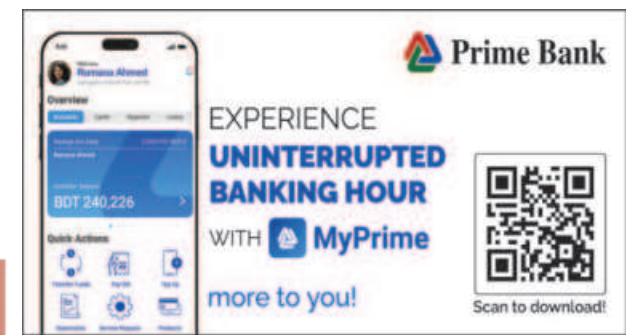


# Star BUSINESS



## Bid to develop cold chain infrastructure

Venture37, City Bank Capital tie up

STAR BUSINESS REPORT

US-based agriculture development organisation Venture37 signed a memorandum of understanding with City Bank Capital yesterday to collaborate in the development of a robust and efficient cold chain infrastructure in Bangladesh.

Affiliated with Land O'Lakes, Inc., one of the largest farmer-owned agribusinesses in the US, Venture37 has been delivering market insights and technical expertise to agricultural development projects around the world since 1981.

This partnership will focus on increasing investment opportunities in the areas of cold chain networks, warehousing systems, energy efficiency investment for cold storage, and temperature-controlled logistic services, says a press release.

**The partnership will focus on increasing investment opportunities in the areas of cold chain networks, warehousing systems and energy efficiency**

Venture37 aims to implement innovative solutions by increasing awareness and education among farmers and producers about the importance of proper post-harvest management and the use of safe preservation techniques.

The two organisations will collaborate in holding conferences, seminars, and workshops to promote awareness and understanding of the temperature-controlled logistic sector.

With a yearly growth rate of 15 per cent from 2014 to 2018, the market size of Bangladesh's agro-processing industry has reached approximately \$4.81 billion, combining both domestic and export volume, according to financial services provider City Bank Capital.

The absence of temperature-controlled logistics infrastructure in Bangladesh results in significant post-harvest

READ MORE ON B3

### WHY THE SLOWDOWN

Severe impact of Russia-Ukraine war

Rising living cost in major export destinations

Unsold stock in retail stores

### BY THE NUMBERS

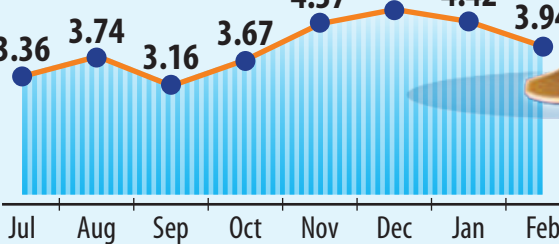
Work orders declined by 20% to 40%

Jul-Feb export earnings stood at \$31.36b

Bangladesh makes \$50 jacket now

### RMG EXPORTS IN JUL-FEB OF FY23

In billions of \$; SOURCE: EPB



### REASONS FOR RESILIENCE

Production of high-end value-added garment items

Higher payment by retailers to offset rising cost of production

Rise in shipment to non-traditional markets

New investment of \$5b in last few years

### NON-TRADITIONAL MARKET

» Earnings were \$849m in FY09

» Earnings rose to \$6.37b in FY22

» Export was \$5.69b in Jul-Feb

# RMG export orders fall up to 40%

Consumers continue to tighten belt amid runaway inflation

REFAYET ULLAH MIRDHA

The inflow of work orders from international clothing retailers and brands to Bangladesh has slowed because of the persistently higher cost of living in the western world and a pile-up of apparel stocks at stores.

The ominous development could deal a blow to the country's biggest foreign currency earning sector, which will ultimately deepen the foreign exchange crisis.

Now exporters say the orders for the April-June season declined by 20 per cent to 40 per cent because of higher inflation in the western economies stemming from the ongoing Russia-Ukraine war.

A K Azad, a top garment exporter, said orders have declined by 20 per cent for the next season at his factory because of the volatile economic situation in the destinations such as Europe and the US.

"The downward trend in the garment shipment started in November and it has still continued."

The war has an impact on



garment shipment and it is now becoming visible as there has been a slowdown in orders, said MA Jabbar, managing director of the DBL Group.

Siddiqui Rahman, chairman of Sterling Group, another major apparel exporter, said the slowdown has been going on for the last one year.

Suppliers who make high-end garment items are faring well while the producers of low-end and basic products are performing poorly, said a major value-added garment exporter asking not to be named.

"In general, orders for garment items are falling."

Headline inflation in the eurozone fell to 8.5 per cent

in February, down from 8.6 per cent the previous month. This was above the 8.2 per cent forecast by economists, according to CNBC.

Inflation in France and Spain accelerated unexpectedly in February, and a German flash estimate put the inflation rate harmonised with the rest of the EU at 9.3 per cent in February, which would be an increase from 9.2 per cent in January.

In the US, the consumer price index increased 0.4 per cent last month, putting the annual inflation rate at 6 per cent.

The EU and the US account for more than 80 per cent of Bangladesh's apparel exports. So, a higher consumer price in

the continents means greater pressure on their consumers, which will translate into lower demand for garment items from Bangladesh.

Although local exporters say the order is falling, garment shipment has been resilient so far in the current financial year of 2022-23.

Exports fetched \$4.63 billion in February, up 7.81 per cent year-on-year, according to the Export Promotion Bureau. The receipts stood at \$37.08 billion in the first eight months of 2022-23, an increase of 9.56 per cent from the identical period a year earlier.

Last week, Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), cited three factors for the positive export earnings from garment shipment despite a slowdown in orders.

The unit price of a garment item has increased as international retailers and brands have started paying more as they have taken into the higher energy prices, freight costs and raw material prices.

READ MORE ON B3

## Traders' access to SME loans broadens as rules eased

STAR BUSINESS REPORT

The Bangladesh Bank yesterday withdrew the ceiling on the loans going to the trading sector from its Tk 25,000 crore refinance scheme.

The scheme for the small and medium enterprise sector was formed in July last year.

At that time, the central bank said that the manufacturing and services sectors would get a 70 per cent loan from the refinance scheme and the rest would go to the trading sector.

But yesterday the BB, in a notice, said banks and non-bank financial institutions (NBFIs) would not have to follow the ceiling of 30 per cent for the trading sector as credit demand among traders is high due to acceleration in economic activities.

The easing of rules will be in place until June 30.

Under the scheme, lenders can distribute at least 75 per cent of the loans among cottage, micro and small enterprises and a maximum of 25 per cent among medium-sized firms.

**Banks and non-banks would not have to follow the ceiling of 30 per cent for the trading sector as credit demand among traders is high due to acceleration in economic activities**

They have to give out at least 60 per cent of the refinance scheme as term loans, whose repayment tenure is more than one year. The rest can be disbursed as working capital, which has to be repaid in one year.

Borrowers who take up term loans are entitled to a maximum grace period of six months. The repayment period, including the grace period, will not be more than five years, said the BB notice.

The tenure of the refinance scheme, which is revolving in nature, is three years.

The high-priority sectors eligible for loans under the scheme include agriculture and food-processing industries, farm machinery manufacturers, readymade garments, knitwear, design and decorating companies, ICT, leather and leather goods industries, light engineering, and jute and jute goods industries.

The priority sectors are plastics and other synthetic industries, tourism, home textiles makers,

READ MORE ON B3

STOCKS	
DSEX ▼	CASPI ▼
0.17%	0.25%
6,193.08	18,279.98

COMMODITIES	
Gold ▼	Oil ▲
\$1,956.68 (per ounce)	\$73.06 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.07%	▲ 0.15%	▲ 0.51%	▼ 0.19%
57,613.72	27,518.25	3,255.54	3,245.38

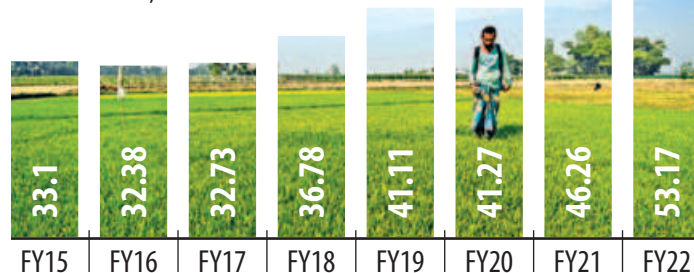
## COVERAGE OF HYBRID VARIETIES DURING BORO SEASON

In lakh hectares; SOURCE: BBS & DAE



## Production of hybrid rice during Boro season

In lakh tonnes; SOURCE: BBS



## Hybrid rice planted on record area

SOHEL PARVEZ

Farmers have planted hybrid rice on the highest amount of land in the current Boro season, the source of the biggest crop output, to profit from higher production and prices of the staple grain in the market.

Preliminary data of the Department of Agricultural Extension (DAE) showed that overall planting of Boro increased nearly 4 per cent to 49.99 lakh hectares of land in this cultivation season.

Of that, hybrid varieties of paddy cover 14 lakh hectares, the highest on record, which is nearly one-third of the total acreage of Boro.

On a year-on-year basis, the area being used for hybrid cultivation is 23 per cent higher from the 11.36 lakh hectares recorded by the Bangladesh Bureau of Statistics (BBS) in fiscal year 2021-22.

"We have really seen a good year. Most of the companies have had good business this year," said Humayun Kabir, managing director of Supreme Seed Company Ltd, a major seed seller.

This is the seventh consecutive year farmers have shown growing interest to increase land allocation for hybrid rice, a type of rice bred from two very different parents to bag a higher yield from a relatively

smaller piece of land.

The scenario gradually changed since fiscal year 2015-16 when acreage of hybrid rice stood at 6.81 lakh hectares, according to the BBS.

In fiscal year 2021-22, farmers bagged 53 lakh tonnes of rice from the hybrid varieties during the Boro season, the harvests of which are made in the April-June period.

The amount was more than a fourth of that fiscal year's Boro season output of 2 crore tonnes. In terms of acreage, the area under hybrid cultivation was over one-fifth of the total land used during the Boro season.

Kabir of Supreme Seed said hybrid rice provides up to 20 per cent higher yield than inbred varieties if farmers properly follow cultivation practices. This is one of the major reasons for the increase in the planting of the varieties.

Besides, introduction of finer grain varieties of hybrid has attracted growers as finer grains enable better marketability than coarse grains, he said.

"The middle-income population prefers finer rice than coarse ones and companies have started introducing the varieties for the last five-six years," said Kabir, also general secretary of Bangladesh Seed Association.

READ MORE ON B3

## Alibaba to split into six units, explore IPOs

REUTERS

Alibaba Group Holding Ltd is planning to split its business into six main units covering e-commerce, media and the cloud, the company said on Tuesday, adding that each of the units will explore fundraising or initial public offerings.

US-listed shares of Alibaba rose 3.5 per cent in trading before the bell.

The six units will include Cloud Intelligence Group, Taobao Tmall Commerce Group, Local Services Group, Cainiao Smart Logistics Group, Global Digital Commerce Group and Digital Media and Entertainment Group.

Each of the six will be managed by its own CEO and board of directors.

Daniel Zhang will continue to serve as chairman and CEO of

**Daniel Zhang will continue to serve as chairman and CEO of Alibaba Group, which will follow a holding company management model**

Alibaba Group, which will follow a holding company management model, the company said in a statement.

Zhang will also serve as CEO of Cloud Intelligence Group, as previously announced.

News of the restructuring comes one day after Alibaba founder Jack Ma was spotted at a primary school in Hangzhou, marking his first public appearance in mainland China in over a year.

Ma left China in late 2021 just as authorities launched a regulatory crackdown on the country's tech sector.

Ma's stay abroad came to symbolise a reversal of fortunes for China's private sector after his empire and the technology industry were the targets of Beijing's regulatory crackdown.



Hannan is seen wrapping Thai guava with papers after purchasing the fruit from a local orchard for about Tk 18 per kilogramme. Demand for guava peaks during Ramadan each year for being a popular iftar item. The fruit is being sold at markets in Dhaka for at least Tk 40 to Tk 50 per kilogramme. This picture was taken from Lakkhikundu village of Jhenaidah's Kotchandpur upazila recently. PHOTO: HABIBUR RAHMAN

# Stocks of both bourses down for second day

Lower investor participation to blame

STAR BUSINESS REPORT

All indexes of the Dhaka and Chattogram stock exchanges fell for the second consecutive day yesterday amidst shaky participation from investors.

The DSEX, the benchmark index of the Dhaka Stock Exchange, edged down 10 points, or 0.17 per cent, to close the day at 6,193.

The DS30, the blue-chip index, decreased 0.21 per cent to 2,210 while the DSES, the shariah-compliant index, went down 0.30 per cent to 1,345.

Turnover, one of the key indicators of the market, fell to Tk 272 crore from Tk 317 crore a day earlier, a decrease of 14 per cent. Of the securities, 28 advanced, 56 declined and 201 remained unchanged on the premier bourse in Bangladesh.

The stock market extended its falling streak amidst shaky participation from investors.

said International Leasing Securities Ltd in its daily market analysis.

"The market observed volatility throughout the session as risk-averse investors went for profit booking on sector-specific issues."

Among the sectors, cement gained 1.6 per cent, service was up 1.2 per cent and tannery rose 1.1 per cent.

In contrast, the paper and printing sector fell 3.5 per cent, the jute sector was down 2.4 per cent and the travel and leisure fell 1.1 per cent.

The travel and leisure sector accounted for 16.1 per cent of the turnover. The IT sector represented 12.5 per cent, the food and allied sector made up 12.3 per cent, and the life insurance sector constituted 9.7 per cent of the turnover.

Among the individual stocks, Intech Limited posted the highest gain, advancing 10 per cent.

Legacy Footwear Ltd rose 9.71 per cent,

National Feed Mill was up 6.85 per cent, Bangladesh Autocars advanced 5.73 per cent and Oimex Electrode increased 4.79 per cent.

Jute Spinners Ltd suffered the sharpest fall, giving up 6.76 per cent. Hakkani Pulp & Paper Mills declined 5.17 per cent and Sonali Paper & Board Mills shed 5 per cent. GQ Ball Pen Industries retreated 4.56 per cent.

Eastern Housing was the most-traded stock on the DSE with its shares of Tk 20.43 crore changing hands. Unique Hotel & Resorts, Sea Pearl Beach Resort & Spa, Rangpur Dairy & Food Products and Genex Infosys also witnessed significant turnover.

The Caspi, the all share price index of the Chittagong Stock Exchange, declined 46 points, or 0.25 per cent, to 18,279.

Of the issues, 19 rose, 34 retreated, and 48 saw no price movement.

Turnover dipped more than 41 per cent to Tk 4.23 crore. It was Tk 7.19 crore a day earlier.

## Prizes offered on Vision blender purchases

STAR BUSINESS DESK

Electronics brand Vision of Pran-RFL Group yesterday launched a "Lakhpoti offer", offering 1 lakh prizes worth up to Tk 1 lakh on the purchase of its blenders until April 30 marking Eid-ul-Fitr.

Kazi Rashidul Islam, executive director of Vision Electronics Limited, inaugurated the campaign at the company's head office in Dhaka, said a press release.

The offer can be availed at all shops including Vision Emporium and Best Buy.

Shaikh Mahabubur Rahman, head of marketing, SM Salahuddin, general manager of Vision Emporium, Akram Hossain, assistant general manager, and Rezwanul Hoque, assistant brand manager, were present.

## Gold slips for third session

REUTERS

Gold prices dipped for a third straight session on Tuesday, retreating further from the key \$2,000 mark, with investors turning towards higher-risk assets as banking turmoil subsides, although a softer dollar limited losses.

Spot gold was down 0.2 per cent at \$1,951.80 per ounce, as of 0924 GMT. US gold futures fell 0.1 per cent to \$1,952.10. Last week, gold breached the \$2,000 level after bank contagion fears bolstered safe-haven flows.

European stocks extended their recovery as investors hoped that the banking crisis will be contained after a buyout deal for the failed Silicon Valley Bank.

Gold is under pressure as calm has returned to the market after the recent developments in the banking sector, thereby lifting riskier assets, said Ole Hansen, head of commodity strategy at Saxo Bank.

In the near-term, gold prices could slip to \$1,933, but the outlook for gold remains bullish with fast approaching peak in US rates and a danger of hitting a recession in coming months, Hansen added.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (MAR 28, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	0	3.85 ↑
Coarse rice (kg)	Tk 46-Tk 50	-4 ↓	3.23 ↑
Loose flour (kg)	Tk 58-Tk 60	-4.24 ↓	54.79 ↑
Lentil (kg)	Tk 95-Tk 100	0	0
Soybean (litre)	Tk 170-Tk 175	1.47 ↑	16.95 ↑
Potato (kg)	Tk 20-Tk 25	12.5 ↑	18.42 ↑
Onion (kg)	Tk 35-Tk 40	25 ↑	7.14 ↑
Egg (4 pcs)	Tk 43-Tk 47	3.45 ↑	26.76 ↑

SOURCE: TCB



Nur Mohammed, chairman of Jamuna Bank, inaugurated two sub-branches at Bagbari and Rajfulbaria in Savar yesterday. Kanutosh Majumder, director, Md Humayun Kabir Khan, independent director, and Mirza Elias Uddin Ahmed, managing director, were present. PHOTO: JAMUNA BANK



Tahsin Taher, head of retail segment and strategy of Mutual Trust Bank, and Nasrin Serin, founder of USB Certification, exchanged signed documents of an agreement on payroll services at MTB Tower in Dhaka recently. Rashid Ahmed Bin Wali, head of MTB payroll banking (acting), Mohammad Ruhul Neeyamur Rashid, senior relationship manager, and Md Hasnat Kabir, country manager of USB Certification, were present. PHOTO: MUTUAL TRUST BANK

## Buoyant bitcoin's losing its liquidity

REUTERS

Bullish bitcoin has been a surprise winner of the banking blowout. Yet investors aiming to amp up their bets face an ominous obstacle: a lack of liquidity that could trigger wild price swings.

The price of the No.1 cryptocurrency has jumped 40 per cent to around \$27,700 since

March 10, when the failure of Silicon Valley Bank (SVB) careered into mainstream markets.

On the flip side, though, its liquidity is drying up.

Bitcoin's market depth indicates the asset is at its lowest level of liquidity in 10 months, even lower than in the aftermath of the FTX collapse in November, according to data provider Kaiko. The market depth for the two

leading trading pairs - bitcoin-dollar and bitcoin-tether - stands at 5,600 billion, the equivalent of about \$155 million, Kaiko said.

"As a market maker we try to provide liquidity where we can but we're facing a difficult situation," said Kevin de Patoul, CEO of Keyrock. "There is a big network effect here. In the short term at least, liquidity will remain a challenge."

## More food shortages could add to Britain's price pressure

REUTERS, London

Britons already reeling from the biggest rise in food prices since 1977 may have to get used to shortages of fresh vegetables as soaring costs and unpredictable weather hit domestic production.

British shoppers have faced a shortage of tomatoes, cucumbers and peppers in recent weeks after disrupted harvests in north Africa reduced supply, while inflation forced industry buyers to spend more on less from key markets such as Spain.

Tax office data showed Britain imported 266,273 tonnes of vegetables in January 2023 - the smallest amount for any January since 2010, when the population was around 7 per cent smaller than it is now.

Compounding matters, UK production of salad ingredients is expected to hit a record low this year as costly energy deters British producers from planting crops in greenhouses.

The tight conditions have helped to push British food price inflation to levels not seen for almost 50 years.

Industry data from market researcher Kantar on Tuesday showed UK grocery price inflation hit a record 17.5 per cent in the four weeks to March 19, underscoring the problem for policymakers.

Many UK food retailers are buying less, knowing their customers cannot afford to spend so much, taking a hit to their profits in the process.

Jack Ward, CEO of the British Growers Association, said there was

now a question mark over the future of Britain's fresh food producers.

"There's a limit to how long growers can carry on producing stuff at a loss," he said.

Growers, farming unions and shop owners warn of more shortages ahead, possibly soon spreading to other home-grown crops, including leeks, cauliflowers and carrots because of summer drought and winter frosts.

In March, the UK typically imports about 95 per cent of its tomatoes, but that drops to 40 per cent in June through to September.

The warnings come after supermarkets were forced to ration egg sales late last year, while the cost squeeze extends to poultry and pig farmers, prompting many to quit the industry.

## Global economy's 'speed limit' set to plunge

FROM PAGE B4

These declines would be much steeper in the event of a global financial crisis or a recession.

"A lost decade could be in the making for the global economy," said Indermit Gill, chief economist of the World Bank.

"The ongoing decline in potential growth has serious implications for the world's ability to tackle the expanding array of challenges unique to our times - stubborn poverty, diverging incomes, and climate change. But this decline is reversible. The global economy's speed limit can be raised - through policies that incentivise work, increase productivity, and accelerate investment."

The analysis shows that potential GDP growth can be boosted by as much as 0.7 percentage points - to an annual average rate of 2.9 per cent - if countries adopt sustainable, growth-oriented policies. That would convert an expected slowdown into an acceleration

of global potential GDP growth.

"We owe it to future generations to formulate policies that can deliver robust, sustainable, and inclusive growth," said Ayhan Kose, a lead author of the report and director of the World Bank's Prospects Group.

"A bold and collective policy push must be made now to rejuvenate growth. At the national level, each developing economy will need to repeat its best 10-year record across a range of policies. At the international level, the policy response requires stronger global cooperation and a re-energised push to mobilise private capital."

The report lays out an extensive menu of achievable policy options, breaking new ground in several areas. It is also the first to assess how a range of short-term economic disruptions - such as recessions and systemic banking crises - reduce potential growth over the medium term.

"Recessions tend to lower potential growth," said Franziska Ohnsorge, a

lead author of the report and manager of the World Bank's Prospects Group.

"Systemic banking crises do greater immediate harm than recessions, but their impact tends to ease over time."

The report highlights specific policy actions at the national level that can make an important difference in promoting long-term growth prospects.

They include aligning monetary, fiscal, and financial frameworks, ramping up investment, cutting trade costs, capitalising on services, and increasing labour force participation.

The report also underscores the need to strengthen global cooperation. International economic integration has helped to drive global prosperity for more than two decades since 1990, but it has faltered.

"Restoring it is essential to catalyse trade, accelerate climate action, and mobilise the investments needed to achieve the Sustainable Development Goals," said the World Bank report.



Clothes manufactured by local garment makers are a big draw for people seeking affordable attire ahead of Eid-ul-Fitr. The photo was taken opposite Dhaka College in the capital last Saturday.

PHOTO: RASHED SHUMON

FOUR-MEMBER FAMILY IN DHAKA

# Monthly food expense rises 51% in four years: CPD

MD ASADUZ ZAMAN

The average monthly food expense for a four-member household in Dhaka has increased by up to 51 per cent over the past four years due to persisting high inflation, according to a study by the Centre for Policy Dialogue (CPD).

Even if the family refrains from eating meat or fish for a whole month, they would have to spend at least Tk 7,131 on food as of this February, up 51 per cent from the same month in 2019, it said.

If the family does include fish and meat in their diet, they would have to spend around Tk 22,664 as of this February, up 44 per cent from Tk 15,705 four years ago, the CPD added.

"Compared to last year, a family now has to spend a further 25 per cent only on food expenses, which is difficult for minimum wage earners," said Syed Yousuf Saadat, research fellow of the CPD who conducted the study.

"The way food expenses have increased by 25 per cent in the last one year, no one's salary or wages has actually increased to such a level, unless he/she got a huge promotion," he added.

Saadat then said the CPD calculated the data based on the "Bangladesh Urban Socio-Economic Assessment Survey" of the Bangladesh Bureau of Statistics (BBS), where they accounted for the amount of food each person consumes every day.

The average cost of purchasing 19 essential consumer goods, including rice, pulses, oil, sugar, flour, salt, fish and meat, were calculated under the survey.

Usually, a minimum wage earner gets a 5 per cent increment annually, but when expenses increase by 25 per cent in just a year, it forces them to compromise their diet.

"Even if two of a four-member family earn minimum wage, they will still face difficulty to eat a regular diet along with

purchasing non-food items," Saadat said.

He suggested the concerned authorities consider increasing the minimum wage in all industries so that minimum wage earners can at least afford basic food.

Khondaker Golam Moazzem, research director of the CPD, said the living standard of fixed or limited-income groups has been badly disrupted by recent inflation as their real income has eroded.

Over the past four years, peoples' wages did not increase by more than 6 per cent annually.

And due to the rising cost of living, low and minimum-income groups are also gradually compromising on their needs.

"If the situation continues, they may have to take more stern decisions, such as returning to their village homes or sending their children to work," he added.

The economist also sees the possibility of job cuts if the situation becomes worse.

With this backdrop, the government should continue providing stimulus to

small-and-medium enterprises to help them survive the difficult time.

"It should also extend the scope for direct cash assistance programmes for low-income groups," Moazzem said.

In a recent budget proposal for the next fiscal year, the CPD said although the prices essential food items have decreased in the international market, they have yet to fall in Bangladesh.

"Not only the price of imported products, but also that of local products are on the rising trend," it added.

The think-tank also revealed that at least 28 imported essential food items currently face a high incidence of tax.

Considering the soaring inflation, the National Board of Revenue should reduce the duties and taxes on these essential commodities to provide some respite to consumers with low or limited income.

"If the taxes on the 28 products were reduced, people would get some relief," the CPD said.

## BGMEA seeks duty-free benefit for garment export to US

STAR BUSINESS REPORT

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has requested the US authorities for duty-free access to the US market for garment products made from the American cotton.

The trade body wrote in separate letters to Governor of Texas Greg Abbott, Senator from the Texas Ted Cruz, and US ambassador to Bangladesh Peter Haas on Monday.

In the letter, the BGMEA said on February 19, this year, the Bangladesh government eased the rules of mandatory fumigation tests for importing cotton from the Western Hemisphere countries or regions that cover the United States of America.

The relaxation of the rule will certainly make trade easier, reduce time and cost of importing cotton from the US, it said.

Bangladesh's garments face a 15.62 per cent tariff in the US market.

Bangladesh is the second largest apparel exporting country in the world, and its share in the global apparel trade is 6.37 per cent, according to BGMEA.

In 2022, Bangladesh's apparel export to the world reached \$45.71 billion.

## Oil sales to India soar amid Ukraine conflict: Russia

AFP, Moscow

Russian oil sales to India surged more than twentyfold last year as European buyers turned to other markets following the conflict in Ukraine, Russia's deputy prime minister said Tuesday.

Russia shifted its oil exports to India and China last year as European Union nations sought to end their reliance on Russian energy supplies after Moscow sent troops into neighbouring Ukraine.

The EU imposed an embargo on seaborne Russian oil in December alongside a price cap on Russia crude that was agreed with the Group of Seven industrialised powers.

The shift has meant cheaper Russia energy imports for China and India.

"Most of our energy resources were redirected to other markets, to the markets of friendly countries," Deputy Prime Minister Alexander Novak said in comments carried by Russian news agencies.

"If for example we take oil supplies to India, they increased 22 times last year," Novak said.

Novak, who is in charge of Russia's energy sector, also noted that supplies to China were increasing as a "result of the great work that has been done in the industry."

Russia, a major producer and key ally of the OPEC oil cartel, cut crude production by 500,000 barrels per day this month in response to the Western sanctions.

## Hybrid rice planted

FROM PAGE B1

During the early stage of hybrid rice cultivation in Bangladesh, Chinese varieties were introduced and the rice became sticky after boiling.

"Now the quality of hybrid rice is better. The amount of stickiness is low," he said, adding that these factors were encouraging growers to replace inbred rice.

Kabir said cost of cultivation of hybrid was not much higher than high yielding varieties. The cost of seed is higher, accounting for 10 per cent of the total cost, he said.

Farmers also need to apply more fertiliser, he said, adding that the agronomy, or the science of soil management and crop production, of hybrid rice cultivation was almost the same.

"But they can cover the cost when it comes to overall production," said Kabir.

FH Ansarey, managing director of ACI Agribusiness Division, said an increase in the price of paddy had encouraged growers to invest more

on hybrid cultivation.

Prices data compiled by the by Food and Agriculture Organization showed that wholesale rate of a quintal or 100 kilogrammes of coarse rice was Tk 4,326 in February this year, up from Tk 4,155 a year ago.

"We expect good sales in the coming Aman season too," he said.

Anwar Faruque, a former agriculture secretary, said an increased number of companies were in the seed business.

"Their promotional campaigns also had an impact," he said.

DAE Director General Badal Chandra Biswas said increased coverage of hybrid was a positive development as overall production would rise.

Regarding increased acreage of Boro, he said new areas had come under Boro cultivation this year. Many tobacco farmers had switched to rice this year, he said.

"We have also seen farmers planting rice after harvesting potato," he said.

## RMG export orders fall



Suppliers who make high-end garment items are faring well while the producers of low-end and basic products are performing poorly, said an exporter.

PHOTO: STAR

FROM PAGE B1

The earnings are growing on the back of a spike in shipments for high-end value-added garment items. For instance, many of the local exporters are supplying winter jackets worth \$50 apiece, a massive development for the apparel sector. This was almost unthinkable even five years ago.

The shipment is growing to new destinations as the demand for locally made garment items has increased in Asian nations, according to the BGMEA chief.

The shipment to emerging markets was \$849 million in 2008-09 and their share in the total apparel exports was 6.87 per cent. The amount jumped to \$6.37 billion in 2021-22 and the share surged to 14.96 per cent, BGMEA data showed. In July-February of FY23, the

shipment to the non-traditional market was \$5.69 billion and the share was 18.13 per cent.

The shipment to India rose to \$753.92 million in July-February, up 61.57 per cent year-on-year. It grew 47.65 per cent to \$1.08 billion in Japan, BGMEA data showed.

Jabbar said Bangladesh has been performing strongly despite the war largely because of the shipment of value-added garment items. "As a result, the impacts of the war on the overall earnings have not been noticeable."

Moreover, local entrepreneurs have invested \$5 billion to \$6 billion in the garment industry in recent years, he said.

"Most of the fund has been used in modernising factories. The investment has started to pay off."

Currently, the investment in the

garment sector stands at \$25 billion and a similar amount has been pumped into the primary textile sector, which includes the spinning, weaving and dyeing industries.

Another \$25 billion in new investments may come in the textile and garment in the next five years as the sector looks to raise apparel shipments to \$100 billion.

Siddiqur Rahman said exports are growing as suppliers are receiving back payments that were due during the peak of Covid-19.

Buyers are paying higher prices following the price hike of raw materials, freight charges and utilities."

Exporters hope that the orders will rebound from July as stores are expected to finish selling the old stocks while the shipping for the next winter season will kick in.

## Global banking volatility eases

REUTERS

Immediate investor concerns over the banking sector eased on Tuesday, lifting stock prices, with the European Central Bank's supervisory chief saying recent sector volatility underscored the need to step up regulatory scrutiny.

European banks were up 1.2 per cent, adding to Monday's 1.4 per cent gain, with UBS 1.6 per cent higher after its CEO said the Swiss bank sees its government-orchestrated Credit Suisse takeover as a growth opportunity. Credit Suisse shares rose 1.7 per cent.

The safe-haven US dollar, meanwhile, lost ground against a basket of major currencies for a second day, while the price of gold also fell as investors shifted back into riskier assets.

Top US banking regulators said on Monday they planned to tell Congress that the overall financial system remains on a solid footing after recent bank failures but will comprehensively review their policies in a bid to prevent future collapses.

## Traders' access

FROM PAGE B1

renewable energy, automobile manufacturers and repairing industries, handicrafts, energy-efficient device makers, jewellery, toy industries, cosmetics and toiletries, furniture makers, and mobile, computer and television servicing industries.

Under the scheme, banks and NBFIs receive funds at 2 per cent from the central bank, while borrowers get loans at a maximum interest rate of 7 per cent.

But lenders with more than 10 per cent of default loans can't access funds under the scheme. Besides, they will have to have at least three years of business experience.

There are 78 lakh SME units across the country.

## Bid to develop cold chain

FROM PAGE B1

losses, as reported by The Food and Agriculture Organization of the United Nations, with post-harvest loss of 26 per cent for fruits and 12-30 per cent for fish.

These inefficiencies can have a severe impact on the country's food security and economy so the cold chain infrastructure needs to develop, said Ershad Hossain, managing director and CEO for City Bank Capital.

Many corporates want to add to the infrastructure. "We will give the financial advice while Venture37 technical advice," he said.

"This partnership will not only enhance the competitiveness of the temperature-controlled logistic sector but will also create new opportunities for businesses and

investors alike," he added.

Venture37 is already providing technical assistance under a project of the United States Department of Agriculture named Bangladesh Trade Facilitation Project.

In 2021, the USDA launched a \$27 million project to support the government to expand cross border trade in agricultural goods by simplifying and automating import and export processes and improve capacity of laboratories and warehouses.

The five-year scheme, Bangladesh Trade Facilitation Project, also aims to work on fostering private and public investment in cold storages facilities and temperature-controlled logistics to make international trade of agricultural products more efficient.



## Bank subsidiaries may go under BB control

### Cabinet approves final draft of law

STAR BUSINESS REPORT

Banks' subsidiaries including brokerage firms, merchant banks and asset management companies are going to fall under the purview of Bangladesh Bank as per the final draft of a bank company (amendment) act, 2023.

The cabinet approved the final draft yesterday. According to the draft, banks will have to follow the central bank's orders when recruiting the boards of directors, managing directors or chief executive officers.

Moreover, if existing officials do not meet qualifications and eligibility requirements stipulated by the central bank, they will lose the right to retain their posts.

If Bangladesh Bank is dissatisfied with the activities of the board members, managing directors or CEOs and if those are unacceptable or adversely affects the banks, the central bank will have the right to order the respective banks to take action against them.

The central bank will even be allowed to declare void the approval of the subsidiaries if they violate any condition imposed by the regulator or if those become involved in any activity that has an adverse effect, it said.

The banks' subsidiaries will also remain under the purview of the Bangladesh Securities and Exchange Commission (BSEC), explained an anonymity-seeking top official of a merchant bank which is a subsidiary of a renowned bank.

However, through the amendment the central bank will gain some control, he said.

Working under two regulators might be tough for the companies so the BB and BSEC should ensure that they have good cooperation in place, he added.

The banks will not be allowed to invest capital in the subsidiaries higher than that stipulated in the central bank's orders.

The banks will have to limit their capital market exposure so that the market value of their listed companies' shares, corporate bonds, debentures, mutual funds and lending in stock market related companies do not cross 25 per cent of their paid-up capital, share premium and retained earnings.

That the investments of banks in non-listed companies' shares, bonds, debentures and mutual funds are in line with the central bank's orders will have to be informed from time to time.

## Pioneer Insurance posts lower profit in 2022

STAR BUSINESS REPORT

Pioneer Insurance Company Ltd posted a 12 per cent year-on-year decline in profit to Tk 51.57 crore in the financial year that ended on December 31.

Its profit stood at Tk 58.68 crore in the previous financial year of 2021.

Thus, the insurer reported earnings per share of Tk 6.09 for 2022 compared to Tk 6.93 (restated) in 2021.

A restatement is an act of revising one or more of a company's previous financial statements to correct an error.

The net asset value per share of Pioneer Insurance rose to Tk 46.88 in 2022 from Tk 44.23 (restated) in 2021, while the net operating cash flow per share slipped to Tk 7.57 from Tk 7.86 (restated) during the period.

The board of directors recommended a 25 per cent cash and a 5 per cent stock dividend for 2022. Shares of Pioneer Insurance closed unchanged at Tk 71.50 on the Dhaka Stock Exchange yesterday.

# REMITTANCE CHANGING rural economy of Bangladesh

### Being invested in small-scale income generating opportunities

JAMIL MAHMUD

Supported by remittance, the families of Bangladeshi migrant workers are playing a crucial role in developing the country's rural economy by not only purchasing goods, but also investing in different small-scale income generating opportunities, according to experts.

Alongside agricultural activities, remittance is a major driver of the rural economy as the inflow of such funds creates more demand for goods and services, they said.

As per a study by the Bangladesh Bureau of Statistics (BBS), styled "Cost of Migration Survey: Bangladesh 2020", about 62 per cent of the 2.7 million workers that went abroad between 2015 and 2018 hailed from rural areas.

Meanwhile, the national statistical agency's "Household Income and Expenditure Survey-2016" published in 2019 says about 68.44 per cent of the remittance received by rural families is used to meet basic need while 27.98 per cent is invested in various ventures.

Professor Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, said remittance has been playing a big role in boosting non-agricultural activities for the past few decades.

"Remittance has a positive impact on the rural non-farm economy, commercialisation of agriculture and rural small-scale industries," he told The Daily Star.

For example, the families of migrant workers would have to buy rods and bricks

should they want to build a house and so, this indirectly stimulates production.

So, it can be said that remittance has a positive "multiplier effect" on the domestic economy in terms of generating employment and raising aggregate demand, he added.

Since the introduction of agent banking in 2013, families of migrant workers in rural areas have received about Tk 1.04 lakh crore in remittance as of December last year, shows Bangladesh Bank data.

This was about 91 per cent of the Tk 1.14 lakh crore worth of remittance received through agent banking during the period.

The country's total inward remittance amounted to Tk 12.54 lakh crore between fiscal years 2013-14 and 2021-22, it added.

Zahid Hussain, former lead economist of the World Bank's Dhaka office, said much of the money remitted by migrant workers is initially spent on repaying the loans taken to send them abroad.

But after those dues are clear, the remittance helps beneficiaries improve their livelihoods.

Different analyses suggest that remittance-receiving families spend more on education, healthcare, food and sanitation compared to other groups of people.

"So, remittance plays a big role in improving the living standards of rural families and ensuring financial security," he added.

To understand correlation between labour migration, poverty and development, the Refugee and Migratory Movements Research Unit (RMMRU),

supported by the Swiss Agency for Development and Cooperation (SDC), conducted three surveys in 2014, 2017 and 2020 in rural areas across 20 districts.

The surveyed districts were chosen based on their high, medium or low prevalence of migration while the families of non-migrants and internal migrants were also interviewed.

Last year, the RMMRU published an e-book titled "Impact of Migration on Transformation to Sustainability: Poverty and Development in Bangladesh", based on the findings.

**Alongside agricultural activities, remittance is a major driver of the rural economy as the inflow of such funds creates more demand for goods and services**

According to the e-book, remittance receiving families fare better compared to non-migrant and internal migrant families when it comes to using agricultural equipment such as irrigation pumps, power tillers and tractors.

For example, 25 per cent of remittance-receiving families use irrigation pumps compared to 24 per cent of non-migrant families and 19 per cent of internal migrant families in 2020.

That year, 47 per cent of the remittance receiving families were involved in poultry farming, 28 per cent in animal rearing, and 6 per cent in aquaculture.

Besides, 1.4 per cent of remittance-

receiving families were involved in local enterprises such as textile units, spice mills, saw mills, hotels and restaurants.

Moreover, 8 per cent of them invested in transportation, such as rickshaws, microbuses and trucks, while 12 per cent bought shops in different locations.

The e-book says the poverty rate among 1,565 remittance-receiving families has reduced from 10.9 per cent in 2014 to 6 per cent in 2020.

"It is hard to quantify but the contribution of successful migrants in the country's rural economy is huge," said Professor Tasneem Siddiqui, founding chair of RMMRU and editor of the e-book.

She then said remittance-receiving families possess a better purchasing capacity compared to the general public and tend to buy more goods than others.

"As a result, local markets flourish," Tasneem added.

Remittance is also an important part of sustainable agricultural production as rural remittance-receiving families spend significant amounts on irrigation.

However, it cannot be said that every migrant family is doing equally well in terms of economic progress as there are instances of "failed migration", she said.

Economist Zahid Hussain said a significant portion of inward remittance is a result of migrant workers sending their savings home.

This money is mostly invested in the agriculture and service sectors as the amounts are not large enough to invest in industry, he added.

## Global economy's 'speed limit' set to plunge

### Says World Bank, blaming systemic banking crises

STAR BUSINESS REPORT

The global economy's "speed limit"—the maximum long-term rate at which it can grow without sparking inflation—is set to slump to a three-decade low by 2030, a new World Bank report showed.

"An ambitious policy push is needed to boost productivity and the labour supply, ramp up investment and trade, and harness the potential of the services sector," it said.

The report -- Falling Long-Term Growth Prospects: Trends, Expectations, and Policies -- offers the first comprehensive assessment of long-term potential output growth rates in the aftermath of the Covid-19 pandemic and the Russian invasion of Ukraine. These rates can be thought of as the global economy's "speed limit."

The report documents a worrisome trend: nearly all the economic forces that powered progress and prosperity over the last three decades are fading. As a result, between 2022 and 2030 average global potential GDP growth is expected to decline by roughly a third from the rate that prevailed in the first decade of this century—to 2.2 per cent a year.

For developing economies, the decline will be equally steep: from 6 per cent a year between 2000 and 2010 to 4 per cent a year over the remainder of this decade.

READ MORE ON B2



A tractor sprays pesticides on wheat crops in Arapongas, Brazil. Wheat prices were 4 per cent up in the two weeks to March 23 compared to the same period a year ago in the global market, according to the World Bank.

PHOTO: REUTERS/FILE

## Rice, wheat and maize prices fall further globally: WB

STAR BUSINESS REPORT

The prices of rice, wheat and maize fell globally in the two weeks to March 23 compared to two weeks ago, showed the World Bank Food Security Update.

It said maize and rice prices closed 1 per cent lower and wheat closed 2 per cent down than two weeks ago.

Maize prices fell 13 per cent and wheat prices were almost 34 per cent lower than the highs of more than a year ago when Russia invaded Ukraine. Rice prices were up 17 per cent.

Maize and wheat prices were, respectively, up 22 per cent and 4 per cent than in January 2021, while rice prices were 4 per cent lower.

The agricultural, cereal and export price indices closed 3 per cent, 2 per cent, and 2 per cent lower, respectively, in the two weeks to March 23, World Bank data showed.