructed apartments.

The state-owned House Building Finance Corporation, a traditional housing lender, is in a precarious financial situation and currently relies on loan recoveries to support its lending activity.

HBFC's market share fell from 48 percent in 2001 to 17 percent in 2011, and it is now much below 10 percent, according to IFC.

The government can inject target-based capital to HBFC, Ananya Kader said, adding that the state-owned housing lender must improve its efficiency and risk management to get the funds. The report also identified impediments that are affecting the growth of the housing finance sector.

These include inefficiency of the regulatory regime including foreclosure, land administration frameworks and poor legal infrastructure; deficient financial systems; dearth of long-term funding; and limited avenues for developer finance.

Insufficiently-developed land and inappropriate land planning and urban development policies are driving up real estate prices in Bangladesh. Land and titling procedures, registration procedures and costs, and a poor regulatory framework for real estate stifle the market as does the lack of an organised database and key information on the housing sector.

## Banks don't accept coins in Rangpur, traders say

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The rally was organised by the Rangpur unit of Bangladesh bread and biscuit traders' platform.

Earlier, traders of eight districts of Rangpur division gathered in Dhap area of Rangpur City Corporation on Monday and brought out a procession.

Later, they laid siege to BB office in the Dhap area alleging that banks denied exchanging the coins for reasons like a shortage of manpower for counting those.

However, BB had issued an instruction last year asking all banks to accept the coins. Golam Mostafa, executive director of BB in Rangpur, told journalists that banks are receiving coins.

Banks are in trouble to deal with the huge quantity of coins, he said, adding that he would look after the issue seriously.