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# Dollar crisis hurts pesticide imports, may hit crop output

SOHEL PARVEZ

Crop protection chemical sellers in Bangladesh are facing difficulty in opening letters of credit amid banks' lack of interest owing to the crunch of the US dollar.

This raises concerns about a shortage of pesticides and other similar inputs that could affect the productivity of crops such as boro rice.

The worry comes at a time when farmers are growing the boro paddy, the biggest rice crop in Bangladesh, generating 55 per cent of the total rice production of around 3.79 crore tonnes estimated in the last fiscal year.

A dry season rice crop, boro consumes roughly 60 per cent of pesticides and other crop protection chemicals while other crops, including potatoes and vegetables, consume the rest, industry operators say.

So, ensuring the availability of pesticides at the farm level is vital to ensuring that farmers get the input on time for the use in their fields.

"Banks are not opening LCs easily. They are taking time and asking for placing low-value LCs," said Syed Asfakul Abedin, executive director of Auto Crop Care Ltd.

Zahidul Islam, managing director of Bayer Crop Science, one of the leading multinational companies in the pesticide business segment in Bangladesh, echoed the sentiment.

"We are facing difficulties in opening LCs due to the foreign exchange crisis," he said.

Amid higher import costs than the total receipts from exports and remittances, Bangladesh's foreign currency reserve has been under pressure for the past one year, as disruptions caused by the dragging coronavirus pandemic and the Russia-Ukraine war have

**The shortage might drive up pesticide prices further, which have already shot up between 15 per cent and 20 per cent in the last one year**

sent the prices of commodities higher globally.

The reserves stood at \$32.63 billion at the end of last week, down from \$45.35 billion a year ago, according to Bangladesh Bank data.

Abedin said already there is a shortage of some crop protection items. "If the situation does not improve, the deficit may widen."

And the shortage might drive up pesticide prices further, which have already shot up between 15 per cent and 20 per cent in the last one year



for the depreciation of the taka against the US dollar, the supply disruption, and the higher sea freight and transport costs for the hike in fuel prices.

Operators say the cost of production at the farmer's level has increased since August after the government hiked the prices of fuel and fertiliser. Under this circumstance, farmers might reduce the use of pesticides.

"I have not seen such a price spike in the last 10 years," Abedin said.

"As prices have gone up, many farmers might reduce the use of pesticides that they usually apply."

M Sayeduzzaman, chairman of the Bangladesh Crop Protection Association (BCPA), said the recent drop in the foreign currency reserve poses a notable setback to the opening of LCs in a timely manner.

The BCPA earlier urged the agriculture and finance ministries and the Bangladesh Bank to take necessary measures to address the issue of pesticide import.

Consequently, the agriculture ministry requested the central bank to initiate steps to open LCs for pesticide import on a priority basis in a bid to secure crop production in the near term.

"We see there is an improvement. But it is not enough to ensure an adequate import and supply to farmers," Sayeduzzaman said. "If we can't import required pesticides it may create a serious problem in food production," he warned.

In Bangladesh, an average 35 per cent of the potential crop yield is lost due to agricultural pests, a huge loss for a country like Bangladesh.

"And that loss would double if we fail to control crop pests in a timely manner," said Sayeduzzaman.

The BCPA is yet to finalise pesticide usage data for 2022. The association said farmers who meet their demand through imports used more than 39,500 tonnes/kilo-litres of crop protection chemicals in 2021, up 5 per cent from

a year ago. Fungicide usage was the highest, followed by insecticides.

Bangladesh imports pesticides and other crop protection chemicals mostly from China, India, Germany and the United States. In 2021, farmers used 4,636 tonnes of granular insecticides, 2,240 tonnes of powder, 6,345 tonnes of liquid insecticides, and 18,000 tonnes of fungicide to protect their crops.

"We are maintaining a very tight inventory of pesticides," said Sayeduzzaman.

He said the foreign currency required to import necessary pesticides a year is insignificant in comparison to that of other industries.

"We expect the government to issue a circular to all commercial banks immediately to allow the opening of LCs for pesticides on a priority basis in order to maintain their availability at the farm level."

Badal Chandra Biswas, director general of the Department of Agricultural Extension (DAE), said the agriculture ministry has talked with the central bank so that pesticide import does not hamper.

Farmers bagged 2 crore tonnes of boro rice in 2022 and the DAE targets to ensure production of 2.15 crore tonnes of the staple in the current fiscal year, which ends in June.

The government has set a rice production goal of 4.15 crore tonnes for 2022-23.

## Steel, cement output falls by a third for multiple challenges

Say manufacturers

STAR BUSINESS REPORT

The output at the country's steel and cement factories has fallen almost by a third due to the power and gas crisis, a hike in raw material prices in the global market, and the US dollar shortage, manufacturers said yesterday.

The lower production has made it difficult for them to pay back bank loans, a situation that may turn them defaulters, they warned.

So, manufacturers called on the government to come up with support to sustain the steel, rod, and cement industries. Otherwise, it would be difficult for them to survive, they said in a press release of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

The call came at a meeting of the standing committee of the FBCCI on iron, carbon steel, stainless steel, and re-rolling industries at the office of the federation in the capital.

**The taka has lost its value by about 25 per cent against the American greenback in the past one year**

Speaking at the meeting, FBCCI President Md Jashim Uddin said it was very important for the steel and cement sectors to make a turnaround to maintain the country's development journey.

He called for guaranteeing uninterrupted gas and power supply for steel and cement factories as well as giving priority to them when it comes to opening letters of credit for the import of raw materials.

Manwar Hossain, chairman of the Bangladesh Steel Manufacturers Association, sought support to ride out the ongoing LC opening crisis.

FBCCI Vice President M A Momen said there was no doubt that the steel sector was in crisis. "A national discussion should be taken place for the development of the sector."

Md Jamal Uddin, a director of the FBCCI, said the price of rods and cement has gone up by about 50 per cent. As a result, all stakeholders are being hurt. "So, it is important to bring down the price of construction materials."

SM Jahangir Alam, another director of the apex trade body, said the price of construction materials surged globally owing to the sharp appreciation of the US dollar against the taka.

The local currency has lost its value by about 25 per cent in the past one year against the American greenback owing to US dollar shortages, which were caused by higher import bills.

"Besides, the overhead cost has increased for the gas and electricity shortage," Alam said.

He urged the government to bring down the import duty on raw materials to 5 per cent.

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6,270.87		18,498.49	

COMMODITIES			
Gold ▼		Oil ▼	
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(per ounce)		(per barrel)	

ASIAN MARKETS				
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▼ 0.41%	▼ 0.88%	▼ 1.07%	▲ 0.72%	
60,431.84	27,427.32	3,324.70	3,284.16	

## MFS transaction rises over 18% in December

MAHMUDUL HASAN

Transactions through mobile financial services (MFS) rose 18.53 per cent year-on-year to Tk 96,132 crore in December thanks to a rise in merchant payments, cash-in and person-to-person transfers.

It was up 4.35 per cent from a month earlier.

Merchant payments, which refer to the transactions customers make while purchasing products and services online and at physical stores, increased by about 5 per cent to Tk 3,613 crore in December from a month earlier, according to the latest data from the Bangladesh Bank.

MFS transactions are made in the form of cash-in, cash-out, person-to-person transfers, merchant payments, government-to-person transfers, salary disbursements, talk-time purchases and utility bill payments, among others.

The amount of cash-out, which takes place when customers withdraw money from their accounts, increased by around 4 per cent to Tk 27,159 crore in December, month-on-month.

In the case of cash-in, the facility that allows users to deposit money to their MFS

accounts, it was up 4.58 per cent to Tk 31,063 crore.

Talk-time purchase rose by Tk 50 crore to Tk 876 crore, and salary disbursement went up by Tk 70 crore to Tk 2,790 crore in December compared to November's.

However, the government to public payments dropped by Tk 137 crore to Tk 82.3 crore in the same month. Utility bill payments using MFS providers also saw a decrease of Tk 123 crore to Tk 1,949 crore.

In Bangladesh, about 19.10 crore users were registered with 13 MFS providers in the last month of 2022, up by more than 25 lakh from November.

The MFS providers are Rocket, bKash, MYCash, Islami Bank mCash, Trust Axiata Pay, FSIBL FirstPay SureCash, Upay, OK Wallet, Rupali Bank SureCash, TeleCash, Islamic Wallet, Meghna Bank Tap n' Pay, and Nagad.

Gender-wise, 11.04 crore males use the service against 8.01 crore females, as per central bank data. There are 15.54 lakh MFS agents across the country.

Although the number of accounts surpassed the 19 crore mark, the number of active unique users is less than half the official figures, according to experts.



A farmer picks roses in Savar's Golapgram, which translates to "rose village" in Bangla. Flower sales are expected to spike today for celebrations of Pahela Falgun, the first day of spring according to the Bangla calendar, and Valentine's Day.

PHOTO: AKASH MAHAMMUD

## Electrical goods expo from March 9

STAR BUSINESS REPORT

The 7th edition of the International Electric Expo Bangladesh 2023 will begin in Dhaka on March 9 with the aim of increasing exports of electrical products made in the country.

The Bangladesh Electrical Merchandise Manufacturers Association (BEMMA) and Wem Bangladesh Ltd, an event management agency, will jointly organise the three-day fair at the International Convention Centre Bashundhara.

Some 40 foreign representatives and 80 local exhibitors will occupy 120 stalls of 150 brands at the fair.

Mohammad Aftab Javed, president of BEMMA, disclosed this

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