During the current cultivation season that began from mid-October, farmers have sown mustard on eight lakh hectares of land, which is the highest in recent decades, data from the Department of Agricultural Extension showed. The photo was taken at Baniabaha village of Rajbari sadar upazila.

PHOTO: SUZIT KUMAR DAS

Mustard blooming on record area this year

SOHEL PARVEZ

In 2022, Bangladesh's consumers had to buy edible oil by paying historic high prices because of record prices in the international market and the country's high dependence on imports to meet its demand.

And influenced by high prices of soybean and palm oil, prices of mustard, the main oilseed crop, also grew, encouraging farmers to expand cultivation of the oilseed.

During the current cultivation season that began from mid-October, farmers have sown mustard on 8 lakh hectares, which is the highest in recent decades, data from the Department of Agricultural Extension (DAE) showed.

Take the case of Md Mostafizur Rahman Hashu. The farmer from Ullapara upazila of Sirajganj, the biggest mustard producing district, has sown the oilseed on 30 bighas of land this year compared to 17 bighas in the previous season.

"Many farmers in our locality have cultivated mustard on increased area to profit from higher prices of edible oil in the market. And we are expecting a good profit this year," said Hashu over phone yesterday.

"Soybean oil is still dearer. Besides, many people now prefer mustard oil to soybean oil," he said.

Bangladesh annually requires 20 lakh tonnes of edible oil and 90 per cent of the requirement is met through imported soybean seeds, crude soybean and palm oil from Argentina, Brazil and Indonesia.

The country spent Tk 35,730 crore to import oilseeds and edible oil in fiscal 2021-22. The import cost was four times the Tk 8,160 crore registered in 2009-10, shows Bangladesh Bank data.

Locally, area and production of oilseeds, particularly mustard, has increased too, but at a much slower pace.

Farmers grew mustard on 4.62 lakh hectares in fiscal year 2009-10. The acreage then rose to 6.10 lakh hectares in fiscal year 2021-22, according to DAE data.

For the current season, the planting area has expanded for high prices of mustard, lack of availability of fertiliser and incentive offered by the agriculture ministry for farmers to cultivate oilseeds.

The agriculture ministry is currently implementing a Tk 278 crore project to increase production of mustard, sunflower and groundnut in an effort to meet 40 per cent of country's edible oil requirement through locally produced oilseeds by fiscal year 2024-25, said agricultural officials.

Under the scheme, the government is providing seeds and fertiliser to interested farmers to produce oilseeds on one bigha, said Md Rabiul Hoque Mazumder, director (in-charge) of the crops wing of the DAE.

The DAE aims to ensure mustard cultivation on 6.7 lakh hectares in the current season, but farmers' enthusiasm buoyed the acreage.

"It is a breakthrough," he said.

Mazumder said the demand for mustard oil has increased as concerns among people regarding health effects has ebbed a lot. Meanwhile, farmers are also showing interest to cultivate the oilseed since the production cost is just Tk 7,000 per bigha.

"Farmers are making profit at the current prices," he said.

Two farmers yesterday said the prices of freshly harvested mustard was selling at around Tk 4,000 per maund (37 kilogrammes) in the Pabna-Sirajganj area.

"This is going to be a good year," said Rafiqul Islam, a farmer at Pabna, another major mustard growing district.

Md Abdul Latif Akanda, director at the Oilseed Research Center (ORC) under the Bangladesh Agricultural Research Institute, said farmers have been motivated so that they can meet their own edible oil requirement through their own produce.

The ORC has also doubled seed distribution to increase production, he said, adding that the agency provided Bari Mustard-14, Bari Mustard-17 and Bari Mustard-18 seeds.

"We are encouraging farmers to grow the relatively long duration but high yielding Bari Mustard-18 variety in areas where they will cultivate jute and crops other than Boro," he said.

The Bari Mustard-14 and Bari Mustard-17 are short duration varieties, and farmers are growing the oilseed before planting Boro rice, Akanda added.

READ MORE ON B3

Indian firm to upgrade Mongla port

Agreement signed for the Tk 6,014cr project

STAR BUSINESS REPORT

Egis India Consulting Engineers Private Limited has been appointed as consultant for a capacity building project worth Tk 6,014 crore at Mongla port, the second largest seaport in Bangladesh.

The Mongla Port Authority (MPA) and Egis India yesterday signed the related agreement, styled "Upgradation of Mongla port", at the Radisson Blu Dhaka Water Garden in the capital.

Of the estimated Tk 6,014 crore project, the government will finance Tk 1,555 crore from its own coffer while India will provide Tk 4,459 crore as assistance under its line of credit.

The project is scheduled to be complete by July 30, 2024.

The upgradation works include constructing a container terminal, handling and delivery yards, a residential complex and community facilities, marine workshop, multi-storey car lots, service jetty, and more.

Besides, the MPA will procure eight vessels to support port operations, such as loading and unloading goods from larger ships.

Once implemented, Mongla port will be able to handle 1,800 vessels, 50 lakh tonnes of cargo, 4 lakh twenty-foot equivalent unit (TEUs) containers and 10,000 vehicles annually, according to the MPA.

In addition, the port's annual revenue is expected to increase by Tk 150 crore while that of related customs and other agencies could grow by as much as Tk 3,000 crore.

Rear Admiral Mohammad Musa, chairman of the MPA, and Laurent Germain, chief executive officer of Egis India, signed the agreement on behalf of their respective parties.

Khalid Mahmud Chowdhury, the state minister for shipping, was present as chief guest while Pranay Verma, the Indian High Commissioner to Bangladesh, acted as a special guest.

Chowdhury said the seaport will achieve new heights in regards to handling import-export cargo once the upgradation work is complete.

"Mongla port will move closer to Chattogram port's capacity. Not just Bangladesh, but neighbouring nations will also benefit from the port," he added.

The shipping minister went on to say that the project will help expand business and employment opportunities in the country through enhanced multimodal connectivity.

Once the project is implemented, Mongla port will be able to handle 1,800 vessels and 50 lakh tonnes of cargo annually, according to the port authority, while the port's annual revenue is expected to increase by Tk 150 crore.

PHOTO: ANISUR RAHMAN

Macroeconomy: Looking back and forward

MAMUN RASHID

The beginning of 2022 saw Bangladesh's economy poised to make a strong recovery from Covid-19 with demand across the world rebounding, supply chain backlogs easing and improving domestic consumption.

As the Russia-Ukraine war broke out in late February, rising prices of fuel and other essentials led to high inflation globally. And it particularly affected Bangladesh as it is dependent on imports, resulting in depreciation of the exchange rate that forced foreign reserves to fall from $48 billion in August 2021 to $33.78 billion in November 2022 ($25.78 billion as per the International Monetary Fund (IMF)).

Opening of the new letter of credits (LCs) reduced. The export-oriented industries struggled to calculate production costs due to the instability in the value of foreign currencies. Exchange rate volatility created uncertainty about returns as well as costs, thereby restricting investments. Electricity crisis in recent months added fuel to the already rampant fire.

Under these troubled times, many speculated that the economy was taking a downturn as Bangladesh sought assistance from the IMF. As the country continues to wait for the first installment of $4.5 billion in loans from the IMF, expected in February, some of its growth drivers seem to be improving.

Rebounding exports and remittances to some extents have raised hopes that Bangladesh can avoid a more severe economic crisis.

Export earnings in November came to a record $5.092 billion, up 26 per cent on the year and well above October's $4.356 billion. Few Bangladeshi garment manufacturers have also begun making higher value-added items after technological upgrades. People are optimistic that the higher earnings trend would continue in the coming months -- if gas and electricity supplies, plagued by shortages, can be stabilised.

Meanwhile, remittance inflows, another key source of foreign currency for Bangladesh, rose in November to $1.59 billion, up from $1.55 billion in the same month a year earlier and beating the previous two monthly figures.

Officials say the government has taken a raft of measures to prevent inflows of remittances outside proper banking channels. This includes suspending a few mobile financial services accounts who were allegedly involved in illegally channeling remittances, as well as offering better exchange rates to encourage remitters to use proper channels.

Apart from the attractive 'Hundi' route, a key reason why people do not use banking channels to send money is that it is very complex. Hence simplifying the process and making it user-friendly could be important in improving the situation.

2022 THE YEAR THAT WAS

Many in the government have opined that the country's economy will be completely normal by March or April next year.

As we know, crises can be opportunities to solve deep-seated issues that under less difficult conditions may remain unresolved for a long time. Strengthening institutions and the financial system is important during these critical times. Ensuring legal predictability and stability is required to make sure both domestic and foreign investors come in.

Globalisation will continue to be there even though it is changing its form. The world is seeing a shift in global trade patterns, more towards emerging markets.

Bangladesh must come out of this crisis stronger. The export potential of the country remains almost entirely dependent on the RMG industry which represents a major missed opportunity. We must move towards greater value-add products both in RMG and outside such as consumer electronics, pharmaceuticals etc.

Further, we need to take advantage of the credibility that graduating from a least developed country (LDC) status grants us by forging 'Free Trade Agreements' with countries globally that will help us improve our export basket and encourage local companies to explore new markets. We should draw lessons from Vietnam's support of their local companies.

Bangladesh needs to ensure that backward linkage helps to avoid a repeat of the foreign reserve crisis that we are facing now. Most of the key industries are dependent on imports which is an unsustainable position that we must solve for. Trying to develop these key industries will further create employment and skills transfer and encourage foreign companies to set up in Bangladesh.

The country ought to continue to diversify the economy and export sources. At the same time build important infrastructure, not only physical, but also digital and human capital.

Mamun Rashid is an economic analyst.