PHOTO: HABIBUR RAHMAN

Workers at a farm in Joyrabad village in Abhaynagar upazila of Jashore are seen cutting down stalks of jute, which will later undergo retting to produce the eponymous golden fibre. Farmers spend up to Tk 30,000 to cultivate, cut and process each bigha of jute, which is selling for as much as Tk 2,500 per maund (37 kilogrammes).

BB raises farm loan disbursement target for FY24

Banks asked to disburse 50pc through own network

STAR BUSINESS REPORT

Bangladesh Bank yesterday gave lenders in the country a higher farm loan disbursement target for fiscal year (FY) 2023-24 in an effort to ensure that farmers get enough funds to invest in increasing food production.

As such, banks will have to collectively provide Tk 35,000 crore as agricultural loans in FY24, up nearly 14 percent year-on-year.

However, growers will be required to pay higher interest on loans this fiscal year as the central bank removed the cap on interest rates and introduced a corridor.

So, borrowers of agricultural credit will need to bear 9.13 percent interest on loans, up from 8 percent the previous year.

Bangladesh Bank issued the new farm loan disbursement target after the lenders gave out Tk 32,829 crore in FY23, which was higher than the target of Tk 30,811 crore the previous year.

AKM Sajedur Rahman Khan, deputy governor of Bangladesh Bank, said if any bank fails to achieve the farm loan disbursement target, then the undisbursed portion of funds will return to the Agriculture Development Common Fund.

Banks will have to collectively provide Tk 35,000 crore as agricultural loans in FY24, up nearly 14 percent year-on-year

Khan yesterday announced the target for FY24 through an event at the Bangladesh Bank headquarters in Dhaka.

As a part of the policy, banks will have to attain half of their farm credit disbursement target through their own network instead of NGOs or micro finance institutions (MFIs).

Previously, banks were required to disburse 30 percent through their own networks, central bank officials said.

In the last fiscal year, banks disbursed Tk 32,829 crore as farm loans, of which Tk 19,526 crore was disbursed through their own networks, they added.

When banks will fully disburse farm loans through their own networks, farmers will be able to avail the credit at 9.13 percent interest.

However, many farmers do not get the benefit as most banks give out farm loans through MFIs that charge much higher interest, bankers said.

As such, the interest rate goes up to 27 percent, they added.

Banks will have to disburse at least 13 percent of the targeted loans to the aquaculture sector and 15 percent to the livestock sector, as per the new agricultural credit programme.

In its policy, the central bank also asked lenders to disburse loans for rooftop gardening, vannamei shrimp, crab and eel farming.

Additionally, the banking regulator asked banks to give new farmers priority when lending.

In the last fiscal year, a total of 36.18 lakh farmers received farm loans and roughly half of them were women, who received a total of Tk 12,752 crore as agricultural loans, according to Bangladesh Bank.

Indian firms want to invest in healthcare, education, energy

DIPLOMATIC CORRESPONDENT

Indian companies are showing keen interest to invest in Bangladesh's healthcare, education and energy sectors, with the country's market size becoming bigger and the connectivity between the two neighbours stronger.

Sajal Dutta, chairman and managing director of West Bengal's Desun Hospital, said they are looking for land in four places -- Dhaka, Chattogram, Sylhet and Khulna -- for establishing specialised hospitals of cardiac, cancer, neuro and gastro care.

"Our target is to establish the hospitals in five years with an investment of Tk 1,000 crore," he said at a press conference organised by the Indian Chamber of Commerce (ICC) at Hotel Pan Pacific Sonargaon Dhaka yesterday.

ICC Director General Dr Rajeev Singh led a delegation of 85 Indian companies to Dhaka for the two-day India-Bangladesh Business Leaders' Meet, where the Indian and Bangladeshi businesses are discussing business opportunities.

According to data of the Indian government, some 2.5 million Bangladeshis go to India for healthcare every year.

And as per an ICC handout, the healthcare market in Bangladesh is projected to be $14 billion this year, making it a huge opportunity for the Indian healthcare sector.

Sajal Dutta said India provides high quality healthcare and Bangladesh has a high demand for this service. On the other hand, many Indian students study medicine in Bangladesh. So, there is huge scope for collaboration between the two countries in this sector.

Prashant Sharma, managing director at the Charnock Hospital in Kolkata, said Bangladesh can focus on nursing education as the profession is of high demand globally.

With this backdrop, the Indian education entrepreneurs said India provides high quality education, for which there is high demand in Bangladesh.

In particular, India can provide quality education in IT, agriculture and technical education, they said.

They also said there appears to a lack of on-campus job placement programmes in Bangladesh and so, Indian educational institutions can have collaborations with their Bangladeshi counterparts to this end.

Dr B Abdul Rafeeq, director of corporate affairs at the Punjab-based Guru Kashi University, said they have a long-term investment plan for education in Bangladesh.

Sajal Dutta, chairman and managing director of West Bengal's Desun Hospital, said they are looking for land in four places -- Dhaka, Chattogram, Sylhet and Khulna -- for establishing specialised hospitals of cardiac, cancer, neuro and gastro care

"We have opportunities to invest if Bangladesh's government cooperates and coordinates with us. We want to establish a group of institutions and universities in the country," he told reporters.

According to the ICC, the size of the higher education market of Bangladesh is $4.6 billion.

An official of Indian public sector hydropower company NHPC Ltd said Bangladesh has huge demand for power, and given the climate change aspect, hydropower will be an important component in energy production.

Bhutan and India's Northeast can also be an important source of hydropower, he said, adding that the company is already producing hydropower in Nepal that can be eventually imported to Bangladesh.

Additionally, both the India and Bangladesh delegations discussed the business potentials of trading agricultural products between the two countries.

However, they said there are still tariff and non-tariff barriers that need to be removed to ensure smooth business in this regard.

Abdul Matlub Ahmad, president of the India-Bangladesh Chamber of Commerce and Industry, also spoke.

During a separate event at the same venue -- the BIMSTEC Energy Conference -- Indian High Commissioner to Bangladesh Pranay Verma said, apart from transport connectivity, energy connectivity needs to be strengthened in the region as its future depends on these two sectors.

Net trade in the BIMSTEC region is $3 trillion, but the intra-trade is only worth $75 billion, he said while stressing that the sub-regional body needs to be made efficient by facilitating trade.

More rate hikes may be needed to lower inflation

Fed official says

AFP, *Washington*

A US central bank official said Saturday that more interest rate hikes "will likely be needed" to bring inflation down further, shortly after policymakers lifted rates to the highest level since 2001.

Federal Reserve governor Michelle Bowman's prepared remarks to an event in Colorado also came after a mixed employment report on Friday showing that hiring in the United States has slowed but wage gains remained robust.

Bowman said she supported the policy-setting Federal Open Market Committee's (FOMC) decision for a rate hike in July given "strong economic data and still elevated inflation."

"I also expect that additional rate increases will likely be needed to get inflation on a path down to the FOMC's two percent target," she added in her remarks.

Chinese firm

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According to him, the router will be of IPv6 version and can connect to the internet from broadband and mobile connections.

IPv6 (Internet Protocol version 6) is the latest version of the Internet Protocol, designed to succeed IPv4 (Internet Protocol version 4).

IPv6 was developed to address the limitations of IPv4, primarily the exhaustion of available IPv4 addresses due to the rapid growth of the internet and increasing number of connected devices.

However, Jabbar emphasised the importance of manufacturing high-quality and cost-effective routers in the country.

2023 won't fare well for apparel

FROM PAGE B1

second-largest clothing exporting country after China and the country's share rose to 7.87 percent (as per the BGMEA whereas the WTO puts it at 7.9 percent) in 2022 from 6.37 percent (WTO 6.40 percent) in 2021.

Since 2016 Bangladesh has been maintaining a share of over 6 percent in the world apparel market and for the first time the share crossed the 7 percent mark last year.

During 2022, Bangladesh's apparel export to the world increased by 32.60 percent year-over-year to $45.35 billion from $34.20 billion, said Hassan.

Meanwhile, China's apparel export to the world grew by 3.60 percent year-over-year to $182.42 billion from $176.08 billion. However, China's share in the global trade fell to 31.67 percent in 2022 from 32.79 percent in 2021.

Vietnam ranked as the third largest exporter in the global apparel market with a 6.12 percent share followed by Turkey with a 3.46 percent share.

In 2022, Vietnam's apparel export to the world grew by 13.05 percent to $35.27 billion from $31.20 billion in 2021.

Turkey's clothing export to the world also reached $19.91 billion in 2022 from $18.73 billion in 2021, meaning a 6.27 percent growth.

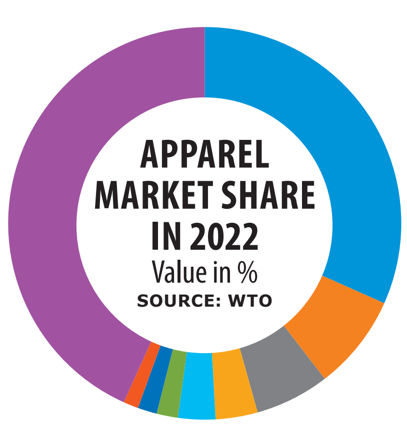
In 2022, the difference in the market share occupied by Bangladesh and Vietnam has widened, said Hassan.

Europe is one of the significant apparel importers in the world as well as for Bangladesh, he said.

During the past five years, the value of the EU's apparel import from Bangladesh has grown by 9.42 percent, whereas their import from the world has shown an average annual growth of 4.31 percent.

In 2022, the EU's apparel imports from the world grew by 20.97 percent year-on-year. The EU's apparel imports from the world reached $103.09 billion in 2022 from $85.23 billion in 2021, which was $90.53 billion in 2018.

As per the data, the EU imported $22.89 billion worth of apparel from Bangladesh in 2022 which was $16.87 billion in 2021 and $16.44 billion in 2018.



China	31.67
Bangladesh	7.87
Vietnam	6.12
Turkey	3.46
India	3.07
Indonesia	1.75
Cambodia	1.58
USA	1.24
Others	43.24

With a 22.20 percent share in value terms, Bangladesh remains the second largest apparel import source for the EU after China.

In terms of quantity (measured in kilogrammes), the EU's clothing import from Bangladesh also increased by 21.20 percent year-on-year to $1.32 billion in 2022 from $1.09 billion in 2021.

China, being the top apparel import source for the EU and having a 29.24 percent share, registered a 17.01 percent year-on-year growth in 2022.

The EU's imports from China reached $30.14 billion in 2022 from $25.76 billion in 2021, which was $27.20 billion in 2018.

However, in terms of quantity, Bangladesh's share (28.90 percent) has crossed the share of China (28.46 percent) in 2022 and gained the top position for the very first time in the EU.

"In value terms we also hope to be the top apparel sourcing country for the EU by the end of 2023," he said.

Value-wise in 2018 the share of Bangladesh in EU's total apparel import was 18.16 percent, which climbed to 22.20 percent in 2022. In contrast, China's share has declined to 29.24 percent in 2022 from 30.15 percent in 2018.

With a 11.62 percent share, Turkey ranked as the third largest apparel import source for the EU which posted a 10.09 percent year-on-year growth in 2022.

The EU imported $11.98 billion worth of clothing from Turkey in 2022 which was $10.89 billion in 2021 and $9.92 billion in 2018.

In 2022, the EU's cumulative unit price of import from Bangladesh increased by 11.95 percent year-on-year to $17.27 from $15.42.

Therefore, both value and quantity-wise EU's import from Bangladesh saw 35.69 percent and 21.20 percent growths respectively leading this per unit price surge in 2022. It also proves that value addition is happening in Bangladesh.

China is slowly but gradually losing its global share, which is being gained by a few countries, including Bangladesh, Hassan said.

"We need to continue our efforts in enhancing efficiency, product development capability and invest in reducing carbon emission," he said, adding that it was not overoptimistic to hope for reaching 12 percent of the global apparel market share by 2030.

Bangladesh yet to savour

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the next six months to produce 40 tonnes of denim yarn per day, Azad told The Daily Star over the phone.

Currently, many mills are producing yarn from recycled materials, said Md Zahurul Islam, managing director of Bhaluka-based recycled yarn producing mill Saraz Fibre-Tech Ltd.

However, their composition is mixed, such as, 30 percent virgin cotton and 70 percent wastage of garment, which is locally known as "jhoot".

The value addition in the manufacture of recycled yarn can reach almost "300 percent" as otherwise the materials would have ended up in landfills, Islam said.

Annually, Bangladesh produces 4 lakh tonnes of textile wastage, of which 5 percent is locally recycled.

A major portion of the remaining wastage is exported or turned into fibre and a few tonnes end up in landfills.

If 30 percent of the waste could be recycled, it could save on the import of $1 billion of virgin cotton, according to local millers.

Recently the prices of yarn made from recycled materials declined because of a fall in demand from international retailers and brands amid the Russia-Ukraine war, said Md Abdur Rouf, executive director of Bhaluka-based Simco Spinning and Textile Ltd.

A 7.5 percent VAT on procurement and 15 percent VAT on sale of such yarn has been hindering investment in this sector, said Mohammad Ali Khokon, president of Bangladesh Textile Mills Association.

The government should formulate policy in this regard soon, he added.

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has already started engaging in collaborations with research teams of different EU countries to develop recycled yarn, said BGMEA President Faruque Hassan.

Future business will depend on this type of yarn and by 2030, Bangladesh will hopefully be a hub for recycled yarn, he added.

Cargo movement

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Import of fly ash declined too for increased use of slag as mills are gradually moving toward vertical roller mills, said Alamgir, also a vice-chairman of MI Cement Factory Ltd.

Data of the BIWTA showed that cargo carried by Bangladeshis and Indian vessels dropped in the last fiscal year with local vessels carrying 92 percent of total goods under the Indo-Bangla protocol routes.

The number of trips by vessels dropped also, according to data.

"We used to get a voyage a month. Now we have to wait for up to two months to get a trip," said Nazmul Hossain Hamdu, managing director of Sohag Trading Company, which carries goods under the Indo-Bangla protocol routes.

He blamed the shortage of dollars in the banks.

"Imports declined as businesses could not open the letters of credit owing to dollar crunch," Hamdu said, adding that the fall in voyages affected shipping businesses.

K Saiful Alam Miru, proprietor of Nexus Corporation, another carrier, said local vessels mainly carry cargoes imported from India.

"We load most of the goods from Kolkata and Haldia," he said. "Our export through waterways is negligible."