

Paddy growers in a tight spot

Low prices deal a blow to small farmers

SOHEL PARVEZ

Gloom prevails among the growers in the face of falling prices of coarse paddy, stoking concerns that low prices will cause small producers to run into debt and prevent them from going for the next crop.

Several farmers say traders are offering as low as Tk 580 for a maund of coarse paddy, namely Swarna, Gutiswarnna and BR-11, down from as high as Tk 750 in December.

Prices of a maund of coarse paddy—which roughly accounts for 35 percent of the total annual production of aman of 1.40 crore tonnes—hovered around Tk 650 in January, according to growers from the north, the country's main farming zone.

"It would be tough to cultivate the next crop if the current prices prevail after the harvesting of the boro paddy. Many growers will fall into the vicious cycle of debt," said Mohammad Mokhlesar, a 50-year-old farmer of Adamdighi in the northwestern district of Bogura.

Mokhlesar has planted paddy on 2.90 acres of land, which includes his own and rented land, and sold 10 maunds of Swarna at Tk 620 per maund yesterday to buy fertilizer and pesticides to take care of the current boro crop.

"I sold the same paddy at Tk 750 in December and was able to make some profit," he said, adding that the existing prices do not offer margin to him.



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Many small growers may fall into debt due to the declining prices.

Refayet Ullah, a farmer in Pirgachha of northwestern district of Rangpur, said prices of the coarse grain have been on the downward trend for the last two weeks.

"There is no appetite in the market. This is usually the reverse from the trend of the previous year when we saw the prices to rise in the off-season," he said.

The farmer is in need of money to buy fertilizer but is in doubt whether to sell the grain at the current prices.

Farmers produced good crops in the previous seasons after being encouraged by the rising prices and the presence of favourable weather.

The state-run Bangladesh Bureau of Statistics is yet to release its estimate on the production of rice from aus and aman seasons. But millers, farmers and agriculturists have claimed that production has increased.

Increased production and the carried-over stock affected the prices of the staple, said KM Layek Ali, general secretary of the Bangladesh Auto Major and Husking Mills Association.

"The situation is really very bad. Prices of coarse grain are not rising even after the government increased its aman rice procurement target by two lakh tonnes this time," he said.

The possibility of an immediate rebound in prices is unlikely, said Md Abdur Razzaq Babu, a grower in Mohadebpur of Naogaon.

Prices of rice have also declined, he said, adding that he managed to make some profit by selling paddy in the last boro and aus seasons.

Md Shahjahan Kabir, director general of the Bangladesh Rice Research Institute, said farmers would lose interest to cultivate paddy in the coming aus season if the prices do not increase.

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JMI investing Tk 620cr to build LPG plant

JEBUN NESA ALO

JMI Group, a manufacturer of medical devices, is set to invest Tk 620 crore to build an LPG (liquefied petroleum gas) plant at Sitakunda in Chattogram to supply the energy to households.

"We will import and distribute LPG through cylinders and bottles manufactured by us," said Md Abdur Razzaq, managing director of the group.

The commercial operation of the plant will begin in May.

Of the project cost, Tk 380 crore has already been raised through a syndicated financing by four banks and two non-bank financial institutions, according to the project proposal.

Mutual Trust Bank (MTB) was the lead arranger of the loan and Agrani Bank the co-arranger.

The LPG project consists of four plants, including LPG bottling, LPG cylinder, auto tank, and valve and bung. Auto tank is the LPG cylinder for vehicles whereas valve and bung is the kit used for cylinder.

The bottling plant will have a storage capacity of 6,000 tonnes. The production capacity of LPG cylinder plant will be 823,000 pieces per year. JMI Group will manufacture auto tanks with an annual production capacity of 524,000 pieces, according to the project proposal.

The entry of JMI into the country's LPG scene came at a time when the demand for the energy is increasing fast due to the shortage of natural gas. The market is growing at 10 to 15 percent annually, according to a market analysis of MTB.

In 2018, the net industry supply of LPG was 6.21 lakh tonnes against the demand of 10.74 lakh tonnes. The demand-supply gap has been widening every year because of the rising consumption.

The government is giving priority to LPG projects to minimise the pressure on natural gas. A total of 55 LPG projects have received

KEY POINTS

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Cylinder and bottles will be manufactured

Tk 380cr raised through syndicated financing

The storage capacity of the project's bottling plant is 6,000 tonnes

Around 823,000 cylinders and 524,000 auto tanks will be produced a year

primary licence, of which 18 are in operations, according to the bank.

A staggering 95 percent market share belongs to the private sector with only four companies holding 78 percent share. Bashundhara LP Gas is leading the pack with 28 percent share, according to the analysis.

Some 45 lakh cylinders were injected in 2016 and 2017.

"Many companies are in pipeline to import LPG to supply cooking gas to households," said Anis A Khan, managing director of MTB.

Although JMI Group is largely involved in the health sector, it plans to invest in the energy sector as gas shortage is a big problem for the economy, Razzaq said.

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DIGITAL AD PAYMENTS CID money laundering unit launches probe

STAR BUSINESS REPORT

A Criminal Investigation Department (CID) unit specialising in money laundering has launched an investigation into payments made by local digital companies for advertisements on social media sites, especially Facebook.

A top official of the detective agency said they were investigating the legality of the payments.

The unit has prepared a list of about two dozen companies that run digital campaigns and is calling over their representatives individually to the CID office to know about the payment procedures and avail documents.

Around 10 of the top online shops sat with the law enforcers on Wednesday when they responded to queries and provided documents. A top official of an e-commerce company who had attended confirmed the meeting's proceedings.

A top placed source at the CID office named the 10 as daraz.com, ajkerdeal.com, pickaboo.com, bikroy.com, foodpanda.com.bd, chaldal.com, rokometri.com, sheba.xyz, othoba.com, and khaasfood.com.

The list of the entities includes mobile phone operators, handset vendors, leading e-commerce platforms, companies for ridesharing, fast-moving consumer goods (FMCG) and product delivery and other digital service platforms.

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Inflation rises after 16 months

STAR BUSINESS REPORT

Inflation rose in January—for the first time in the last 16 months—due to a hike in food and non-food prices.

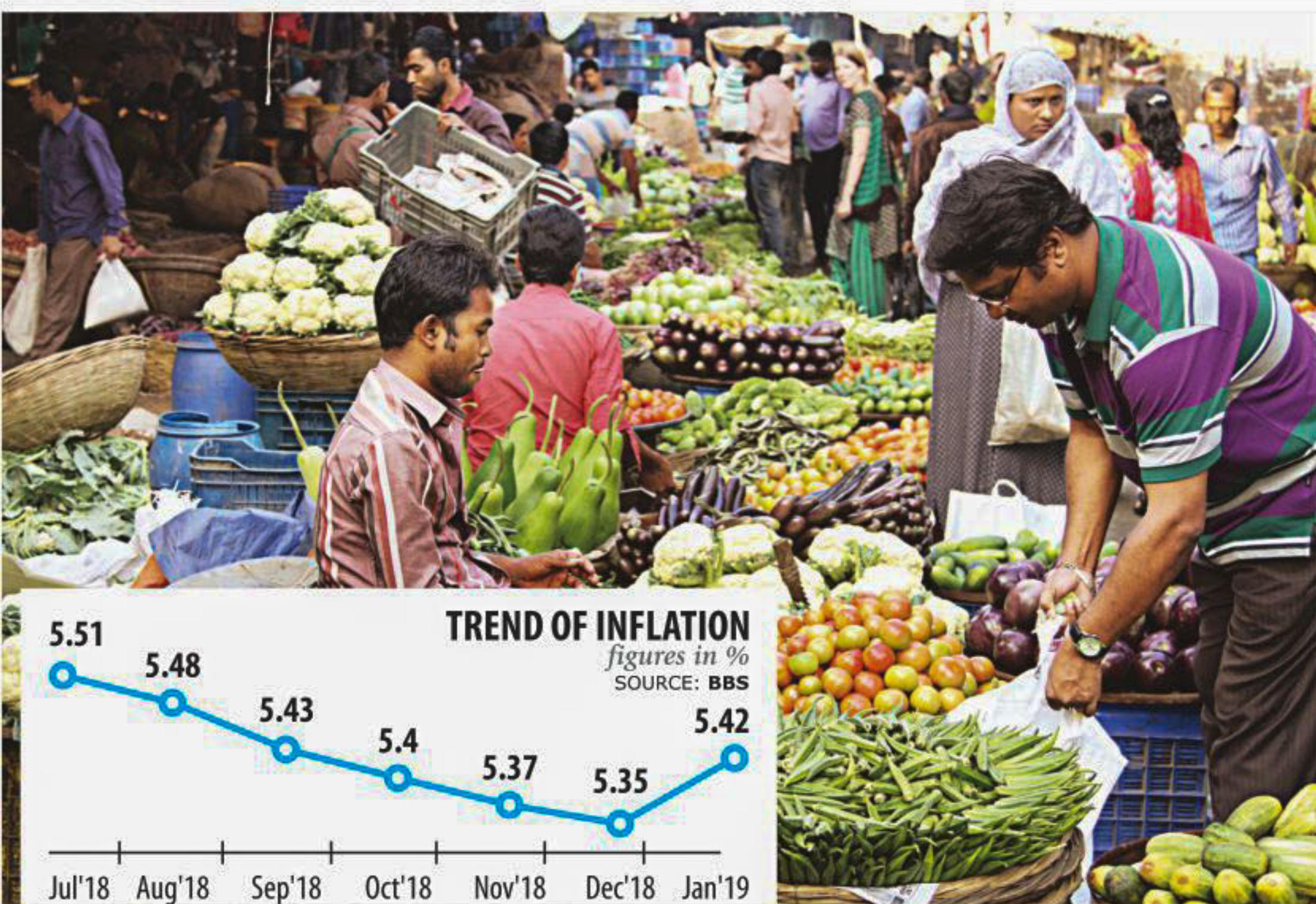
Inflation stood at 5.42 percent in the first month of the year, up seven basis points from the previous month, according to Bangladesh Bureau of Statistics.

Inflation has been declining gradually since September 2017 when it stood at 6.12 percent.

Headline inflation in January 2019 increased relative to December 2018, but it was still lower than that of January 2018, according to Zahid Hussain, lead economist of the World Bank's Dhaka office.

The January 2019's inflation was within the range of 5.3 to 5.6 percent projected in the monetary policy statement announced by the Bangladesh Bank for the second half of the current fiscal year, he said in a reply to an email.

"The increases in both food and non-food inflation in January relative to December predominantly reflect the increases in food inflation in rural areas and non-



food inflation in urban areas," Hussain said.

"These could be reflecting demand pressures on prices due to election-related boost in pri-

vate spending and a large increase in remittances in January."

Food inflation was slightly up to 5.33 percent in January from 5.28 percent a month ago. Non-

food inflation rose 12 basis points to 5.57 percent in January from 5.45 percent in December, BBS data showed.

The rise in import costs of

consumer goods and industrial raw materials due to 2.2 percent depreciation of the taka against the US dollar in the first seven months of 2018-19 may also have contributed to it, Hussain said.

"A significant 2.1 percentage-point rise in food inflation in rural areas in January relative to December despite bumper aman harvest is puzzling. Stocking up by large market players and the lagged impact of the restoration of the 28 percent duty on rice imports may have counteracted the impact of bumper harvests on rice prices in rural areas."

In January, analysts had warned that electoral expenditure would put pressure on inflation in the coming months.

Food items account for about 46 percent of the urban inflation and 61 percent of the rural inflation. In case of food inflation, prices of rice play a major role.

Prices of rice had begun to shot up before the December 30 general election and continued the momentum after the election.

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Chattogram EPZ to reopen 11 factories

MOHAMMAD SUMAN, Ctg

The Bangladesh Export Processing Zones Authority (Bepza) has taken an initiative to reopen 11 factories and create around 10,000 jobs in Chattogram Export Processing Zone within a year.

Of the factories, the ownership of six factories has already been transferred to new hands, one will be reopened by its existing owner and the rest four will be auctioned off very soon, Bepza officials said.

The factories would take a year to go for production after completing development of necessary infrastructure, renovation and staff recruitment, said Khorshed Alam, general manager of the CEPZ.

The factories were shut down between 2012 and 2016 due to lack of foreign buyers, losses in production and workers' protest.

Of the factories, the ownership of Grey Fab (BD) Ltd has been taken over by Pacific Jeans, one of the leading garments manufacturers in the country.

"We hope to start operation very soon," said Syed M Tanvir, director of Pacific Jeans.

Japanese company Kuroki Chain Ltd was shut down in 2016 after running business at the CEPZ for 30 years. The factory was handed over to Korean company Youngone Group.

The ownership of Northpole (BD) Ltd was handed over to Loyal Ten Group and Young International (BD) Ltd to FGI Group.

The move to change the ownership of Peninsula Garments Ltd and Hu Accessories Ltd is at the final stage, Bepza officials said, without disclosing the names of the new owners. Arrow Jeans Private Ltd is reopening its own factory and it will soon add new machinery to the unit.

The CEPZ, the first EPZ in Bangladesh, was established in 1983 over a 453-acre land and is located three kilometres away from the Chattogram Port.

A total of 201,798 people are now working in 160 factories inside the economic processing zone.

IT INSTITUTE IN MADARIPUR

Fate hangs in balance

JAGARAN CHAKMA

The future of a \$157.80 million (Tk 1,340 crore) project for developing a technical institute has become uncertain as potential foreign lenders have shown no interest in it.

The Bangladesh Hi-Tech Park Authority (BHTPA) took the initiative one and a half years ago to set up the Sheikh Hasina Institute of Information Technology (SIIT) in Madaripur district.

Accordingly, the planning commission approved the preliminary development project proposal (DPP) to hunt for funds the same year.

As per the proposal, the SIIT was scheduled to be completed between July 1, 2017 and June 30, 2020. But no progress has been made as the funds are not available.

During the period, the BHTPA maintained correspondence with the Economic Relations Division (ERD) and frequently reminded it to search for foreign funds for the project.

Initially, the BHTPA had expected to implement the project from a third Indian line of credit but could not manage to do so because of

The project to set up the Sheikh Hasina Institute of Information Technology was taken one and a half years ago, but it did not progress due to a shortage of funds

the non-availability of the financing for the project, sources told The Daily Star.

In October last year, Hosne Ara Begum, managing director of the BHTPA, wrote to the ERD to seek funds from development partners. Accordingly, the ERD conveyed the interest of the BHTPA to development partners.

The ERD has received no feedback yet, a senior official said.

The BHTPA undertook the project to create the environment for technology transfer and expand the use of the technologies. It expects the institute to establish relations with the Indian Institutes of Technology alongside Bangladesh University of Engineering and Technology to become a world-class educational organisation.

Formed in 2010, the BHTPA is currently implementing 28 IT projects across the country.

Hosne Ara yesterday said they were yet to get any fund from prospective lenders.

"Firstly, we were looking for Chinese funds. But we found no positive response. Now we have decided to move for Japanese funding."

The BHTPA would materialise the project with own funding if it fails to get any lender, she said.

This is the first of its kind technical institute in the country, she said.

In the institute, students can study on information communication and other technological issues from secondary level to master's level, said Hosne Ara.