



Although the government began a drive to procure wheat from the domestic sources on May 10, farmers are more inclined to sell the crops at local markets given that they get higher prices. The photo was taken in front of a flour mill at Karwan Bazar in the capital yesterday.

PHOTO: SK ENAMUL HAQ

Govt struggles to fill its wheat stores

Farmers not showing interest to sell to the state at lower price

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The government is struggling to fulfil the target of wheat procurement from the domestic market this season as growers are not showing interest to sell the food grain to the state at a lower price.

Farmers are selling their produce in local markets for between Tk 30 and Tk 32 per kilogramme, which is about Tk 2 to Tk 4 higher than the government stipulated price.

This season, the government set the target of procuring 1.50 lakh tonnes of wheat from local markets at Tk 28 per kilogramme. Starting from April 1, the procurement process will continue until June 30, according to the food ministry.

However, the government has been able to buy only 18 tonnes of wheat from across the country in 40 days until May 10, showed data from the food ministry.

To fulfil the target, the government will have to buy 132,000 tonnes of wheat within the next 45 days.

The government had 119.16 lakh tonnes of wheat in stock on May 10, down from 276.85 lakh tonnes on the same day last year, it added.

Last season, the government procured 103,212 tonnes of wheat from the domestic market.

In Thakurgaon, the government has set a target of buying 24,282 tonnes of wheat through 12 warehouses under five upazilas of the district. Still though, only four tonnes of wheat have been bought so far. As per data from the Department of Agricultural Extension in Thakurgaon, farmers produced 1.87 lakh tonnes of wheat by cultivating 45,192 hectares of land this year.

Some 24,282 farmers were selected in the district through a raffle draw for supplying the produce to government warehouses this season, according to local officials of the Directorate General of Food.

Nikhil Roy, food controller of Baliadangi upazila, said 1,975 growers were selected in his upazila but none of them have supplied even a single tonne

of wheat as of yet.

Md Nafirat, a farmer of Baracoat village in Baliadangi, said he produced 60 maunds of wheat but is not interested in selling it to the state as local market prices are higher than the government fixed rate.

Monirul Islam, district food controller of Thakurgaon, said the pace of the wheat procurement drive is at a standstill now as the domestic market price of wheat is higher than that being offered by the government.

Meanwhile, the wheat procurement situation in Bogura, Gaibandha and Dinajpur is also severe as not a single tonne of wheat has been procured from the three districts due to the same reasons. Mohammad Ashraf, district food controller of Bogura, said they could not buy wheat due to the high price in local markets.

Echoing Ashraf, Antara Mallik, district food controller of Gaibandha, and Saiful Islam, district food controller of Dinajpur, said they were supposed

to buy 1,430 tonnes and 1,400 tonnes of wheat respectively but have not managed to purchase even a single kilogramme so far.

They went on to say that the price of wheat has risen at home and abroad, as has other food items, in the wake of Russia's war on Ukraine.

Md Moniruzzaman, additional director of procurement at the Directorate General of Food, said farmers are not showing interest to sell the grain to the government as they are getting higher prices at local markets.

Currently, wheat prices are around Tk 30 per kilogramme, which is higher than the food department's procurement prices of Tk 28 per kilogramme, he said. "So, we are focusing on importing from the international market," he said.

The food office has already completed the tender process to buy 700,000 tonnes of wheat this fiscal year.

"Nearly 500,000 tonnes has already arrived but if needed, we may import more this year," Moniruzzaman added.

Honda yearly earnings solid despite chip crisis

AFP, Tokyo

Japanese auto giant Honda said Friday net profit rose 7.6 per cent in the financial year to March, benefiting from strong motorbike sales and a weaker yen.

The company also expects net profit to remain steady in the current financial year, even as the global microchip shortage and virus-related supply chain disruption cause headaches for the car industry.

Honda said annual net profit rose 7.6 per cent to 707 billion yen (\$5.5 billion) in 2021-22 and issued a forecast of 710 billion yen net profit for the year to March 2023.

Sales last year were up 10.5 per cent, it said, "due mainly to increased sales revenue in motorcycle business and financial services business operations as well as positive foreign currency translation effects."

But "despite shifting to a recovery trend, the economic environment surrounding the company, its consolidated subsidiaries and its affiliates... continued to be difficult due to the impact of (the) semiconductor supply shortage, and increases in raw material costs, among other factors."

Honda said its factories in Japan and overseas had been forced to suspend or reduce output due to supply chain and staffing issues related to Covid-19.

US cancels 3 offshore oil lease sales

AFP, New York

The Biden administration has scotched plans to hold three offshore oil and gas lease sales in Alaska and the Gulf of Mexico, a government spokeswoman said Thursday.

Citing a lack of interest from the industry, the Interior Department won't offer tracts at the proposed Cook Inlet in Alaska, an agency spokeswoman said.

The department also will not undertake a pair of lease sales in the Gulf of Mexico "as a result of delays due to factors including conflicting court rulings that impacted work on these proposed lease sales," the spokeswoman said.

The action comes as polling shows US President Joe Biden struggling with low approval ratings amid consumer fury at high gasoline prices and inflation in other household staples.

Reaching first oil and gas production from a federal offshore lease typically takes at least one or two years of drilling and other work. That means the decision on the lease sales will not affect the near-term supply outlook driving commodity prices.

Still, Republican politicians and business lobby groups slammed the Biden administration's energy policy, which has emphasized the need for more green energy to address climate change.

Time running out to devalue

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He described more than \$7 billion in expenses to settle import payments for a single month as illogical and urged the central bank to insulate the foreign exchange reserves from the ongoing global volatility.

The reserves fell to \$41.9 billion on May 11 from \$46.15 billion on December 31, driven by surging imports needed to feed the economy rebounding from the coronavirus pandemic.

Between July and February, import payments shot to \$52.60 billion, of which at least 72.38 per cent was spent on essential commodities.

In the face of depleting reserves, the BB last week instructed banks to take up to 75 per cent of import

payments in advance from businesses to open letters of credit for luxury and non-essential goods.

But Mansur said that the decision may not yield any major outcome on a long-term basis since the dollar would gain further.

Earlier this month, the Federal Reserve, the central bank of the US, raised the benchmark interest rate by 0.5 percentage points to a target rate range of between 0.75 per cent and 1 per cent in order to tamp down soaring inflation.

More rate increases are expected.

The Economist Intelligence Unit, the research and analysis division of The Economist Group, expects the Fed to raise rates seven times in 2022, reaching 2.9

per cent in early 2023, according to a Guardian report.

This means the currencies of almost all countries will face devaluation pressure this year.

Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, said that the central bank should depreciate the local currency quickly.

"Raising margin on the opening of LCs alone can't offset the volatility in the foreign exchange market. A sharp one-time depreciation of the local currency is essential."

Mohammad Shams-Ul Islam, managing director of Agrani Bank, says many banks have become involved in an unholy competition to chase US dollars in the form of

remittances in the wake of shortages of foreign exchanges.

"The central bank should explore more ways to ease the ongoing foreign exchange pressure."

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, thinks the current situation warrants more depreciation.

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, says monetary policy must protect reserves by increasing the flexibility of the exchange rate.

"This is now almost fait accompli. Better do it from a position of strength than from a position of weakness. This means allowing the interbank to adjust to market conditions."

Soaring global inflation to erode

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investment in unique backward linkage sectors has to be increased, he said.

More attention needs to be paid on product and market diversification, technology upgradation and skill development and services, he said.

Tariff and tax rates should be kept constant for a period of five years to help investors and traders adopt and implement plans, said the BGMEA president.

The BGMEA is working on creating new markets in several countries outside Europe, such as in South Korea, India and even China, Faruque said.

Ukraine's IT sector booming despite war

AFP, Lviv

Workers with stickers on their laptops recline on beach chairs outside a warehouse for start-ups in the west Ukraine city of Lviv giving off major Silicon Valley vibes.

But the atmosphere inside is different.

Through the glass doors of the complex, young Ukrainians zig-zag between stacks of bulletproof vests and cardboard boxes filled with helmets ready for the front.

They are part of Ukraine's burgeoning tech sector which was forced to adapt after Russia's invasion and has become key to supporting the war effort.

"Most tech companies had developed contingency plans" in case of war said Stepan Veselovskiy, the head of the "IT Cluster Lviv" community.

He told AFP that companies transferred servers to secure locations and established back-up systems

outside the country before Russia invaded on February 24.

When Russian bombing started, IT companies shut offices in the capital Kyiv and eastern city of Kharkiv and engineers found refuge in western Ukraine or Poland next door.

Veselovskiy said there were already around 500 tech companies in Lviv before the war but now estimates that 80 per cent of the sector is in the western city.

One is Infopulse, which provides various digital services to mainly European customers.

It brought 300 of its 2,300 employees to Lviv, where it has offices in one of the city's few buildings equipped with a bunker.

There are bunk beds and stable internet underground so employees to continue working in the event of an air raid. There are also generators in case Russian forces target power stations and terminals for Elon Musk's Starlink internet service.

Int'l fashion convention

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They also unveiled the logos of the events.

Various programmes, including the board meeting of the IAF board of directors and a conference with the participation of local and international speakers, will be held during the three-day convention.

The annual convention will bring together the IAF members, including apparel industry associations representing 40 countries, leading brands and other

stakeholders.

The BGMEA will organise the "Made in Bangladesh Week" to promote the apparel industry of Bangladesh locally and globally by showcasing compelling stories of the garment sector.

"As we have achieved a certain level of growth and momentum, it is now time for us to leapfrog to the next level of growth," said Hassan.

"Our progress and prospects have made us

one of the most sustainable sourcing partners to the West and we have to work harder for safeguarding it," he said.

The convention will play an important role in initiating a greater collaboration with key actors in the supply chain, including buyers, suppliers and global stakeholders, to ensure a more sustainable manufacturing and sourcing, Hassan said.

The "Made in Bangladesh Week" will provide a unique opportunity to showcase

the impressive strides of Bangladesh's RMG industry, he added.

"Perhaps more than ever before garment manufacturers play a pivotal role in the industry transformation we all need," said Critee.

"So on the international stage presented by the 37th IAF World Fashion Convention, the Bangladesh apparel industry will show itself as a source of solutions to the industry's current major challenges," he added.

Pressure on forex market likely

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Better do it from a position of strength than from a position of weakness. This means allowing the interbank to adjust to market conditions.

The role of the Bangladesh Bank is to make it orderly on a market-determined path. Fiscal measures to reduce the demand for imports can help.

The finance minister's call for austerity in domestically financed

public imports and travel should be heeded.

Greater exchange rate flexibility will mean further depreciation of the taka, which will increase the cost-push pressure on inflation.

The economy is recovering from the coronavirus pandemic but the increased poverty that happened has probably not been reversed yet despite the recovery in exports, domestic sales, and production. Scores of families who dropped

back or were pushed deeper into poverty are not back to their pre-pandemic state yet. Inflation to them is a blow to their recovery.

The government should avoid monetising the fiscal deficit going forward. If the liquidity in the financial system deteriorates, the government should reconsider how much money it will borrow from the market.

The room for expansionary fiscal

policy is rather limited. The deficit financing tradeoff can be eased by mobilising budget support from the donors. These require a reform package to sustain growth and enhance resilience to future shocks. There are ongoing discussions with some donors. The government needs to speed up the reforms being contemplated.

The author is an economist