A worker seals up a sack of rice at a factory inside the BSCIC industrial estate in Pabna. Initially attracting small investors to become a food processing hub at one point, the estate is now a big draw for many investors who have been establishing heavy industries, such as those for steel, automobile and pharmaceuticals, for the last couple of years. The photos were taken last week.

PHOTO: AHMED HUMAYUN KABIR TOPU

PABNA BSCIC INDUSTRIAL ESTATE

Heavy industries settling in after food processors

AHMED HUMAYUN KABIR TOPU, *Pabna*

Starting off in 1962, the Bangladesh Small and Cottage Industries Corporation's (BSCIC) industrial estate in Pabna had initially drawn small investors, taking shape as one of the district's biggest food processing hubs.

Things have been changing for the last couple of years.

The estate has been drawing many big investors who have been establishing heavy industries such as those for steel, automobile, pharmaceuticals and automatic rice mills, bringing in approximately Tk 100 crore through export of products.

With increasing demand, the estate expanded, allotting all plots among investors. Many industries are being constructed at present.

The estate started its journey with 83 acres of land. It expanded twice, the first time to 110 acres. At one point the number of industrial units rose to 172 on 474 plots.

Only three factories have closed since then but the rest are running operations, producing products worth over Tk 800 crore, said official sources.

With increasing demand, the estate expanded by another 15 acres of land in 2016 where another 31 industrial units were erected through 100 plots.

Of the 31, which includes a steel factory, one has already started production while 12 are under construction, said Md Abdul Latif, the estate officer.

There are now 203 industrial units in the estate. Of them, 183 are running, enabling jobs for 10,000 people, he said.

Once all the factories become operational, 13,000 workers to 14,000 workers will get jobs, he added.

Around Tk 14,000 crore was invested in factories when the estate was in its initial state, which now produced products worth Tk 800 crore annually, Md Rafikul Islam, deputy general manager of the estate, told The Daily Star.

In the expanded parts, investments worth Tk 283 crore are expected which would help produce goods worth Tk 765 crore annually, he said.

Of the 203 factories, almost 150 are food processing factories dealing with rice, flour, lentil and mustard oil, he said.

Every month, they churn out at least 600 tonnes of rice, 500 tonnes of flour, 400 tonnes of lentils and 150 tonnes of mustard oil, which are sold around the country, said Islam.

Gas supplies have helped establish the heavy industries, he said.

They include those of Square Pharmaceutical, Raja Automobile, Moyaj Uddin Steel and AR Group, said Md Rafikul Islam, acting general manager of the estate.

Apart from providing supplies to the local market, products worth over Tk 100 crore are exported from here every year, he added. However, the sorry state of roads and drainage systems continue to disappoint traders.

Most of the roads are yet to be repaired and are unfit for the movement of trucks, said Md Khairul Islam, owner of a factory making spicy snacks.

"...there is no proper drainage system...when it rains there is massive waterlogging...it halts truck movement," he said.

Repairs and maintenance have started and soon the entire estate will be covered, assured the acting general manager.

"...Pabna BSCIC has been providing all necessary support such as gas and electricity supply through a separate sub-station and a good security system to attract investors," he added.

Narrow USD rate gap between formal and informal channels

Suggests Prof Abul Barkat in order to attract remittance and augment forex reserves

GOLAM MORTOZA

The government should narrow the gap between informal and formal rates of the US dollar against the taka with a view to attracting remittances through official channels and augmenting foreign currency reserves, a noted economist said recently.

Abul Barkat, a professor of the economics department of the University of Dhaka, said a lot of people have gone abroad to work in the last couple of years.

However, the amount of remittances coming through legal channels doesn't reflect this since most of the funds are coming to Bangladesh through informal channels.

"This is because there is a huge gap in the dollar rate between the formal channel and the informal channel. When there is a wide gap, even a lunatic wouldn't send his hard-earned money through a formal channel since a lesser amount of money reaches his family," he told The Daily Star in an interview.

Prof Barkat alleged that there are 12,000 bank branches in Bangladesh and of them, 10 per cent are authorised dealer branches.

"At each branch, there are at least five to seven middlemen, who are engaged in manipulation. Thus, the system that is supposed to eliminate corruption is itself corrupted," he alleged.

He recommended narrowing the gap between the informal and formal channel rates of the US dollar.

Prof Barkat claimed that the reserve situation is being fabricated.

"The IMF always noted that the accurate calculations would reduce the reserves level by $8-10 billion dollars from the published amount. The amount that has been invested can't be retrieved instantly."

In order to reverse the current trend and increase the reserves, the country will have to increase export income and remittance receipts, he said.

If remittances and exports fail to fetch enough US dollars for Bangladesh and the reserves keep falling, the country would require loans from the International Monetary Fund (IMF), according to the economist. The government plans to secure $4.5 billion from the multilateral lender.

Judging from the health of a few economic indicators, Prof Barkat said the economy is in a poor state, so the country is borrowing from the IMF and the World Bank.

He said in Bangladesh, many mega-projects have been implemented and some have become operational. The country will start paying off loans taken for these projects from next year.

"From 2027, the paying of instalments against the loans taken for four to five mega-projects will begin. We can't pay off these loans by printing the taka. We will need dollars to pay the instalments."

"But if the foreign currency reserve continues dwindling, how will these loans be paid off?" he questioned.

"So, if we want to enhance the reserves, we will have to bring huge changes to the exchange rate and put a stop to informal transactions."

Prof Barkat alleged if all private banks are properly audited, at least 50 per cent would be found to be in a bankruptcy situation.

"How are these banks still surviving? Preserving each other's black money and a few other factors are keeping them alive. Amid so many problems, there is absolutely no reason for so many banks to remain profitable in a small country like ours," said Prof Barkat, a former chairman of state-owned Janata Bank.

He said he has calculated that in the last 50 years, Tk 90 lakh crore to Tk 95 lakh crore worth of black money has been generated in Bangladesh.

"So far, no one has challenged my claim. During this period, Tk 10 lakh crore to Tk 15 lakh crore has been laundered. Those who are loan defaulters are also the ones who are laundering the money—they are the very same people."

India eyes bumper wheat harvest in 2023

REUTERS, *Mumbai*

India is expected to harvest a bumper wheat crop in 2023 as high domestic prices and replenished soil moisture help farmers surpass last year's planting, while an intense heatwave cut output this year.

Higher wheat output could encourage India, the world's second biggest producer of the grain, to consider lifting a May ban on exports of the staple and help ease concerns over persistently high retail inflation.

Although the wheat area has almost reached a plateau in India's traditional grain belts in the northern states such as Punjab, Haryana and Uttar Pradesh, growers are planting the crop on some fallow land in the country's west where farmers have traditionally grown pulse and oilseeds.

"Wheat prices are very attractive," Nitin Gupta, vice president at Olam Agro India, told Reuters. "We can see a big jump in states like Gujarat and Rajasthan, where farmers could bring barren land under wheat."

Domestic wheat prices have jumped 33 per cent so far in 2022 to a record 29,000 rupees ($355.19) per tonne, far above the government-fixed buying price of 21,250 rupees. The surge in wheat prices is despite the ban on exports of the grain, indicating a far bigger drop in this year's output.

India, also the world's second biggest consumer of wheat, banned exports of the staple after a sharp, sudden rise in temperatures clipped output even as exports picked up to meet the global shortfall triggered by Russia's invasion of Ukraine.

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A worker carries a sack of wheat for sifting at a grain mill on the outskirts of Ahmedabad, India earlier this year.

PHOTO: REUTERS

Dacca Dyeing's profit falls over 90% in Q1

STAR BUSINESS REPORT

The Dacca Dyeing & Manufacturing Company Ltd posted more than 90 per cent year-on-year decline in profit in the July-September quarter of the current financial year.

The company made a profit of Tk 26.14 lakh in the three-month period of 2022-23. It was Tk 2.70 crore during the identical quarter a year earlier.

The earnings per share were Tk 0.03 in July-September against Tk 0.31 in the same quarter of 2021-22, according to the unaudited financial statements of the company.

The profit decreased significantly due to massive repair and maintenance work during the period,

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