



Workers are seen catching black tiger shrimps, locally known as Bagda, at an enclosure. But their prices have slumped for the decline in demand in the western markets, handing losses to thousands of farmers in the southwestern region, the main belt of export-oriented shrimp and prawns in Bangladesh. The photo was taken from Ghona village in Khulna's Dakop upazila recently.

PHOTO: HABIBUR RAHMAN

Farmers suffer losses as shrimp prices slump

DIPANKAR ROY, Khulna

Black tiger shrimps, locally known as Bagda, have seen their prices slump, handing losses to thousands of farmers in the southwestern region, the main belt of export-oriented shrimp and prawns in Bangladesh.

The price has declined by as much as Tk 700 per kilogramme over the last one month in the face of declining demand in the major markets in the West for higher inflation and the growing fear of recession, said farmers and shrimp processors and exporters.

Frozen shrimp exporters are now buying and storing them at a lower price. However, owing to strong demand in the local market, the price of small-size shrimp is comparatively high.

Shrimp cultivation has been the only source of income for tens of thousands of farmers in Khulna, Satkhira and Bagerhat for years.

Saltwater shrimp farming started commercially in Khulna in the 1980s. As high as 90 per cent of the shrimp produced in the region are exported to 32 countries.

After the improvement in the coronavirus pandemic at home and abroad, farmers had hoped to recoup the losses, but the current low prices driven by a fall in consumption in the export markets have shattered their hopes.

The industry now faces a challenging situation due to various reasons, including natural calamities and the increase in the price of fish feed and fish fry.

Due to the decrease in the prices in the

global markets, more shrimps are being sold in the local market.

Bipradas Bairagi, a semi-intensive shrimp farmer in Choksoilmari village of Batiaghata upazila in Khulna, has been growing shrimp for the last seven years.

He has cultivated shrimp in a 50-decimal pond. Last year, he sold shrimps at Tk 1,200 to Tk 1,300 per kg. Now, it is fetching Tk 730 to Tk 800 for him.

In the first week of September, the 44-year-old sold medium-sized shrimps for Tk 1,260 to Tk 1,350 per kg and small-sized shrimps for Tk 950 to Tk 1,100. But within two months, the price decreased sharply.

"Buyers did not show any interest in buying shrimp from our ponds. So, we were bound to sell at lower prices," Bairagi added.

Bairagi bought a sack containing 25kg of fish feed for Tk 3,600 in May. The same feed is being sold at Tk 4,325, up 20 per cent.

In the past four months, the farmer has spent more than Tk 8 lakh to purchase fish feed and medicines and pay for labour and other costs.

"I would have made a profit if I could get a fair price," he said. Now, he worries if he will be able to repay loans.

Monoj Bairagi, a farmer in Khalashibunia village, has cultivated

shrimps in 85 decimals of land.

The farmer, who has been cultivating semi-intensive shrimp for the last five years, has spent Tk 22 lakh for the current season. He borrowed Tk 8 lakh from microfinance institutions and relatives, but does not know how he would pay them back.

"How will I survive in this situation?" he questioned.

More than 250 shrimp farmers in Khalashibunia village are staring at losses for the low prices of shrimps. Most of them have borrowed money from banks or microfinance institutions, said Pabitra Roy, a member of the local union council and a shrimp farmer.

"We were dreaming of profits. Now, I am worried because the price has fallen."

Farmers in Khulna, Satkhira and Bagerhat say buyers are reluctant to visit shrimp enclosures to make purchases directly from local fishermen although they used to do so in the past. So, fishermen are trying to bring shrimps to the markets in the district town and the doors of frozen food companies.

Many farmers have been compelled to sell at a low price in the local market in a bid to narrow losses.

At least five businessmen told The Daily Star that they were not buying

shrimps now.

Insan Ali, a businessman in Khulna, said most shrimps go to European countries.

"However, we have been informed that exporters are not able to send shrimps for two months. For this reason, companies are constantly reducing prices."

Inflation in the eurozone hit 10.7 per cent last month.

He is sending small-sized shrimp to local markets of the country as its rate is good though the price is decreasing day by day.

Inflation has remained at elevated levels in Bangladesh for several months as well for the war-induced crisis. It stood at 8.52 per cent in October.

Tariqul Islam Zahir, director of the Bangladesh Frozen Foods Exporters Association, and managing director of Achia Sea Foods Limited, says the demand has decreased in the international market.

"Due to higher inflation, we are not getting orders. Prices have fallen as the risk of the world falling into recession is growing."

Atul Kapali, a farmer in Betaga of Fakirhat, has cultivated lobsters in four ponds spanning 95 decimals of land.

He received Tk 800 to Tk 1,000 per kg this year against Tk 1,200 last year. He has sold 10 maunds of lobsters so far this year.

Bagerhat District Fisheries Officer ASM Sohail said thousands of farmers are in a dire situation due to low prices of shrimp.

Joydeb Paul, district fisheries officer in Khulna, says the government is implementing a project with support

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How do we fix the banking sector?

MAMUN RASHID

The turmoil in the banking sector is on the rise. A lack of good governance, rampant corruption, and political and managerial interference in management have led to this scenario. As the prices of daily commodities are on the rise, people are focusing less on new savings and on the contrary, using their prior savings to meet their daily needs.

The dollar crisis is creating further problems for the sector.

Banks usually make money from remittances and imports and exports. However, as the opening of letters of credit has slowed due to a lower inflow of dollars, banks are struggling to make revenues. As a result, foreign trade has come to almost a standstill, leading to stretched liquidity. Despite the central bank's assurances that depositors' money is safe in banks, many are withdrawing.

Analysts say there has been a lack of good governance in banks for a prolonged time. Influential people close to governments, bank directors and top-level bankers of several banks have been accused of being involved in Anti-Corruption Commission cases. Many top individuals involved in the fraud are yet to be brought into account.

Almost all loans taken through fraud have now turned into defaults. A portion of those loans has also been reportedly smuggled abroad. Special leeway has been given to some defaulters to prevent further deterioration of defaulted loans.

On the face, the banking book looks healthy, but the inside is becoming increasingly hollow.

Due to the coronavirus pandemic, loan recovery was not possible for 2020 and 2021. Owing to the Russia-Ukraine war, there are some more concessions in debt repayments now.

Many feel that it is not right to give any discount to defaulters. Instead, discounts should be given to good customers and legal action

should be taken first against those involved in defaults and corruption. Good governance must be established. It is also important to reform the banking sector.

Risky assets of banks have increased due to an increase in non-performing loans and provision deficits. The capital has also decreased. In June last year, the capital adequacy of banks was 13.33 per cent. This June it decreased to 9.53 per cent. During the same period, defaulted loans increased and the revenue could not be drawn to the reserve fund. This reduced the capital against risky assets.

While deposits in the banking sector are falling, loans have increased by 16 per cent. According to conventional rules, the growth of deposits must increase more than loans. Due to the decrease in deposits, the liquidity crisis may worsen in the coming days.

As the rate of inflation is higher than the interest rate on deposits, the money kept in banks is depleting instead of increasing. Currently, the inflation rate is more than 8 per cent and the average yield on bank deposits is 4.9 per cent.

Income from banks' capital and assets have decreased. Income from assets was 0.46 per cent in March-June last year. This year, it has decreased to 0.35 per cent.

The return on capital was 7.48 per cent during the same period last year. It has decreased by 6.34 per cent. Seven banks could not generate any income from assets.

Bad smells are coming from several banks and financial institutions run by the same beneficiary owners and importantly, close to the political government. Regulators seem to be helpless when the question comes to disciplining those institutions. Hence, ensuring minimum discipline in the financial sector is linked to bringing in minimum accountability in the government and in the regulatory agencies.

The author is an economic analyst.

SME FAIR ENDS

Sales, orders fetch nearly Tk 32cr

STAR BUSINESS REPORT

Entrepreneurs sold products worth Tk 12.15 crore and bagged orders for goods involving Tk 19.36 crore at the 10th National Small and Medium Enterprise (SME) Fair that ended yesterday.

Participants say visitors in large numbers came to the 10-day fair, organised by the SME Foundation at the Bangabandhu International Conference Centre in Dhaka, after it began on November 24.

"Initially sales were low but it picked up as the fair progressed. Both sales and order rose three times compared to the last year. All in all, we are quite happy," said Esrat Jahan Chowdhury, managing director of Tulika Eco Limited, a jute goods manufacturer.

She said in the previous fairs, visitors did not want to buy expensive jute products. "The situation was different this time. Many visitors bought expensive products."

Mafizur Rahman, managing director of the SME Foundation, described the fair as successful.

"It has been good for entrepreneurs. Both sales and orders increased compared to last time."

Some 350 stalls were set up to display products of 325 firms that took part in the event. Some 130 were from the fashion design sector. In addition, food and agro-processing, handicraft, leather, jute, ICT, light engineering

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Some 350 stalls were set up to display products of 325 firms at the 10-day fair organised by the SME Foundation at Bangabandhu International Conference Centre in Dhaka. The photo was taken last week.

PHOTO: MD ASADUZ ZAMAN

Fund needed to train newbies at small IT firms

Experts say

STAR BUSINESS REPORT

The government needs to create a special fund to help information technology companies falling under the small and medium enterprise (SME) category hire fresh graduates and ease a manpower shortage, experts said yesterday.

Once a small or medium-sized IT company hires and trains a fresh graduate, the latter tend to switch jobs for a higher pay, said AKM Fahim Mashroor, chief executive officer of bdjobs.com and AikerDeal.

"So, typically small companies remain hesitant to hire fresh graduates," he said, adding that there should be a fund to cover 50 per cent of the salary for a year of a fresh graduate.

He was delivering a keynote at a roundtable on "IT Skill Development: Challenges & Solutions"

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