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PHOTO: STAR/FILE

Tea production went down last year

SUKANTA HALDER

Tea production in Bangladesh has decreased by nearly 3 per cent year-on-year in 2022.

According to state-run Bangladesh Tea Board (BTB), nearly 94 million kilogrammes (kg) were produced last year.

Talking to The Daily Star, M Shah Alam, chairman of Bangladesh Tea Association, representing tea estates of Sylhet and Chattogram, blamed inadequate rainfall in the first half of 2022 and a halt to production for a few weeks for labour unrest later in the year.

The year's target could not be achieved, he said. The target was 100 million kgs, according to the BTB.

The weather was hot and dry, leading to a red spider mite infestation, for which plucking of the leaves was halted, he added.

The same was stated by Sumon Shikder, senior planning officer of the BTB.

Tea workers went on a two-hour strike every day from August 9 last year demanding an increase in wages. From

August 13, they went on an indefinite strike. They joined work from August 28 following an agreement.

Plucking was halted during the month since the leaves can be availed every seven or eight days, affecting production, said an official of Bangladesh Tea Research Institute.

Garden owners earlier claimed that the strike would affect production and cause losses.

Meanwhile export of tea and associated earnings has increased.

In 2021, 0.68 million kg was exported, bringing in Tk 180.57 million. In 2022, it increased to 0.78 million kg and Tk 196.31 million respectively.

This was apparently for quality enhancements, focus on retail packs and production being higher than domestic consumption, said Shamim Khan, managing director of the Halda Valley Food and Beverage.

However, 2.17 million kg of tea worth Tk 347.14 million was exported in 2020.

In Bangladesh, 45 per cent of the tea produced is consumed at the household level while the rest at tea stalls, restaurants,

and offices.

Tea is a part of social and professional life in the country, making it one of the most-consumed beverages and it is popular among low-income groups as well.

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Local tea brands dominate the domestic market with a 75 per cent share while non-branded producers account for the rest.

The 167 tea gardens in the country cover almost 280,000 acres of land. Bangladesh is currently listed as the world's ninth largest tea producer, accounting for around 2 per cent of the world's total production.

Padma Oil's profit jumps 50%

STAR BUSINESS REPORT

The Padma Oil Company saw a big jump in profits in the October-December period of 2022 thanks to an increase in its non operating income and higher sales volume.

The state-run company's earnings per share surged 50 per cent year-on-year to Tk 8.92 in the second quarter of the current financial year from Tk 5.92 previously, the company said in a posting at the Dhaka Stock Exchange.

Padma's overall earnings per share grew 38 per cent year-on-year to Tk 16.13 in the July-December period of FY2022-23.

However, the company's net operating cash flow per share became negative in the first half of the year.

Padma said cash flow has decreased due to an increase in payments to suppliers of petroleum, oil and other lubricant products.

Besides, an increase in inventories and dues from affiliated companies have played a vital role in this regard, the company added.

Expressions celebrates 30yrs of operations

STAR BUSINESS DESK

Advertising agency Expressions recently celebrated 30 years of operations.

Ramendu Majumder, chairman, inaugurated a celebration programme at Brac CDM in Gazipur's Rajendrapur, said a press release.

Over 50 employees attended the two-day event, which started with an annual general meeting and ended with a prizegiving ceremony following a cultural programme.

Established in 1993, Expressions has been working with domestic and multinational corporate organisations and various government, private, and international development organisations.

Suzuki to invest \$35b in EVs

REUTERS, Tokyo

Suzuki Motor Corp will invest 4.5 trillion yen (\$34.8 billion) through fiscal 2030 in research, development and capital spending to make battery electric vehicles (EVs), it said recently.

The Japanese automaker known for making compact "kei" cars said it would invest 2 trillion yen in electrification and autonomous driving technologies, while allocating 2.5 trillion yen to build a battery EV plant and for renewable energy facilities.

Of the money earmarked for electrification, 500 billion yen would be invested in batteries, it said. Suzuki's announcement comes after other Japanese automakers have rolled out similar goals to catch up with European and US rivals in the fast-growing battery EV market.

Banking sector needs

FROM PAGE B1

economic outlook in the evolving global phenomenon", Ginting said for sustainable growth, Bangladesh needs to focus on climate vulnerable communities, identify specific adaptation needs and develop and implement strategies.

Challenges remain in infrastructure development, so a national logistics policy and a master plan are urgent needs to realise the full potential of the sector, he said.

Human capital index also needs to focus on raising human capital as advantages of low-cost labour and preferential market access may fade with the graduation from the least developed country (LDC) status, he said.

Bangladesh scored 0.46 on the human capital index, below the average of 0.78 for both South Asia and lower middle-income countries. "So, Bangladesh needs to improve education quality and deepen skills development," he said.

The financial sector includes an underdeveloped banking sector with low operational efficiency, weak internal risk management and high NPL levels. Long-term financing and a strong bond market is missing, said Ginting.

With continued external adversities and a spillover effect from the war, only a moderate rebound is expected in FY2024 as high commodity prices and continued monetary tightening persist, he said. About inflation, he said most commodity prices peaked in mid-2022 due to the post-pandemic demand surge and the war before easing since June 2022 due to slowing global growth. To restore macroeconomic stability, Bangladesh Bank attempted to tackle strong pressure of depreciation by gradually allowing it to increase and imposing barriers on the import of luxury and non-essential items, he said.

Addressing the event, Syed Ershad Ahmed, president of the AmCham, said Bangladesh's economy was facing some stress like other countries so it needs proper steps at the right times.

Syed Mohammad Kamal, vice president of the AmCham, also spoke at the event while Mahbubur Rahman, president of the International Chamber of Commerce Bangladesh, Aftab ul Islam, a former president of the AmCham, and Md Sameer Sattar, president of the Dhaka Chamber of Commerce & Industry, were present.

Graft directly

FROM PAGE B1

Stressing on accountability, Ali Imam Majumder, former cabinet secretary, said it was not possible to drive out corruption from a country or society where a person has the scope to enjoy money earned illegally.

"Unfortunately, it is true that we have already almost reached near that position," he said.

Awami League lawmaker Hafiz Ahmed Mazumder acknowledged the fact that corruption has harassed people of Bangladesh for a very long time and any strategy to solve the situation would be welcome.

Dr Md Mofizur Rahman, managing director of SME Foundation, said the foundation was facing difficulties in providing services to SMEs due to a lack of manpower and resources.

Stressing on the need for proper support for SMEs, Anwar-ul Alam Chowdhury, president of the Bangladesh Chamber of Industries, said currently none was providing policy support to SMEs in Bangladesh.

That is why the SME sector in Bangladesh is underperforming compared to many other prosperous nations, he said. Dr Muhammad Abdul Majid, a former chairman of the National Board of Revenue, talked about the endemic nature of corruption in Bangladesh at every level.

As corruption has spread all the way to the top, the only way to stop it is a top-down approach, he said.

He talked about the need for a new SME ministry and a new SME bank to give specialised and accountable services to SMEs.

Advocate Nitai Roy Chowdhury, a former minister and vice chairman of Bangladesh Nationalist Party, said the legal framework of the country has been destroyed for which corruption was increasing even more.

Stressing the need for action, Ruhin Hossain Prince, general secretary of the Communist Party of Bangladesh, said just discussing on corruption was not enough and there needs to be collective action.

Nayeemul Islam Khan, editor of Daily Amader Notun Shomoy, talked about corruption in media as well as the extreme prevalence of fake news enabling corruption.

Forex volatility costs large firms

FROM PAGE B1

"What is even worse, 90 per cent to 95 per cent of profits of corporates declined because of the volatility in the exchange rate."

Bangladesh has been going through an exchange rate volatility after foreign currency reserves came under pressure to pay for the import bills escalated by the war.

Bangladesh has lost \$14 billion from the financial account over the last one year because of a lack of proper management of the economy, said the former economist of the International Monetary Fund.

The financial account covers claims on or liabilities to foreigners concerning financial assets and includes direct investment, portfolio investment, and reserve assets.

Mansur explained that historically the financial account of the balance of payments of Bangladesh has experienced a surplus almost every year.

For example, the financial account was \$14.06 billion in surplus in 2020-21 and \$13.77 billion in 2021-22. It turned a deficit of \$157 million in the July-November period of the current fiscal year, BB data showed.

The economist suggested resolving the dollar crisis immediately so that the economy does not suffer any longer.

Owing to the dollar crunch, the opening of the letters of credit (LCs) also dropped as the central bank tightened rules to discourage the imports of non-essential and luxury items.

Mansur suggested a floating exchange rate instead of the existing managed ones to ride out the current crisis.

If the floating exchange rate reaches Tk 112 per dollar, then it would still be good for the economy in the future compared to Tk 130 under a managed exchange rate regime, he said.

"The market should determine the dollar rate and artificially fixing the

rate is not the right decision."

Mahbub Ahmed, a former senior finance secretary, backed the semiannual publication of monetary policy statement (MPS).

Ferdous Ara Begum, chief executive officer of the Business Initiative Leading Development, said the MPS needed to emphasise more on employment generation and investment.

She criticised the BB decision to raise the interest rate to 12 per cent from 9 per cent for consumer loans whereas the lending rate has remained unchanged at 9 per cent for large industrial credits.

She suggested the government recover non-performing loans and be serious about preventing trade-based money laundering as a section of traders is siphoning money through trade over- and under-invoicing.

Economists are suggesting the withdrawal of the lending rate cap to check inflation, restore stability in the foreign exchange market, support desired economic growth, and ensure the necessary flow of funds to productive and employment-generating activities, said Md Moniruzzaman, president of the ICAB.

"The increase in the policy rate will create liquidity pressure in the banking sector. But it will take time to slow down the money supply."

The BB has set a lower private sector credit growth target of 14.1 per cent for the current fiscal year compared to 14.80 per cent in FY22.

"If the lending rate cap is withdrawn, the interest rate on import financing will rise substantially and this will bring stability to the foreign exchange market," Moniruzzaman said.

"Further increases in LC margins will push up prices and reduce demand for foreign exchanges."

However, the monetary policy includes some expansionary measures, such as a new refinance

scheme to boost the production of import-substitute goods, he said.

Humayun Kabir, a former president of the ICAB, moderated the discussion.

Shubhashish Bose, CEO of the ICAB, Muhammad Abdul Mazid, a former chairman of the National Board of Revenue, Jamaluddin Ahmed, a former president of the ICAB, and Zakir Hossain, business editor of the Samakal, also spoke.

Disbursement of foreign aid slows

FROM PAGE B1

The ERD is continuously monitoring the implementation progress in coordination with different government divisions and ministries.

"We are hopeful that disbursements will increase in the latter half of the current fiscal," he added.

Of the \$3.78 billion disbursed so far, \$922 million was used in projects funded by Japan.

The ERD official then said Japan-funded projects, such as the Dhaka Metrorail, Matarbari coal-fired power plant, Bangabandhu Sheikh Mujib railway bridge, and third terminal of the Hazrat Shahjalal International Airport, are seeing rapid implementation.

The Asian Development Bank disbursed the second highest amount with \$567 million followed by the World Bank with \$540 million, China with \$535 million, Russia with \$440 million, Asian Infrastructure Investment Bank with \$250 million, and India with \$164 million.

On the other hand, foreign aid commitments in the July-December period declined by around 59 per cent year-on-year to \$1.76 billion.

In past six months, the government repaid \$1.05 billion of foreign debts whereas it was \$1.04 billion during the corresponding period the previous fiscal year.