

# Star BUSINESS

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## Food inflation highest in 38 months

Production loss of rice is to blame

REIAUL KARIM BYRON

Food inflation increased 55 basis points in September to hit 7.87 percent -- the highest in 38 months -- on the back of the massive production loss of the staple rice.

In recent months, rice prices rose to record highs, reflecting the dwindling supplies following flood-induced losses to the main boro crop coupled with reduced production and imports in 2016.

About 20 lakh tonnes of boro crop have been damaged, according to the food ministry.

In September, coarse rice price in Dhaka city was Tk 52.54 a kilogram in contrast to Tk 34.62 a year earlier, according to data from the Bangladesh Bureau of Statistics. In the same manner, fine rice price in September was Tk 62.46 to Tk 66.30, which was Tk 53.90 to Tk 55 a year earlier.

According to the latest household income and expenditure survey, the consumption of rice declined but the contribution of the staple is still high in people's total food intake.

The average quantity of rice intake decreased to 367.19 grams in 2016 from 416.01 grams in 2010. "It is mention-worthy that rice consumption is gradually decreasing in Bangladesh," said the survey report released last week.

However, during the period, consumption of vegeta-



FOOD INFLATION IN 2017



bles, edible oil, onion, beef, chicken, egg and fish increased.

Still, rice consumption accounted for 38 percent of the total food intake in 2016, which was 41 percent in 2010.

Last month, the overall inflation stood at 6.12 percent, up 23 basis points from August, according to data from the BBS.

Earlier in August 2014, food inflation was 7.67 percent and gradually decreased to below 4 percent. From January last year, it started to creep up to more than 6 percent, crossing the 7 percent mark in May.

In recent months, food inflation in rural areas has been higher than in urban areas. For instance, in September food inflation in rural areas was 7.97 percent and in urban areas 7.63 percent.

However, non-food inflation in September stood at 3.44 percent, which is 31 basis points less than in August.

In rural areas, non-food inflation was 2.98 percent, and in urban areas 4.08 percent.

As the price of food items, especially rice, increased, people's expenditure on it rose, diverting funds from non-food items, according to Zahid Hussain, lead economist of the World Bank's Dhaka office.

"This maybe the reason why non-food inflation declined," he added.

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## Gas crisis affects production at 350 apparel units: BGMEA

STAR BUSINESS REPORT

Production in over 350 garment factories in Gazipur, Ashulia, Savar and Kashimpur has been severely hampered due to a gas crisis in the last one month or so, exporters said.

This is causing the factories to incur losses every day while manufacturers are forced to depend on expensive air shipments to maintain strict lead-times set by international clothing retailers and brands.

Some 60 percent of the country's garment factories are located in the Gazipur, Ashulia, Savar, Kashimpur, Dhaka, Mirpur, Uttara, Tongi and Konabari areas.

Very often the factory owners complain of an inadequate gas supply. The current crisis arose after two wells of Shahjibazar Gas Field in Brahmanbaria were damaged.

"Even a few days ago we have discussed the gas crisis issue with the government high-ups," said Siddiqur Rahman, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) on Friday.

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## Bangladesh top buyer of scrapped ships

STAR BUSINESS REPORT

Bangladesh was the top buyer of scrapped ships in the world in the third quarter of 2017, followed by India, according to a study of Brussels-based Shipbreaking Platform.

During the period, 50 scrapped ships were brought to Bangladesh and 44 to India, making South Asia the most preferred destination for scrapping old vessels, which is a hazardous practice for human health and environment.

A total of 227 ships were broken between the months of July and September, 124 of which ended up on the beaches in South Asia, according to the organisation which is a coalition of environmental, human and labour rights organisations.

Greek ship owners sold 11 ships to the beaching yards this quarter, which is the highest, followed by South Korea and Singapore at 6 vessels each. Shipping companies from the US sold 5 vessels.

Singaporean Continental Shipping Line remains the worst corporate dumper, though it currently shares this position with the Greek Anangel Shipping Enterprises and Iran Shipping Lines.

In total, the companies had three vessels each beached in South Asia this quarter.

Bermuda-based Berge Bulk, Greek Costamare, Swedish Holy House Shipping and American SEACOR are close runners-up, with two ships each sold for dirty and dangerous scrapping on the beach.

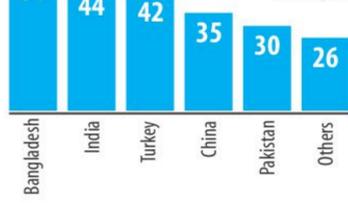
Brazilian-owned product tanker LOBATO, which was reportedly sold by Petrobras to Indian breakers, ended up on the muddy shores of Chittagong instead, the report said.

Although 33 out of the 124 beached vessels this quarter were European-

TOP BUYERS

(Jul-Sep 2017; number of units)

SOURCE: SHIPBREAKING PLATFORM



controlled, only three of these had a European flag when they arrived on the beach.

"All ships sold to the beaching yards pass via the hands of scrap-dealers, also known as cash-buyers, that often re-register and re-flag the vessel on its last voyage," said the report.

In this regard, flags of convenience, in particular those that are grey- and black-listed, are used by cash-buyers to send ships to the worst breaking locations.

"Almost half of the ships sold to South Asia this quarter changed flag to the grey- and black-listed registries of Comoros, Niue, Palau, St. Kitts & Nevis, and Togo just weeks before hitting the beach."

The flags are not typically used during the operational life of ships and offer "last voyage registration" discounts.

It is not due to a lack of awareness concerning the dire working conditions that the international ship owners continue to favour in the infamous beaching yards in South Asia, the Shipbreaking Platform said.

"Rather, it is the fact that dirty and dangerous breaking brings in more money."

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## Women entrepreneurs thwarted by lack of access to finance

STAR BUSINESS REPORT

Access to finance is the main impediment for women-led small and medium enterprises in Bangladesh, said speakers at a seminar yesterday.

Banks still hesitate to lend to SMEs run by women although they are unlikely to become defaulters, they said at a discussion styled "Access to finance for women entrepreneurs in Bangladesh" at Dhaka University.

Subsequently, the speakers at the seminar, which was co-organised by the Centre on Budget and Policy of Dhaka University and the Asia Foundation, called for more access to money and information for women.

"Woman entrepreneurs deserve special focus by the central bank and the government. I urge the government to provide more money to women-led SMEs," said Atiur Rahman, former governor of the Bangladesh Bank.

Rahman, who teaches development studies at the Dhaka University, proposed a credit guarantee scheme for women entrepre-



Atiur Rahman, former governor of Bangladesh Bank; Rokia Afzal Rahman, former caretaker government adviser; David D Arnold, president of the Asia Foundation; M Abu Eusuf, chairman of Dhaka University's development studies department, and SK Sur Chowdhury, deputy governor of Bangladesh Bank, attend a seminar at Dhaka University yesterday.

neurs to enhance their access to finance.

The finance ministry gets Tk 100 crore for women entrepreneurs every year but the money is hardly spent, he said.

The money should be given to

the central bank, which will definitively use it as a credit guarantee scheme for woman entrepreneurs.

"Then the banks will not hesitate to provide loans to women," Rahman added.

Rokia Afzal Rahman, former

adviser to a caretaker government, said giving loans to women was a risk 30 years ago but not anymore.

About 20 million women borrowed from microcredit organisations and they returned their loans timely, she said.

"We find men default on their loans but women who take loans always return," said Rokia, who has been involved with MIDAS, a non-banking financial institution, for many years.

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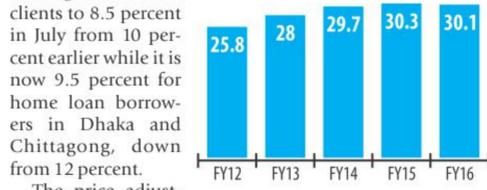
## Cut in lending rates boosts loan growth of House Building Finance

JEBUN NESA ALO

Bangladesh House Building Finance Corporation (BHBFC) has revised down its lending rate in line with the market, which is helping the state-owned finance provider to achieve significant loan growth.

OUTSTANDING HOME LOANS OF BHBFC

in billions of taka, SOURCE: BB



The price adjustment attracted new clients for BHBFC and helped it achieve a 47 percent year-on-year growth in loan disbursement in the July-September quarter.

The institution disbursed Tk 78 crore in loans in the third quarter of the current year compared to Tk 53 crore in the same period last year.

The corporation received loan applications worth Tk 90 crore in its three-day Housing Finance Fair-2017 that ended yesterday in the capital's Sonargaon hotel.

"The response we received from the clients despite the adverse weather was fabulous," said Debasish Chakrabarty, managing director of BHBFC.

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**MTB AIR LOUNGE**  
AN OASIS OF PEACE  
at Hazrat Shahjalal International Airport, Dhaka  
in association with KARIM ASSOCIATES  
16219 or 09604016219

**Separate tax fair for women in Ctg: NBR**  
STAFF CORRESPONDENT, Ctg  
The National Board of Revenue plans to organise separate fair for female taxpayers in Chittagong this year, NBR Chairman Md Nojibur Rahman said yesterday.  
Rahman spoke at the opening of a help centre for women entrepreneurs, on the premises of Chittagong Customs House.  
The centre would provide women entrepreneurs with information related to export-import activities, he said.  
At the programme, he highlighted different initiatives taken by the government for businesswomen.  
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**EU raids BMW**  
AFP, Brussels  
EU antitrust regulators have raided the offices of automaker BMW in Munich, the company said Friday, in a fresh blow to the beleaguered German car industry.