



A parade of workers at a plantation in Sreemangal upazila of Moulvibazar are seen carrying sacks of freshly harvested tea for weighing before being sent to refineries in other regions. The ongoing heatwave could take a toll on production this year as the plants are mostly withering.

PHOTO: MINTU DESHWARA

IPDC Finance’s profit plunges 93% in Q1

STAR BUSINESS REPORT

IPDC Finance Limited reported a 93 per cent year-on-year fall in profit to Tk 1.48 crore in the first quarter of the current financial year.

The non-bank financial institution made Tk 22.26 crore profit in January-March of 2022.

So, IPDC Finance’s earnings per share plummeted to Tk 0.04 in the first three months of 2023 from Tk 0.60 posted in the same period of 2022, according to a filing on the Dhaka Stock Exchange.

The net operating cash flow per share stood at Tk 13.25 negative in January-March against Tk 13.28 negative in the identical period last year.

The net asset value per share with revaluation edged up to Tk 18.38 on March 31 from Tk 18.33 on December 31. Without revaluation, it was Tk 17.55 on March 31 against Tk 17.51 on December 31.

Shares of IPDC Finance closed at Tk 57.60 on the DSE on Monday.

Extreme heat hampering tea production

MINTU DESHWARA

Tea farmers in Bangladesh are concerned about seeing lower yields this year as much of their trees have been afflicted by various diseases and pests amid the ongoing heatwave and insufficient rain.

With this backdrop, experts suggest that farmers irrigate their fields rather than wait for rainfall in order to restore the normal growth cycle.

Mujibur Rahman, an assistant of the Bangladesh Meteorological Department in Sreemangal upazila of Moulvibazar, said local temperatures were as high as 38 degrees Celsius in the third week of April.

“Such extreme heat leads to health issues for humans and plants alike,” he added.

Rahman also said temperatures in the region have been hovering around 35 degrees Celsius, which is much higher than what tea trees can tolerate.

As a result, buds that manage to take hold are turning pale while some trees are seeing their leaves drop before even reaching this stage.

Besides, production will definitely decrease if the plants do not get enough water through either natural or artificial means, he added.

Shamim Ahmed Chowdhury, manager of Shirajnagar Tea



The leaves of tea trees are falling off before beginning to bud as the scorching heat continues to bear down on plantations.

Garden, said another issue is that red spider mites are spreading as the hot and dry weather creates ample ground for them to multiply.

The pests feed on tree sap, meaning that there is little left to carry nutrients to its leaves. As such, the plants begin to wither before eventually dying out.

Heat stress is also to blame for the lack of buds as the plants become afflicted with fungal diseases that prevent healthy growth.

Another reason is the invasion of loopers, which are caterpillar larvae of different moth species that feed on the leaves.

“But if the excessive heat cools down through rainfall, then these problems will be gradually fixed,” Chowdhury said, adding that farmers could also apply pesticides.

Jahar Tarafder, member secretary of the Tea Planters and Traders Association of Bangladesh, said many trees are dying amid the ongoing drought.

“The industry will be in a dire situation if this continues for long,” he added.

Tarafder went on to say that while 70 per cent of the tea trees had buds by this time last year, less than 20 per cent are currently budding.

Golam Mohammad Shiblee, chairman of the Sylhet chapter of the Bangladesh Tea Association, a platform of tea garden owners, said the local tea industry completely depends on rain.

Tea plantations need at least 5 to 7 inches of rain from January to March but such volumes were not seen this season, he added.

Dr Rafiqul Haque, director of the project development unit of Bangladesh Tea Board, said tea plants can thrive under conditions of 30 to 32 degrees Celsius while yields become moderate when temperatures reach 34 degrees Celsius.

“But production is almost completely gone when temperatures exceed 35 degrees Celsius,” he added.

Haque then said they are advising tea farmers to provide mulch under new seedlings while also ensuring irrigation so that the plants are nourished properly.

In addition, they advise farmers to plant their trees in shade and at least 20 feet apart to ensure proper growing conditions.

The tea industry had faced losses due to labour unrest last year and now the effects of climate change could do the same this year, he added.

According to the Bangladesh Tea Board, 9.38 crore kilograms of tea was produced by 167 gardens across the country in 2022, down 3 per cent from 9.65 crore the year before.

This year, the production target is 10.20 crore kilograms from more than 2.85 lakh acres of land.

Bond market investment tips for beginners

M SHAHRIAR AZAD BHUIYAN

Investing in the bond market of Bangladesh can be a great way for beginners to diversify their investment portfolio and earn a steady income.

The Bangladesh Securities and Exchange Commission approves bonds with a variety of characteristics, including zero-coupon, coupon-bearing, perpetual and green bonds, with some additional features such as redeemability and convertibility.

Here are some tips to get you started:

Understand the types of bonds: Before investing, it is important to understand the different types of bonds available in the market, such as government treasury bonds (G-Sec), corporate bonds and Sukuk (Islamic bond or Shariah-compliant bond). Each type has its own risk and return profile, so make sure to do your research and choose the one that best fits your investment goals and risk tolerance.

Fixed income: Bonds typically provide a fixed rate of return over a set period, making them a predictable investment. This feature can be attractive to investors who want to generate a reliable income stream.

Lower risk: Compared to stocks, bonds generally have lower volatility and a lower risk of loss of principal. This makes them a safer investment option for those who are risk averse. Investing in a bond is relatively a better option for the senior citizens due to its lower riskiness. However, due to lower return it is not much popular among other investor categories in Bangladesh.



Consider your investment horizon: The maturity of a bond can range from a few months to several years. Short-term bonds typically have lower yields but lower risk, while long-term bonds have higher yields but are more volatile.

Consider your investment horizon when choosing the maturity of your bonds.

Consider issuer’s creditworthiness: When investing in bonds, it’s important to consider the creditworthiness of the issuer. In Bangladesh, the government, commercial banks and corporations issue bonds. While the government’s bonds are considered the safest, it is essential to evaluate the issuer’s financial health, that is, ability to pay interest and principal on time before investing.

Diversify your portfolio: Investing in bonds can help diversify your portfolio, which can reduce your overall investment risk. Bonds can be a good complement to stocks, as they often perform differently than equities.

Keep an eye on interest rates: Interest rates can have a significant impact on bond prices. Bond prices are affected by changes in interest rates. As interest rates rise, bond prices fall and vice versa. This means that if you need to sell your bonds before they mature, you may have to sell them at a loss. So, it is a wise decision to keep an eye on the market and adjust your portfolio accordingly.

Consider investing in bond funds: If you are new to the bond market, consider investing in a bond fund that diversifies your investment across multiple bonds. This can help you spread your risk and earn a steady income.

Tax benefits: Currently, the National Board of Revenue collects upfront tax at a rate of 5 per cent on profit, coupon or interest of debt securities or bond.

Credit risk: Bonds are issued by well-established corporations or governments, and there is always a risk that the issuer may default on its debt obligations. This can result in a loss of principal for investors.

Inflation risk: Inflation can erode the buying power of your bond investments over time. While bonds offer a fixed rate of return, the real value of that return may decline if inflation outpaces it.

Consult a financial advisor: If you are unsure about how to invest in the bond market or have any questions, consider consulting a financial adviser.

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India extends \$1b credit line for Sri Lanka by a year

REUTERS, Colombo

India has extended a \$1 billion credit line for Sri Lanka by one year, a Sri Lankan official told Reuters on Tuesday, giving the crisis-hit country a backup funds to pay for essential imports.

The credit line, part of about \$4 billion in emergency assistance extended by India during the peak of Sri Lanka’s financial crisis early last year, was scheduled to end in March. Post negotiations, the credit line was extended until March 2024, said Sri Lanka’s Deputy Treasury Secretary Priyantha Rathnayake.

“There is about \$350 million left of the credit line that can be utilised as needed,” he said.

“However, given the increase of foreign exchange availability in the market, the need is not as keen as it was last year.” Reuters reported in March that Sri Lanka was negotiating with India to extend the facility, used so far mainly for medicines and food.

Sri Lanka’s reserves dropped to record lows in April last year, triggering its worst financial crisis since independence from British colonial rule in 1948. The island, off India’s southern coast, spent months struggling to pay for essential imports such as fuel, cooking gas and medicine and defaulted on its foreign debt.

The situation has now improved with Sri Lanka finalising a nearly \$3 billion bailout package from the International Monetary Fund in March and kicking off debt restructuring talks with key bilateral creditors India, Japan and China. Sri Lanka’s foreign exchange reserves hit \$2.7 billion at the end of last month.



Farmers harvest a wheat field in the Ukrainian Kharkiv region amid Russia’s ongoing invasion. Wheat prices declined 11 per cent in global markets over the past two weeks, according to the World Bank’s Food Security Update.

PHOTO: AFP/FILE

Wheat prices down globally, rice price unchanged

WB Update shows

STAR BUSINESS REPORT

Wheat and maize prices declined 11 per cent and 14 per cent, respectively, in the global markets in the past two weeks while rice prices have remained relatively unchanged, according to the World Bank’s Food Security Update.

The decrease in maize and wheat prices drove the decrease in the cereal price index.

The fall in coffee prices, which were 12 per cent lower than two weeks ago, was the primary driver of the slide in the export price index, according to the update released on May 8.

On a year-on-year basis, maize and wheat prices are 17 per cent and 38 per cent lower, respectively, while rice prices are 15 per cent higher.

Maize prices are up 13 per cent than in January 2021, while wheat and rice prices are down 6 per cent and 4 per cent lower, respectively.