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PHOTO: PARTHA CHAKRABORTTY

Bagerhat shrimp farmers in hot water

Low prices, costly feed squeeze earnings

PARTHA CHAKRABORTTY, Bagerhat

A drop in prices coupled with a rise in feed costs have put shrimp and prawn farmers of Bagerhat in a tight spot.

Exports have fallen for weak demand in the European Union and US amidst apprehensions of a recession as a pandemic fallout and for the Russia-Ukraine war.

Popular consensus is that a chunk of the profits is eaten away by middlemen who source the crustaceans from farmers for exporters. The problems are intensified by repeated natural disasters and diseases.

Shrimp have an average size of about 4 cm to 8 cm while larger individuals are often called prawns.

Every kilogramme (kg) has been selling for Tk 300 to Tk 800 depending on the size in the last couple of days, according to multiple farmers.

In 2021, it was around Tk 400 to Tk 1,400.

Around 2 kilogrammes of feed are required to raise each kilogramme of prawn, from larvae to harvestable size, said Nirmal Kumar Kundu, manager of a government-owned fish spawning farm at Khamar Bari in Bagerhat.

If local feed is used, about 2.5 kg to 3 kg is needed, said Gopal Das, a shrimp farmer of Sangdia of Kachua upazila.

Feed prices have gone up several times over the last couple of years. Currently, a 25 kg bag costs Tk 1,200 to Tk 2,000 whereas it was Tk 800 to Tk 1,600 in 2021.

As for supplements, the price of a 35 kg bag of bran has gone up from Tk 1,200 to Tk 1,700 while a 25 kg bag of Bengal gram from Tk 1,000 to Tk 1,400.

Despite all odds, some 39,871 tonnes of shrimp were produced in Bagerhat in fiscal year 2021-22, up 5 per cent year-on-year.

There are 78,685 shrimp and prawn enclosures on 66,713 hectares of land in Bagerhat, according to the district office of the Department of Fisheries.

Of the production, 24,104 tonnes were exported, similarly up by about 3 per cent.

Nationally, shrimp exports posted a 24 per cent growth to reach \$407 million in fiscal year 2021-22, according to the Export Promotion Bureau.

It slumped 32 per cent year-on-year to \$183 million in the July-December period of fiscal year 2022-23.

Gopal Das said he has not witnessed such a scenario in the 12 years he has been cultivating shrimp.

Another farmer, Rashid Sheikh of Kakdanga area of Fakirhat upazila, fears he would incur a loss of about Tk 80,000 on his investment of over Tk 2 lakh.

In 2021, he had made a profit of Tk 42,000 from 17 decimals of lands.

"We are gravely worried about any

return of our investment. If prices do not increase, we will have no way other than to stop farming," said Chinmoy Das, another farmer of Sreerampur of Kachua upazila.

If the shrimp and prawn can be sold directly to the exporters without interference of the middlemen, farmers will benefit, said Omar Ali, owner of Padma Fish Farm in Faltita Bazar of Fakirhat.

"We seek government steps so that the big traders directly purchase fish from the farmers for the sake of their survival," he said.

Exporters should be encouraged to buy shrimp and prawns directly from farmers, said Bagerhat District Fisheries Officer ASM Russell.

Farmers are losing interest and sustaining the industry requires government incentives for farmers, added Hitler Goldar, chairman of Mulghar Union Parishad.

Global economy faces tough times in 2023

IMF chief warns

REUTERS

For much of the global economy, 2023 is going to be a tough year as the main engines of global growth - the United States, Europe and China - all experience weakening activity, the head of the International Monetary Fund said on Sunday.

The new year is going to be "tougher than the year we leave behind," IMF Managing Director Kristalina Georgieva said on the CBS Sunday morning news program "Face the Nation."

"Why? Because the three big economies - the US, EU and China - are all slowing down simultaneously," she said.

In October, the IMF cut its outlook for global economic growth in 2023, reflecting the continuing drag from the war in Ukraine as well as inflation pressures and the high interest rates engineered by central banks like the US Federal Reserve aimed at bringing those price pressures to heel.

Since then, China has scrapped its zero-Covid policy and embarked on a chaotic reopening of its economy, though consumers there remain wary as coronavirus cases surge. In his first public comments since the change in policy, President Xi Jinping on Saturday called in a New Year's address for more effort and unity as China enters a "new phase."

"For the first time in 40 years, China's growth in 2022 is likely to be at or below global growth," Georgieva said.

Moreover, a "bushfire" of expected Covid infections there in the months ahead are likely to further hit its economy this year and drag on both regional and global growth, said Georgieva, who traveled to China on IMF business late last month.

"I was in China last week, in a bubble in a city where there is zero Covid," she said. "But that is not going to last once people start traveling."

"For the next couple of months, it would be tough for China, and the impact on Chinese growth would be negative, the impact on the region will be negative, the impact on global growth will be negative," she said.

In October's forecast, the IMF pegged Chinese gross domestic product growth last year at 3.2 per cent - on par with the fund's global outlook for 2022. At that time, it also saw annual growth in China accelerating in 2023 to 4.4 per cent while global activity slowed further.

Her comments, however, suggest another cut to both the China and global growth outlooks may be in the offing later this month when the IMF typically unveils updated forecasts during the World Economic Forum in Davos, Switzerland.

Meanwhile, Georgieva said, the US economy is standing apart and may avoid the outright contraction that is likely to afflict as much as a third of the world's economies.

The "US is most resilient," she said, and it "may avoid recession. We see the labor market remaining quite strong."

But that fact on its own presents a risk because it may hamper the progress the Fed needs to make in bringing US inflation back to its targeted level from the highest levels in four decades touched last year. Inflation showed signs of having passed its peak as 2022 ended, but by the Fed's preferred measure, it remains nearly three times its 2 per cent target.

Inflation falls for 4th month

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Non-food inflation dropped 2 basis points to 9.96 per cent in December from 9.98 per cent the previous month, the BBS data shows.

Ghulam Rahman, president of the Consumers Association of Bangladesh, yesterday said inflation rates have fallen consistently since August but prices of daily essentials have been higher than government estimates.

"Inflation has come down, but there is no relief in terms of wage growth. Although the cost of living has increased, wages have not increased at the same rate," he added.

Rahman then said the wage growth rate was 7.03 per cent in December, when the cost of living had risen by

9.5 per cent.

"People are not being able to keep up with rising costs as their purchasing power is declining. So, they are not able to buy as many products as before," he added.

Professor Selim Rahman, executive director of the South Asian Network on Economic Modeling (Sanem), said the decrease in inflation was marginal at best.

"Although the prices of a few food items, such as eggplant, chicken and eggs, have come down, rice prices are still high," he added.

The executive director of Sanem then suggested the government increase its monitoring of the commodities market to ensure that prices remain stable.

Mohammad Rahmatullah Al Mujahid, a resident of Mirpur in the capital, said the prices of all essential commodities and non-essential items in the market have increased.

"So how does inflation come down?" he questioned.

As per data from the Trading Corporation of Bangladesh, the prices of coarse and fine varieties of rice rose by 4.72 per cent and 4.26 per cent respectively over the past year.

Meanwhile, the cost of loose and packaged wheat flour jumped 66 per cent and 40 per cent respectively, salt 23.08 per cent, coarse lentils 19.51 per cent, sugar 45.16 per cent, bottled soybean oil 23.17 per cent and loose soybean oil 24.82 per cent.

Regarding the high inflation rate, Towfiqul Islam Khan, senior research fellow of the Centre for Policy Dialogue, said Bangladesh was not still getting the benefits of a cooldown in global commodity prices.

"Although the prices of some essential goods are falling in the global market, the benefits are not fully available in the local market due to the US dollar shortage and some other reasons," he added.

Khan went on to say that the government should expand its Open Market Sales programme as well as other facilities for low-income people considering the current situation.

NBR receives 28.51 lakh tax returns so far

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Taxmen said more people will file returns in the remaining six months of the current fiscal year as nearly 2.5 lakh individuals sought additional time from field offices to submit their returns. Besides, new taxpayers who recently got taxpayer identification numbers (TIN) will get until June 30 this year.

As such, the total number of tax returns will likely cross 30 lakh by the end of fiscal 2022-23, according to another official.

Usually, November 30 is the final day to file tax returns, but the NBR extended the deadline by a month following demands from various quarters.

As December 30 and 31 were weekly holidays, the NBR received returns from taxpayers on January 1.

Bangladesh has around 83 lakh registered taxpayers, but the total number of returns filed until January 1 this year was 34 per cent of the total number of TIN holders.



Md Jasim Uddin, chairman of Bengal Commercial Bank, presides over the bank's 17th meeting of the board of directors at its head office in Gulshan, Dhaka recently. Mahbubul Alam, Ghulam Mohammed Alomgir, vice-chairmen of the bank, Tarik Morshed, managing director, and Md Humayun Kabir, company secretary, were present.

PHOTO: BENGAL COMMERCIAL BANK

When fences eat crops

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"The fund has not been returned yet," said a senior official of the BSEC, preferring anonymity.

UFS, however, did not make any commitment to return the missing interest income and overcharged management fees.

According to the report, state-run Investment Corporation of Bangladesh (ICB), the trustee and custodian of the funds, informed the BSEC that the fund manager was non-cooperative.

It is evident that UFS recklessly liquidated the listed securities of the four funds and laundered the liquidated amount, it said.

The report, however, said that ICB had never informed the BSEC about the fraudulent activities of UFS.

Since the inception of the mutual funds between 2016 and 2018, ICB received Tk 1.84 crore as the trustee fee, overcharging the funds by Tk 0.59 crore, the probe report said.

Rahman Mostafa Alam & Co

and Ahmed Zaker & Co Chartered Accounts have been the auditors of the funds since 2021.

"The auditors did not follow mutual fund-related regulations and international accounting standards," said the probe report.

It is evident that the auditors falsely gave opinions as "true and fair view" regarding the financial matters in the audited reports, it said.

A comparison between the bank statements and the audited financial statements highlighted inconsistencies. So, it is clear that the two auditors falsely published the audited financial statements, it added.

"The fund manager submitted bank statements, vouchers and all other documents but they were fake and fabricated. We did not realise that it has embezzled money," said M Zayed Ali Mridha, a partner of Ahmed Zaker & Co. Chartered Accounts.

"UFS also did not allow us to check its bank accounts, saying its managing director had been infected

with Covid-19 and was out of the country. We did not give the audit objection as we had thought that the documents were original."

"On top of that, ICB was asking us to carry out the audit quickly."

Mridha, however, says it is the responsibility of the custodian to verify the documents since an external auditor gets only a few days to carry out the task.

ICB Managing Director Abul Hossain, however, told The Daily Star: "We normally depend on the auditor's report, but the auditor did not raise any objection."

Still, ICB has formed a probe committee to see whether there were any irregularities and officials were negligent in performing their duties.

"If any irregularities are found on the part of ICB, we will take action," Hossain added.

Minhaz Mannan Emon, a former director of the Dhaka Stock Exchange, said the incident would spook investors' confidence in the stock market.

US retail sales grow 7.6% in holiday season

REUTERS

US retail sales rose 7.6 per cent between November 1 and December 24, which encompasses a majority of the holiday season, as steep discounts lured deal-hungry consumers, a Mastercard report showed on Monday.

The increase is higher than the 7.1 per cent growth Mastercard had forecast in September, when it anticipated consumers would pull purchases to October in the hunt for early deals.

However, this year's holiday retail sales growth is less than the 8.5 per cent increase last year as decades-high inflation, rising interest rates and the threat of a recession turned consumers cautious.

"When an asset manager eats up peoples' funds, the auditors don't detect it and the custodian remains silent, then how can people trust the auditors, trustees and custodians?"

Both the custodian and the auditor have the responsibility to detect malpractices and fund embezzlements, he said.

Speaking to The Daily Star, BSEC Spokesperson Mohammad Rezaul Karim said: "The regulator will take legal measures after carrying out all procedures."

"We will also look into the role of the trustee, the custodian and the auditors. If they are found to be failing to play their due responsibility, they will also face punishment."

As a temporary measure, the BSEC has requested the central bank to stop the fund withdrawal scope of the four mutual funds and the directors of UFS, Karim added.

UFS Managing Director Sayed Hamza Alamgir could not be reached for comments.