



The demand and market value of jute is increasing both at home and abroad as countries across the globe are switching to natural fibres in a bid to protect against further environmental degradation. Here, a monkey is seen sitting on a bridge being used to dry the fibres after retting in Bhuyanpur upazila of Tangail. PHOTO: MIRZA SHAKIL

Rising demand, price of jute entice farmers

Cultivation increasing as a result, experts say

MIRZA SHAKIL, Tangail

Farmers have been regaining their interest in jute cultivation over the past few years as both the price and demand for the golden fibre are rising at home and abroad.

With environmental awareness growing worldwide, various countries are increasingly turning to natural fibres in a bid to lessen the ecological damage caused by the use of synthetic fibres, leading to higher demand and market value for jute.

According to Bangladesh Economic Review of 2022, about 3 per cent of the country's total export earnings come from jute.

Besides, the overall jute industry plays a crucial role in developing the agriculture sector and socio-economic condition of Bangladesh, it said.

Moreover, the government enacted a Mandatory Packaging Act-2010 and Rules for Mandatory Packaging with Jute Bags 2013, according to which the use of jute fibre packaging is compulsory for 17

items.

Against this backdrop, jute production is increasing. In addition, the higher market price of raw jute in recent years is playing a key role in growing the interest of farmers for increasing production.

Subsequently, production reached around 82.77 lakh bales from a total of 7.45 lakh hectares of land across the country in fiscal 2021-22, the report added.

Jute production has been going well in Tangail this season thanks to conducive weather and soil conditions in the region.

As such, local farmers are satisfied with their yields, which are getting better prices as well.

Moreover, they are getting good prices for jute stems.

According to sources in the Department of Agricultural Extension (DAE), farmers were more inclined towards jute cultivation this year after seeing the good prices for the fibre last year.

Nargis Akter, a sub assistant agriculture officer of the DAE in Tangail, said 1.6 lakh bales of jute were produced

on 16,088 hectares of land across 12 upazilas of the district last year.

In the current season, a target was set to cultivate jute on 15,642 hectares of land but it has been cultivated on 17,147 hectares of land instead.

Of these lands, Bhuyanpur upazila contributed the highest with 4,125 hectares while Gopalpur upazila came in second with 2,940 hectares.

Meanwhile, the overall production target has been fixed at 1.7 lakh bales.

Local farmers have planted different varieties of jute, including the indigenous type, Toshha, Meshta and Rabi-1. However, the cultivation of high-yielding Toshha varieties has increased as it yields about six to 10 maunds per bigha.

During a recent visit, it was seen that farmers were busy harvesting and retting the plants before separating the fibres, which were then dried under the open sun.

Most jute growers in Tangail are not facing much difficulty in retting this year as they have sufficient water in local rivers, canals and other waterbodies. In some places though, farmers are having

to take the plants far away for not having a suitable water source nearby, leading to additional costs.

Alal Miah, a farmer of Taratia village in Tangail sadar upazila, said he cultivated jute on 22 decimals of land to get four maunds of fibre, which he sold at a local market for Tk 4,000 per maund (37 kilogrammes).

"I also got some money by selling the jute stems," he added.

Somej Uddin, a farmer of Bharra village in Nagarpur upazila, said he got good yields from his two bighas of land thanks to favourable weather.

"I got 12 maunds of the fibre and 1,200 sticks from the cultivation. I sold the fibre at Tk 3,800 per maund while each bundle of sticks went for Tk 5," he added.

Ahsanul Bashar, deputy director of the DAE in Tangail, said they trained 300 farmers on jute cultivation this year. The farmers were given seeds and fertilisers to produce Rabi-1 varieties of jute.

"We were always in the fields to solve any of the problems of the jute growers," he added.

NCC Bank processes €8.5m BB green fund for textile mill

STAR BUSINESS DESK

NCC Bank has recently enabled the Shiplu Textile and Spinning Mills to receive a refinancing fund of around €8.5 million from a Green Transformation Fund of Bangladesh Bank (BB).

Khondkar Morshed Millat, director of sustainable finance department of the BB, handed over the fund to Mohammad Mamdudur Rashid, managing director of NCC Bank, at the former's head office, said a press release.

Chowdhury Liakat Ali, additional director of the BB, Shiplu Kumar Saha, the mill chairman, Uttam Kumar Saha, chief financial officer, Mohammad Rafat Ullah Khan, deputy managing director of NCC Bank, Md Shafique Rahman, manager of its Karwan Bazar branch, AKM Jahidul Alam, head of garments unit, and Nighat Mumtaz, head of sustainable finance unit of NCC Bank, were present.

Long-term plan needed for post-LDC challenges Experts say

STAR BUSINESS DESK

Bangladesh has to explore and formulate a long-term plan to overcome possible difficulties and trade challenges past the United Nations status graduation from a least developed to a developing country, said experts at a discussion.

The event, styled "Overcoming Least Developed Countries (LDC) Graduation Challenge of Bangladesh", was organised by British Business Group (BBG) at the residence of the British high commissioner to Bangladesh recently, said HSBC in a press release.

Robert Chatterton Dickson, British high commissioner to Bangladesh, highlighted the United Kingdom's newly launched Developing Countries Trading Scheme (DCTS).

"A better business environment for international companies, including newcomers to the market, is key to encouraging more British firms to export and invest in Bangladesh", he said.

Ahmad Kaikaus, principal secretary to the prime minister and chairperson of the National Committee on Graduation, shared the post-graduation opportunities.

Md Mahbub ur Rahman, chair of the BBG and chief executive officer of HSBC Bangladesh, spoke on trade and investment, mentioning that the United Kingdom remained the second largest foreign investor and third largest export destination for Bangladesh.

He said, "The relationship between the two countries goes beyond business and comprises development partnership, strong diaspora and education."

Beneficiary members of the BBG, who represent prominent British businesses in Bangladesh, attended the event.

Dollar loan repayment

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while settling letters of credit.

Raw material prices have increased due to the depreciation of the local currency, prompting firms to raise the prices of finished goods to absorb the higher production cost.

However, Ripon says, the prices can't be hiked abruptly since such an adjustment would erode the purchasing capacity of consumers.

"So, we have tried to increase the efficiency to tackle the situation."

A top official of a steel maker, which has a large volume of foreign loans, says his company has counted extra finance costs due to the currency depreciation.

"As the taka was artificially overvalued in the previous years, we kept a provision to tackle the currency fluctuation. Still, the provision is not enough to tackle such a steep spike in finance costs."

Kamruzzaman Kamal, director for marketing at Pran-RFL Group, which has borrowed from international sources, said: "It is obvious that we have to pay more to repay foreign loans owing to the currency depreciation. Still, foreign loans are more lucrative compared to local loans."

There is only one way to avert the profit erosion which is passing the burden on to consumers by increasing the prices of products.

"But doing so is not possible all the time considering its impacts on customers," he said, adding that Pran is cutting costs, eliminating waste, and raising efficiency and productivity to tackle the situation.

Ahmed Shaheen, additional managing director of Eastern Bank Ltd, says a negative impact of the taka's decline on the dollar borrowers was expected. "However, most of the loans of the borrowers in Bangladesh are not

dollar-denominated. This has helped them avoid incurring a huge loss."

The companies that sell their products in the local market have been impacted the most compared to exporters, he said.

Firms in Bangladesh take up dollar loans mainly for three reasons: the funds come at a reasonably lower cost, carry a longer repayment period, and local lenders don't have adequate capacity to extend large loans.

Monzur Hossain, research director of the Bangladesh Institute of Development Studies, says the risk of foreign currency fluctuations is common for dollar borrowers.

"So, they should have the policy to minimise the risk."

One of the strategies for the private sector can be raising efficiency so that they don't lose competitiveness after increasing the prices of goods, the economist said.

Taka falls against USD

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This prompted the Association of Bankers, Bangladesh (ABB), a platform of managing directors of banks, and the Bangladesh Foreign Exchange Dealers' Association (Bafeda), a platform of banks, to set a uniform rate of the American greenback on Sunday. The rates came into effect yesterday.

Now, banks will be able to offer a maximum of Tk 108 for a USD for the remittances coming through exchange houses.

Remitters, who send money directly to banks, as well as exporters, will get Tk 99 for each dollar.

Importers will buy the greenback to clear payments based on the weighted average rate, which will be calculated on the basis of the buying rates. Another Tk 1 will be added to the average rate as the spread.

The Bafeda yesterday set the weighted average rate at Tk 103.43 for each dollar. The inter-bank rate, a rate at which banks buy and sell dollars with each other, will be fixed on the weighted average rate.

Yesterday, several banks bought and sold dollars on the inter-bank platform at Tk 103 to Tk 106, said a managing director of a bank.

3 more garment factories

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Previously, another Narayanganj-based knitwear factory, Plumny Fashions, was the world's greenest knitwear factory in the world, said the BGMEA.

Ehsan, who spent Tk 30 crore for his new unit, however, said he could negotiate with buyers now that his factory being green indicated better compliance to laws and protection of environment while doing business.

"We are showing our responsibility with construction of green factories. Now is the time to show the buyers' responsibility to pay more," said Ehsan, who employs 600 workers and ships knitted jackets, hoodies and nightwear worth \$6 million a year.

Fazlul Hoque, managing director of Plumny Fashions, echoed him.

Many international retailers and brands pay better prices for use of

The BB usually buys and sells dollars at the inter-bank rate.

Allowing the market forces to fix the dollar rate means the central bank is losing its grip on the exchange rate in order to make the inter-bank rate vibrant, said another BB official.

In the past, the BB used to instruct banks verbally to fix the inter-bank dollar price.

Bangladesh's forex market has been facing a volatile situation since the Russia-Ukraine war has begun as import payments rocketed.

The foreign exchange reserves slipped below \$38 billion last week, versus more than \$46 billion a year ago.

The central bank is pumping dollars into the market on a regular basis with a view to helping importers clear bills. It has injected \$2.82 billion so far in the current financial year, after supplying a record \$7.62 billion in the last financial year, which ended in June.

"The foreign exchange market will become stable within a couple of days as all banks are now following the new rates," said Syed Mahbubur Rahman, managing director of Mutual Trust Bank.

"It is a good thing that the inter-bank forex platform was activated in a full-fledged manner yesterday."

organic cotton. In the future, the buyers may also pay better prices for products from green factory buildings, he said.

Green garment factories have an advantage in holding negotiations with buyers, Hoque said. "We have brought a qualitative change in the global supply chain of the garment sector through the construction of green garment factories," said Hoque.

BGMEA President Faruque Hassan said green factories were more likely to receive work orders, even at times when there were not much for offer from buyers in the first place.

Moreover, currently, the government is also giving some facilities to green garment factory owners -- the corporate tax for green factories is 10 per cent while non-green units 12 per cent.

Bank of Japan to end Covid relief scheme

REUTERS, Tokyo

The Bank of Japan is expected to end as scheduled a pandemic-relief funding scheme this month and discuss adjustments to a policy guidance that flags the Covid-19 pandemic as the top economic risk, three sources familiar with its thinking say.

A final decision will be made at the BOJ's policy meeting on September 21-22, when the board will scrutinise data to ensure Japan's persistently high coronavirus cases do not lead to a sharp drop in economic activity, the sources said.

Japan's economy expanded an annualised 2.2 per cent in April-June, staging a slower-than-expected rebound from a Covid-induced slump as a resurgence in infections, supply constraints and rising raw material costs weigh on consumption and output.

The winding up of the scheme would reflect easing funding strains among small, service-sector firms that were hardest hit by the pandemic, as the lifting of Covid-related curbs including easing border controls help revive consumption.

"While some firms remain under stress, corporate funding has generally improved," said one of the sources. "Conditions for ending the scheme is falling into place," another source said.

At the policy meeting, the BOJ is widely expected to maintain its interest-rate targets at -0.1 per cent for short-term rates and around zero per cent for the 10-year government bond yield.

The country's fragile recovery has forced the BOJ to remain an outlier among a global wave of central banks tightening monetary policy to combat surging inflation.

Coal import fuels Payra port activities

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The PPA said it is developing the port in phases following the feasibility report of HR Wallingford. The report divided Payra Port into 19 different components. Among them, 12 components are to be implemented by the Ministry of Shipping and the rest seven components by other ministries, it added.

After inauguration, Payra port initially handled import cargoes until 2018 but its activities have been gaining pace since 2019, when the Bangladesh China power company

(Pvt) Ltd started importing coal, port officials said.

However, the port is yet to become fully operational in absence of the required infrastructure. Sohail said vessels with 30,000 tonnes of cargo can berth at the port jetty.

Officials said vessels with a higher volume of cargo are yet to arrive at the service jetty and a portion of such big cargoes need to be handled at the outer anchorage.

The PPA Chairman then said the channel of the port is "found to be quite stable and the amount of

siltation is very nominal".

After the completion of capital dredging, ships weighing up to 50,000 tonnes would be able to berth at the jetty. In addition, the overall draft of the channel would be around 13 metres at high tide by September next year.

"We are going to start fertilizer handling from here soon," he added.

Sohail went on to say that the port will be a destination for business because of its distance from Dhaka, the capital and main economic hub of Bangladesh, and industrialisation adjacent to it.

BSEC moves to make issue managers

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due diligence certificate in the prospectus. "You also declared that all information is true, fair and adequate to enable investors to make a well-informed decision. But the companies have not been doing good since their listing," it said.

The BSEC ordered the issue managers to explain in seven working days why the commission would not suspend their

issue management activity.

At least five companies, which were listed in the last 10 years, were downgraded to the Z category for failing to declare any dividend. They are: C&A Textile, Emerald Oil, Familytex BD, Fareast Finance, and Generation Next Fashions, data from the Dhaka Stock Exchange showed.

Besides, the profit of many companies has dropped significantly

after their listing. A stock market analyst welcomed the BSEC's step, calling it commendable as issue managers know a company well, so their integrity is important.

"However, issue managers were not made accountable in the past. They should be made responsible for their IPOs," he said.

There are 67 merchant banks in Bangladesh, according to the BSEC.