

Ensure budget support for farm industry in north

Experts urge government



Youths selling fallen mangoes for as low as Tk 300 per maund in Rajshahi's Baneswar as there is no proper marketing system for agricultural products. Experts say if mango growers had a better connection with agro-food processors, these mangoes would be sold at better prices.

ANWAR ALI

DISTRICTS IN FOCUS

ANWAR ALI

The national budget for fiscal 2021-22 should include measures that will help sustain the rich agriculture industry in the country's northern districts, according to various economists and businesspeople in the region.

"Farmers in the north provide most of the country's food stock but suffer from a lack of water for irrigation and a supportive marketing system," said Prof ANK

Noman, an economist of Rajshahi University.

"So, a system has to be developed where farmers no longer struggle to irrigate their land or sell their products," he added.

The government does have plans to construct dams in certain locations, including Rajshahi's Padma river, in order to ensure water for farming.

However, Noman termed this move "suicidal" as he believes the only ones who would benefit

from such a project are those implementing it.

"Our country has both the technological and financial capability to use river water for farming without building dams and so, the only thing we lack is the determination to implement these decisions," he said.

The government needs to assess how much water is needed by the agriculture sector in the first place and then make arrangements to provide it as required, the economist added.

Prof Elias Hossain, another economist of the same university, said the upcoming budget should not be growth-oriented and instead focus on supporting the region's unemployed, particularly those who lost their jobs due to Covid-19. The main problem in northern

RUN-UP TO BUDGET FOR FY2021-22

regions is that there is less activity in its rural areas and the situation has only worsened due to the people who recently became unemployed.

To address this issue, Hossain stressed the need to expand social safety net allocations and ensure proper implementation of such programmes.

Md Moniruzzaman, president of the Rajshahi Chamber of Commerce and Industry, said that they have placed a 45-point proposal emphasising support for the region's agriculture sector to the government.

In the proposal, he demanded incentives on utility bills for cold storages for potato farmers among other benefits for silk traders and producers, rice and jute mills, and so on.

Ahmed Shafi Uddin, president of civil society body Shusasoner Jonno Nagorik's (Sujon) Rajshahi unit, said the northern region is suitable for agro-based industries only, and hence setting up garment factories and other industrial units would only reduce the region's agricultural lands.

Abdul Motin Khan, president of Sujon's Pabna unit, stressed more industrialisation in agriculture in order to create new job opportunities in rural areas. Since the pandemic began, many people have lost their jobs and become a burden on their families.

"So, rural areas need budgetary support and allocations to help create more jobs," Khan said.

Abdul Wahed, joint secretary of India-Bangladesh Chamber of Commerce and Industries from Chapainawabganj, said the northern districts should have their own facilities to export agrop-products.

[Ahmed Humayun Kabir Topu from Pabna and Rabiul Hasan from Chapainawabganj contributed to this report.]

This is an RFL-Walton story too!



OPINION



KAZI IQBAL

Those who grew up watching Bangladesh Television (BTV) during the 1980s and 1990s can recall well the commercials BTV would run, in part because there was only a handful of them. Toiletries, batteries, jewellery, shoes, and garments would dominate the intervals of the TV programmes.

Now compare them with the TV commercials in 2021. The range of products that are being displayed is simply staggering. All types of household durables - electronic and non-electronic - are occupying the airtime of the channels, from a plastic bucket to a high definition smart TV. This layman observation about the changes in the composition of the types of TV commercials, I think, nicely sums up the transformation the manufacturing sector, serving the domestic market, has gone through over the last three decades.

The growth story of Bangladesh since the 1990s has been characterised by two major protagonists - apparels and remittances. Since they are labour-intensive in nature, they promote pro-poor growth, ushering in a more inclusive growth paradigm. While this simple story has been around for long, a few characters demand to be added to the story lately.

The rise in domestic demand, thanks largely to garment and remittances, has led to the growth of a wide range of manufacturing industries in Bangladesh, born particularly to cater the domestic market. Though these characters are yet to be influential enough to be called protagonists, they can still claim the role of 'confidant' in the current growth story of Bangladesh - like Horatio in Hamlet.

Over the last decade or so, the country has seen an astounding growth of consumer durables, riding on the back of the burgeoning middle class, even in the rural areas.

Household income and expenditure surveys by the Bangladesh Bureau of Statistics show that about 29 per cent of rural households had TV in 2016, a substantial increase from only 7 per cent in 2000. There were about 1 per cent households with refrigerators in 2000, and this figure went up to 10 per cent in 2016.

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The rise in domestic demand has led to the growth of a wide range of manufacturing industries in Bangladesh.

PHOTO: COLLECTED



GLOBAL BUSINESS

US manufacturing accelerates



REUTERS/FILE

An employee works at the Kirsh Foundry in Beaver Dam, Wisconsin, US.

REUTERS, Washington

US factory activity gathered speed in early May amid strong domestic demand, but backlogs of uncompleted work are piling up as manufacturers struggle to find raw materials and labor, boosting costs for both businesses and consumers.

Though other data on Friday showed sales of previously owned homes dropping to a 10-month low in April as an acute shortage of houses drove prices to a record high, they remained well above their pre-pandemic level. The housing market and manufacturing have led the economy's recovery from the Covid-19 recession, which started in February 2020.

"The economic recovery continues," said Daniel Silver, an economist at JPMorgan in New York.

Data firm IHS Markit said its flash US manufacturing PMI increased to 61.5 in the first half of this month. That was the highest reading since October 2009, and followed a final reading of 60.5 in April. Economists polled by Reuters had forecast the index dipping to 60.2 in early May.

A reading above 50 indicates growth in manufacturing, which accounts for 11.9 per cent of the US economy.

Demand shifted to goods from services as the pandemic kept Americans at home, causing supply constraints. The virus also disrupted labor at manufacturers and their

suppliers, leading to raw material shortages across industries. More than a third of the population has been vaccinated, allowing the broader economy to reopen. While that, together with nearly \$6 trillion in pandemic relief provided by the government over the past year, is unleashing pent-up demand for services, appetite for goods remains healthy.

According to IHS Markit "manufacturers highlighted that strain on capacity and raw material shortages are expected to last through 2021." It noted that the supply crunch was raising production costs for manufacturers, who "made efforts to pass higher cost burdens on to clients."

The IHS Markit survey's measure of prices paid by manufacturers rose to the highest level since July 2008.

Federal Reserve officials generally view the supply chain bottlenecks as transitory and expect them to temporarily drive inflation above the US central bank's 2 per cent target. There is also acknowledgment that the bottlenecks could take longer to ease.

Minutes of the Fed's April 27-28 policy meeting published on Wednesday showed "a number of participants remarked that supply chain bottlenecks and input shortages may not be resolved quickly," and that this "could put upward pressure on prices beyond this year. These officials also "noted that in some industries, supply chain disruptions appeared to be more persistent than originally anticipated."

Euro zone business growth hits three-year high but ECB cautious

REUTERS, London

Euro zone business growth accelerated at its fastest pace in over three years in May, a survey showed on Friday, but European Central Bank President Christine Lagarde said an uncertain recovery still needed emergency support from the ECB.

After a slow start to vaccinations the pace is picking up, allowing some restrictions imposed to quell the spread of the coronavirus to be lifted, and a strong resurgence in the bloc's now-reopening service industry added to the impetus from a booming manufacturing sector.

As the economy rebounds and confidence improves, some policymakers are making the case for the ECB to start giving up its emergency measures and revert to more traditional forms of stimulus. But others are more cautious, warning the fledgling recovery is



REUTERS/FILE

People enjoy an evening drink at Place de la Contrescarpe in Paris as cafes, bars and restaurants reopen after closing down for months amid the coronavirus disease outbreak in France.

predicated on copious ECB support and that a recent rise in borrowing costs to two-year highs is already a major drag.

"We are committed to preserving favourable financing conditions. It's far too early and it's actually unnecessary to debate longer-term issues," Lagarde said on Friday.

"I have repeatedly said that policymakers needed to provide the right bridge across the pandemic, well into the recovery, so we can actually deliver on our mandate."

Alongside that, euro zone finance ministers will continue to support their economies but were upbeat on Friday about prospects for the post-pandemic recovery.

With more businesses reopening - or at least adapting to lockdowns - IHS Markit's flash Composite Purchasing Managers' Index, seen as a good guide to economic health, climbed to 56.9 in May from April's final reading of 53.8.

White House pares infrastructure proposal to \$1.7 trillion, Republicans balk

REUTERS, Washington

The White House said on Friday it had pared down its infrastructure bill to \$1.7 trillion from \$2.25 trillion, with cuts to investments in broadband and roads and bridges, but Republicans dismissed the changes as insufficient for a deal.

The White House effort represented a desire by President Joe Biden to engage with the opposition party on an issue that the Democratic president has made a priority in his early days in office. But the two sides remain far apart on everything from the size of the package to how to pay for it.

White House officials held a call with a group of Republican senators on Friday to hash out some of their differences and present the new draft.

"This proposal exhibits a willingness to come down in size, giving on some areas that are important to the president ... while also staying



REUTERS/FILE

White House Spokeswoman Jen Psaki speaks at a press briefing at the White House in Washington.

firm in areas that are most vital to rebuilding our infrastructure and industries of the future," White House spokeswoman Jen Psaki told

reporters. Some aspects that had been removed from the new proposal, such as investments in research and development, would find their way into other bills, she said.

Republican US Senators Shelley Moore Capito, John Barrasso, Roy Blunt, Mike Crapo, Pat Toomey, and Roger Wicker have put forward their own proposal, which is much smaller than the White House version.

"They said the White House proposal could not pass Congress with bipartisan support."

"Based on today's meeting, the groups seem further apart after two meetings with White House staff than they were after one meeting with President Biden," the senators said in a statement, adding that they would continue to engage with the administration.

A White House memo showed Biden's new proposal would reduce spending on broadband to \$65 billion, down from an initially proposed \$100 billion.