

Costly staple hurting low-income people



S DILIP ROY

Paddy prices have doubled this year, bringing smiles to those toiling to sprout the crop. However, ongoing harvests have failed to rein in rice prices in Lalmonirhat's markets for inclement weather and pandemic concerns. The staple is costing the common man a pretty penny. The photo was taken at Sarpukur village of Aditmari upazila last Wednesday.

S DILIP ROY, Lalmonirhat

The average day-labourers in Lalmonirhat are struggling to make ends meet as rice prices in the district's local markets are refusing to come down although Aman harvests are ongoing in full swing.

Prices have been hovering in the range of Tk 45 to Tk 55 per kilogramme for the past four months.

Around this time last year, Tk 32 to Tk 35 would have sufficed, pointed out Mansur Ali, a day labourer in his 50s of the sadar upazila's Kulaghat village.

Prices have continued to soar as well-stocked farmers are apparently taking it slow in releasing their harvests amidst apprehensions of reduced yield for inclement weather, recurrent floods and pandemic-induced fears of food shortages.

The difficulties are not of Lalmonirhat's alone. The Food and Agriculture Organization (FAO) early this month raised rice price warnings for Bangladesh to moderate level.

It said in Dhaka market, the prices of medium quality rice continued to increase in October, while those of coarse quality rice showed some signs of softening but, in general, prices were well above their year-earlier levels.

"The high level of prices reflects the seasonal upward pressure exacerbated by concerns over the impact of unfavourable weather on the 2020 Aman harvest, starting from November," it said.

The 2020 Aman crop was affected by several weather setbacks, including excessive precipitation in March and April, followed by Tropical Cyclone Amphan in May and recurrent widespread and severe floods in July and August.

Strong demand amid the Covid-19 pandemic added to the upward pressure.

Overall, prices of rice in October 2020 in Dhaka market were 35 per cent higher than that a year earlier, the FAO said.

Aman is the second biggest crop in Bangladesh in terms of yield after Boro, and accounts for about 35 per cent of the annual output.

The Department of Agricultural Extension has targeted to produce 1.56 crore tonnes of rice from the ongoing harvest season running from November to December.

For Lalmonirhat, the target for Aman rice is 3 lakh metric tonnes.

The government has already initiated the process for making purchases from the international market in its effort to replenish public stocks and bolster its ability to intervene in the market to curb a price spike.

But in the meantime, people like rickshaw puller Jobed Ali of Lalmonirhat town's Shaheed Shahjahan Colony are having to fork out a substantial portion of their income for the staple food.

The slowdown of the economy for Covid-19 lockdowns has already led to many falling in debt, with incomes flailing just to keep up with expenditures behind necessities of life.

"It costs Tk 50 to buy a kilogramme of good quality rice. Most of what I am earning now is spent buying rice," said Ali who is now well past his prime.

Hopes were flying high on Aman harvests replenishing farmers' stocks and bringing prices within reach. Now frustration reigns. Some are even in serious doubt whether prices would ever come down at all.

There has been less paddy this year due to heavy rains and floods, said farmer Sarbesh Ali of Sarpukur village in Aditmari upazila.

But he is happy for his paddy, each maund or roughly each 37 plus kgs of which is bringing him Tk 950 to Tk 1,000, double the rate he got last year.

"I got 109 maunds of paddy from 10 bighas of land. I have sold only 15 maunds...at Tk 980. I have stored the paddy at home...if the price of paddy goes up further..." said a hopeful Sarbesh.

His fellow Naresh Chandra Barman of Doljor village said last year paddy prices had gone up just as they had made their sales. This time around they want to have a go at Lady Luck and wait it out a bit.

"There is no shortage of rice in farmers' homes now," he said, pointing out that he too was able to sprout no less than 148 maunds of paddy from 15 bighas of land.

That farmers are unhurried in selling off their harvests was confirmed by Nazrul Islam, a paddy trader of the upazila's Durakuti Haat.

Last year some 1,600 to 2,000 maunds of paddy were arriving every day for sale at the market around this time but now it had reduced to a trickle, so much so that merely 150 to 200 maunds can be found available, he said.

"We are buying paddy from farmers at higher prices and selling it to wholesalers at a high rate," he said, adding that paddy price are unlikely to come down and thereby that of rice too.

Rice seller Belal Hossain of Goshala Bazar in Lalmonirhat town said millers have been charging high rates and consumers were ultimately having to bear the burden.

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Skills development crucial to cope with Covid-19

Experts say at DCCI's virtual meeting

STAR BUSINESS REPORT

Bangladesh's youth needs to be turned into skilled workers to cope with the changes brought on by the ongoing coronavirus pandemic, according to experts.

Nearly 20 per cent of the country's population is aged between 16 and 24.

The Covid-19 has changed both the global economic and employment scenarios as a potential employee now needs to be adaptable with advancements in technology and have efficient digital literacy, innovative and modern skills, they said.

With about 62.7 per cent of the population being of working age, Bangladesh has the demographic dividend to leverage accelerated economic growth, Shams Mahmud, president of the Dhaka Chamber of Commerce and Industry (DCCI), said in a statement.

As per World Bank estimates, around 40 per cent of the country's university graduates are unemployed due to a mismatch in skills.

Despite the favourable demographic dividend, Bangladesh has a skilled workforce shortage both locally and internationally while 12.3 per cent of the youth are unemployed, Mahmud said.

The DCCI chief made these comments during a virtual meeting on 'new jobs and skills for future business', organised by the DCCI.

Most employers believe that critical thinking and problem-solving skills will soon gain prominence while 50 per cent of all employees could need reskilling by 2025, he said.



M Masrur Reaz, chairman of the Policy Exchange, presented the keynote paper.

Improving the quality of jobs available should be given more importance, considering Bangladesh's aim to reach upper-middle-income status in the near future, he said.

Due to the ongoing pandemic, global economic growth fell by about 4.4 per cent this year while 50 per cent of all small and medium enterprises are struggling to survive.

Lower-middle-income countries were hit hard by the Covid-19, resulting in the loss of roughly 240 million jobs worldwide in the second quarter of 2020, Reaz said.

Md Ashadul Islam, senior secretary of the Financial Institutions Division at the Ministry of Finance, said the government tried to sustain normal economic activities amid the coronavirus outbreak.

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Investors bet on overpriced mutual funds

AHSAN HABIB

Driven by rumours, investors rushed to the mutual funds that were trading well above their asset value in the last few weeks, risking money at a time when the overall market is not bullish owing to the pandemic.

Mutual funds pool money from investors and channel it into securities such as stocks and bonds. Once profits are logged, the fund manager disburses it among the unit-holders.

Among the 37 listed mutual funds, the unit price of 20 was more than their net asset value, said IDLC Asset Management Company in an analysis on the sector.

Generally, investors buy the units of mutual funds looking at the discount on the net asset value (NAV). The NAV is a company's total assets minus its total liabilities.

"It is not clear to me why people invested in the units whose prices are higher than their asset value. No rational people would buy such over-priced units," said an analyst of an asset management company, which manages several mutual funds.

The unit price of most of the funds doubled in the last few weeks. The unit price of CAPM IBBL Mutual Fund was 252 per cent of its NAV.

FUNDS NAME	PRICE TO NAV RATIO
CAPM IBBL Islamic Mutual Fund	252%
Prime Finance First Mutual Fund	249%
SEML IBBL Shariah Fund	142%
ICB AMCL Seond Mutual Fund	135%
VAML Rupali Bank Balanced Fund	135%

Prime Finance First Mutual Fund's unit price rose to 249 per cent of its net asset value, the IDLC analysis showed.

"There was nothing for the funds to make such a jump suddenly. There is a rumour that gamblers are taking a stake in the sector as it would grow," said a merchant banker.

Stock investors poured money in the sector following the rumour, said Hannan Sarkar, a stock investor.

Now, the investors either will have to sell the units at a loss or wait for the gambling to start again, he said.

Although a difficult one, there is an alternative: if the fund manager can raise their asset from the current level, general investors would have a hope to get back their money, Sarkar said.

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WTO sees trade rebound, but likely year-end slowdown

REUTERS, Brussels

The World Trade Organization said on Friday global trade in goods had rebounded in the third quarter from COVID-19 lockdowns, but predicted a slowdown at the end of 2020.

The WTO said its goods trade barometer had risen to 100.7 points from a record low of 84.5 points in August, driven by a surge in export orders. A reading greater than 100 indicates above-trend growth.

"The latest reading indicates a strong rebound in trade in the third quarter as lockdowns were eased, but growth is likely to slow in the fourth quarter as pent-up demand is exhausted and inventory restocking is completed," the WTO said.

The WTO said the outlook for trade was uncertain, with a second wave of COVID-19 infections leading to renewed lockdowns

in Europe and North America that could trigger another round of business closures.

The WTO goods trade barometer is a composite of data, with indices on export orders and agricultural raw-material trade above medium-term trends, container shipping and automotive goods at trend and air freight and electronic components trade below. The barometer is designed to anticipate turning points and gauge momentum in global trade growth within a few months, although the WTO said uncertainty meant it may be less reliable.

It cited higher-frequency data pointing to a stalled recovery of international flights and container shipping in October, but improved economic sentiment reflected by prices of copper futures and analysis of news reports. The latter showed an improvement in tone following announcements on effective vaccines in early November.



REUTERS/FILE

A logo of the World Trade Organization is pictured on its headquarters in Geneva.

SUPREME IN THE GLORIOUS JOURNEY

Green Delta Insurance has earned 'Superbrands' recognition as Bangladesh's first insurance brand in the non-life insurance category.