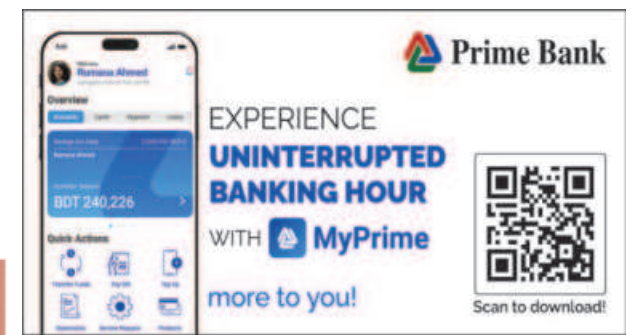


Star BUSINESS



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

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WHY THE SLOWDOWN

Severe impact of Russia-Ukraine war

Rising living cost in major export destinations

Unsold stock in retail stores

BY THE NUMBERS

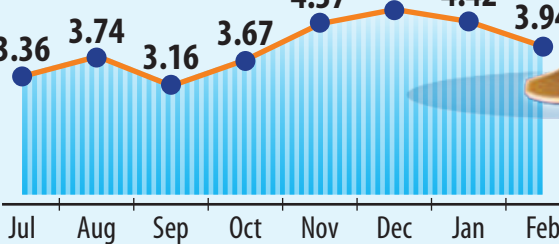
Work orders declined by 20% to 40%

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.

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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,

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| 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 |

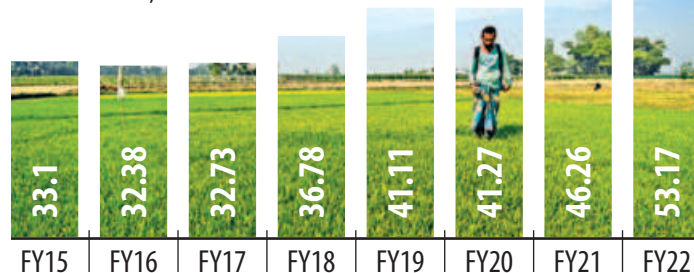
COVERAGE OF HYBRID VARIETIES DURING BORO SEASON

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.

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