



Buoyant apparel shipment raising cotton consumption

STAR BUSINESS REPORT

Cotton consumption in Bangladesh in marketing year (MY) 2022-23 will increase by 5.6 per cent year-on-year to 9.31 million bales.

This can be expected for a rise in demand for yarn and fabrics for corresponding placements of work orders from international clothing retailers and brands, according to United States Department of Agriculture (USDA).

The marketing year in cotton sales starts from August and ends in July.

Bangladesh has been receiving more work orders since the beginning of 2021 as many brands are shifting their orders from some of the competitor countries such as Vietnam and Indonesia, said the USDA.

Contacts also stated that Bangladesh is expecting more work orders in the coming months due to recent Covid-19 lockdowns in China, said the USDA.

The USDA data also put domestic raw cotton consumption in the MY 2021-22 at 9 million bales, which is 2.27 per cent higher than initial USDA official estimates. The USDA data forecasts that in the MY 2022-23 yarn and fabric consumption would reach 0.96 million tonnes and 6.4 billion metres respectively.

For the MY 2021-22, the data estimates yarn and fabric consumption to be 0.95 million tonnes and 6.3 billion

metres respectively.

It forecasts that in the MY 2022-23 cotton imports would reach 8.9 million bales, up 7.2 per cent from the MY 2021-22 USDA official estimate, assuming increasing yarn and fabric demand by the garment industry.

The USDA estimates the MY 2021-22 cotton imports to be of 8.7 million bales, up 4.8 per cent over initial USDA official estimates. According to the National Board of Revenue data, Bangladesh has imported approximately 5 million bales of cotton in the first seven months of the MY 2021-22.

"We also believe that both the import and consumption of cotton will grow by nearly one million bales in the MY 2022-23," said Monsoor Ahmed, chief executive officer of Bangladesh Textile Mills Association, the platform for the primary textile millers.

This is because the local spinners have already increased their spindle capacity while new investment in the primary textile sector came in even in the time of the Covid-19, Ahmed told The Daily Star over the phone.

Of the import destinations, India accounts for the largest market share.

In 2021, by quantity, Indian cotton made up 29 per cent of the imports, followed by Brazil (15 per cent), Benin (13 per cent), and the United States (9 per cent). The volume of US cotton exports to Bangladesh in 2021 was approximately 816,000 bales, 58 per

cent lower than that in 2020.

Indian cotton is exported via Kolkata seaport and Benapole land port, with traders noting that transportation and logistics are cheaper as compared to other origins, with shorter shipment times due to geographic proximity.

The USDA forecasts that stocks at the end of the MY 2022-23 would be at 2.25 million bales, approximately 11 per cent lower than the MY 2021-22 USDA official estimate.

Due to global cotton supply chain issues and increased prices, local spinners will reduce their stock.

The USDA's post said in the MY 2021-22 the remaining stock of cotton was estimated to be 2.51 million bales, similar to the USDA official estimate.

New orders for the Russian market contacts note that garment exporters in Bangladesh are uncertain about receiving payments from Russian buyers as Russian banks have been cut off from SWIFT.

They are also worried about shipments of existing orders to Russia, as shipping lines are suspending container bookings to the country.

According to the local news, the Bangladesh Garment Manufacturers and Exporters Association has asked exporters not to accept any new orders for the Russian market.

The textiles industry in Bangladesh is composed of yarn, fabric and dyeing-printing-finishing mills.

According to Bangladesh Textile Mills

Association (BTMA), in calendar year (CY) 2021, the number of spinning mills reached 510 with an annual spindle capacity of 15 million bales, up 18 per cent and 7.1 per cent respectively from that the previous year.

However, Bangladesh is currently only consuming approximately 8.5 million bales of raw cotton annually.

Bangladesh's yarn production recovered in 2021 following an extended period of market disruption due to Covid-19 induced lockdowns and restrictions in 2020.

The USDA post forecasts the MY 2022-23 yarn production at 760,000 tonnes, up 1.3 per cent compared to that in the MY 2021-22.

For the MY 2022-23, the USDA forecasts cotton harvest area at 46,000 hectares, up 2.2 per cent over the MY 2021-2022 USDA official estimate.

The post's forecast for MY 2022-23 cotton production is 155,000 bales, up 2.6 per cent over the MY 2021-22 USDA official estimate, assuming favorable weather conditions and continuous government support.

Domestically produced cotton accounts for less than 2 per cent of total cotton consumption.

Total cotton cultivation in Bangladesh covers only 0.55 per cent of the country's 8.1 million hectares of arable land. Bandarban, Jhenaidah, Jashore, and Rangamati are the major cotton producing areas of the country.

Researchers identify high-yield rice varieties

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Researchers have identified rice varieties with the best yields for both aman and boro seasons after rigorous on farm trials, said a press release by International Rice Research Institute (IRRI) yesterday.

BRRI dhan88, BRRI dhan96 and BRRI dhan92 give the best yields in the boro season, according to research by Bangladesh Rice Research Institute (BRRI) and the IRRI.

Besides, the two rice varieties, including BRRI dhan79, can perform well in a flash flood-prone environment in aman season, said the IRRI after findings of the research were revealed in a workshop jointly organised by the BRRI and the IRRI in Gazipur.

Once disseminated for cultivation, these varieties are expected to help increase rice farmers' yields and profit, said the IRRI.

Besides, three varieties, BRRI dhan93, BRRI dhan94, and BRRI dhan95, are highly preferable in the northern part of Bangladesh as an alternative to the Indian rice variety Swarna. BRRI dhan87 had the best yield all over the country, it said.

These rice varieties were identified after researchers conducted several "head to head adaptive trials (HHATs)" for three years in different locations across the country to investigate the performance of newly released varieties compared to popular old mega varieties through generating sufficient quantitative data.

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During these trials, newly-developed varieties, benchmark varieties, and farmer-grown varieties are planted together in one plot to compare their performance closely, the IRRI said. The research also identifies promising varieties and how they adapt to the various target environments.

During these trials, researchers collect feedback about the varieties from farmers and agricultural extension personnel.

The findings also showed that BRRI dhan28 gave the lowest yield, having the highest pest incidence which should be replaced immediately.

Meanwhile, BRRI dhan29 produced a competitive yield along with BRRI dhan89. However, it was infected by neck blast disease in some locations, the IRRI said.

"Such on-farm trials allow us to know how the previous varieties are performing compared to the newer ones. Currently, rice varieties are being developed keeping in mind the regions where they are grown," said Swati Nayak, IRRI scientist and South Asia Lead - seed system and product management, presenting the results of the trials.

"Our study shows if the newer varieties are up to the mark or whether it needs further development for the betterment of the farmers and the country," said Nayak.

Md Shahjahan Kabir, director general of the BRRI, said "Developing better rice varieties that are more adaptive to specific environments is important in ensuring that we can increase the production of rice in the country."

"The next step is making these varieties accessible to farmers across the country to help improve their yield and profit, helping them gain a better livelihood," he said.

Eid sales poised to surpass

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expecting double-digit growth in sales compared to 2019 as customers are thronging their outlets across the country.

According to him, the average amount spent by shoppers in each transaction is rising.

The average basket value was approximately Tk 1,500 and it has reached around Tk 1,700, he added.

Electronics and home appliance brands are also witnessing strong sales in the days to Eid, which accounts for about 15 per cent of their annual revenue.

"The sales of almost all items such as TVs, refrigerators, ACs, washing machines, ovens, blenders, and juicers are in line with our expectations," said Saikat Azad, category head at Transcom Electronics Ltd.

"The customers' sentiment has matched the pre-pandemic levels," he said, adding that high-value items such as large-size refrigerators are surprisingly high in demand.

Walton is posting higher sales thanks to the improvement in the coronavirus situation. The company is recording a turnover that is higher than the pre-crisis level. Walton refrigerator is the top-selling product this Eid.

Eid is the peak season for

businesses in Bangladesh, especially for electronics, home appliances and technology products, said Mohammad Firoj Alam, chief marketing officer at Walton.

Mobile phone sales are, however, low, said Sheikh Md Milon, owner of Zara Gadget Store in the Bashundhara City Shopping Mall, on Wednesday.

"I hope the sales will accelerate in the last 10 days of Ramadan."

Street-based clothing vendors, whose customers mainly come from the low-income groups, say they are not still sure whether they would be able to clock higher sales since their client base is under pressure for a rise in inflation.

Selim Mia sells products on the footpath in Mirpur 2. He says sales have been good on Fridays in Ramadan.

"I hope people will resume buying clothing items from next Friday."

The shopping sentiment among the customers outside Dhaka is also high.

"Customers are coming in droves and most of them are also buying," said Rubel Ahmed, a salesperson at Walkar Footwear on the Kali Bari Road in the northeastern district of Habiganj.

The sales of Comfort

Zone, a sports accessories outlet in Zindabazar of Sylhet, have been good.

"I have never thought that the sales of sports items would be good," said Fahim Mir, manager of the shop.

Shaheen Ahmed, the owner of clothing brand Anjans, says although they are witnessing increased sales, the turnover is yet to exceed the pre-pandemic level.

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Scrap licence

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should not exist," he said at a seminar on the current situation of one-stop service (OSS) provided by the Bangladesh Investment Development Authority (Bida). The FBCCI and the Bida jointly organised the event at the headquarters of the trade body.

Jashim pointed out that safety and security-related certificates are needed to collect from eight to 10 organisations. "These should be issued from a single agency."

The FBCCI chief said for a trade licence, businesses have to pay up to Tk 1 lakh in Dhaka and other areas.

"What types of services

are they providing for which businesses have to spend Tk 1 lakh? Once I had to spend Tk 50,000 for a Tk 600 trade licence."

The Bida launched the OSS in 2016. At present, 58 services are available.

However, many business people don't know about the services, said Jashim.

Sirazul Islam, executive chairman of the Bida, said: "Many concerns will be addressed if we can fully utilise the OSS."

SM Kamal Uddin, a former director of the FBCCI, said businesses don't want any help from the government. They just want removal of barriers standing in the way of businesses.

of cost of fund.

Lenders also have to take opinions from their respective heads of internal control and compliance to this end.

If directors of banks and their family members apply to enjoy the waiver, lenders have to take prior permission from the central bank.

Banks will have to look into their financial health cautiously before waiving interest such that they can understand whether it is good or bad for them.

Every bank will have to draw up the guidelines for a loan waiver policy in accordance with the Bangladesh Bank circular.

Wilful defaulters barred

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The management of respective banks will not be able to waive more than Tk 10 lakh of the interest on a loan without prior approval from its board of directors.

Banks will have to manage their cost of fund of loans while waiving any amount of interest.

The cost of funds refers to how much banks spend in order to acquire money to lend to borrowers.

However, the central bank said banks would be allowed to avoid the instruction of ensuring cost of fund in some cases.

Cost of fund will not be calculated for projects that

have been closed for three years in a row.

If banks do not get back the default loan despite completion of all legal procedures, the formula of cost of fund can be sidestepped.

Banks usually face difficulties to return their fund if borrowers expire.

They also face difficulties to recover loans if borrowers face natural calamities, such as pandemics and riverbank erosion. So, banks can consider the issues for relaxation of cost of fund.

Internal audit departments of banks have to conduct audits to ensure the rationality of reduction

EXPORT COMPETITIVENESS FOR JOBS (EC4J) PROJECT

EXPORT READINESS FUND

NOTICE: LAST CALL FOR WINDOWS 2-4 GRANT APPLICATIONS

Enhancing Environmental, Social and Quality Standards of Bangladeshi Enterprises through the Export Readiness Fund – Apply for a grant today!

The Export Readiness Fund (ERF) is a US\$17.5 million support programme of the Export Competitiveness for Jobs (EC4J) Project funded by the World Bank and implemented by the Ministry of Commerce. The ERF provides matching grants under three funding windows to eligible Bangladeshi firms to identify gaps, catalyse investment and improve Environmental, Social and Quality (ESQ) standards; and, under a fourth funding window, supports firms involved in the manufacture of Medical and Personal Protective Equipment (MPPE) products in response to the COVID-19 pandemic. All funding windows aim to enhance private firms' competitiveness on the export markets.

To date ERF has awarded over 500 grants to Bangladeshi enterprises across its funding windows.

Limited grant funds are still available on a **first come, first served basis** to support eligible firms from the **leather and leather goods, footwear, light engineering and plastics sectors** with meeting their ESQ compliance needs (Windows 2 and 3); and, firms in or entering the **MPPE** market that require assistance to enhance their production and marketing capacities (Window 4).

Until further notice, the last date ERF will be accepting grant applications is 30 April 2022.

For more information on how to apply for a grant, please contact the ERF Management Unit and visit the ERF website (see details below).

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