

Far East Knitting's profit jumps about 52%

STAR BUSINESS REPORT

Far East Knitting & Dyeing Industries Ltd reported a 51.92 percent year-on-year increase in profit in 2022-2023 thanks to a decline in the cost of goods sold and an increase in incomes.

It came as the board of directors of the textile manufacturer approved the revised audited financial statements for the year that ended on June 30.

Far East Knitting made a profit of Tk 34.56 crore in FY23, against Tk 22.75 crore a year ago, according to the revised statements.

The earnings per share rose to Tk 1.58 in the last financial year from Tk 1.04 in 2021-22.

"The revised EPS increased due to a decrease in the cost of goods sold and an increase in other incomes," said the textile company in a filing on the Dhaka Stock Exchange.

The net operating cash flow per share slipped to Tk 1.43 from Tk 2.19.



Farmers in the Nurnagar union of the Shyamnagar upazila in Khulna thresh Aman rice. According to the Department of Agricultural Extension, Aman rice was planted on 14,790 hectares across Khulna. Yet, the food ministry is struggling to meet its target for paddy procurement during the ongoing Aman season.

PHOTO: HABIBUR RAHMAN

Govt's paddy purchase continues to be low

KONGKON KARMAKER and MOSTAFA SHABUJ

The procurement of Aman paddy continues to be low although nearly three weeks have passed since the food directorate began grain purchases from growers in order to ensure fair prices.

Until December 11, the food office could only buy 1,834 tonnes of paddy out of its total purchase of 81,533 tonnes of rice and paddy from the harvest of Aman, the biggest rice crop after dry season rice crop Boro, according to food ministry data.

The government earlier announced plans to purchase 2 lakh tonnes of paddy from farmers from this year's Aman harvest, but the procurement so far is only around 1 percent of the total target.

Food ministry officials and farmers linked the sluggishness to higher market prices of grains, problems in drying paddy due to unfavourable weather, and risk of refusal from local procurement authorities.

"The food directorate does not buy paddy above 14 percent moisture. As we do not have any device to measure moisture levels, there is a risk that we will be turned away if our grains do not meet the standard," said Khagendranath Roy, a farmer at Maljhar village in Dinajpur, a northwest district.

During the Aman season last year, the food ministry could only buy around 5,000 tonnes of paddy against its target of 3 lakh tonnes.

In the current year, the food ministry is offering growers Tk 30 for a kilogramme (kg) of Aman paddy, up 7 percent from the previous season.

Meanwhile, the government has been buying parboiled rice from millers by offering Tk 44 per kg this season, nearly 5 percent more than last season, according



PHOTO: MOSTAFA SHABUJ

to the food ministry.

But despite potential profitability at these rates, many farmers, such as Kanchi Karmaker of Biral upazila, consider the procurement process a hassle.

For Karmaker, a producer at Biral upazila of Dinajpur, the government's purchase price is attractive but there is a lot of hassle involved in selling paddy to state warehouses, he said.

That lack of enthusiasm is reflected in the paddy purchase data provided by the regional food office in Rangpur, the northwest division, one of the major rice production belts.

The procurement drive is facing challenges in four out of eight districts under the division, with food offices in the districts of Rangpur, Gaibandha, Kurigram, and Panchagarh yet to buy a single kg of paddy.

The regional food office in Rangpur set a goal to procure 41,333 tonnes of paddy and 96,473 tonnes of milled rice from the Aman harvest this season. But so far it could buy only 1 percent, or 488 metric tonnes, of paddy and 38 percent, or 36,208 tonnes, of milled rice.

However, food ministry officials said they were getting an adequate response from rice millers. So far over 3,500 millers have signed contracts with the field office of the food directorate to supply milled rice to state go-downs. This includes 292 automatic rice millers.

The food offices in Lalmonirhat, Nilphamari, Dinajpur, and Thakurgaon districts have also been able to attract farmers, with Dinajpur buying 298 tonnes of paddy, the highest quantity among the districts under the Rangpur division.

Still, Dinajpur and Thakurgaon have

only achieved 3 percent of their respective targets, said Md Kamruzzaman, acting food controller in Panchagarh.

He attributed the slow pace of procurement to various factors, including high market prices of paddy, and difficulties faced by farmers in drying paddy during the winter season. Another factor is that some farmers still remain unaware of the ongoing procurement drive.

A similar scenario is being witnessed in other districts as well.

Take Bogura for example, where the food office has a target of paddy and milled rice procurement at 7,043 and 21,257 tonnes respectively.

So far, it has managed to buy 121 tonnes of paddy and 6,347 tonnes of milled rice.

In Gaibandha, farmers are yet to sell any paddy to the state storages, but the food directorate in the district has so far procured 2,535 tonnes of milled rice.

"Due to rain last week, the moisture of the paddy increased. This may be a reason farmers are not bringing their produce," said Gaibandha District Food Controller Al-Wazir Rahman.

"But since the prices of paddy are not high in the local market, I hope to be able to collect some paddy," he added.

Md Moniruzzaman, director of procurement at the Directorate General of Food, said the response from farmers regarding sales of paddy has been low.

"But we have made progress in rice procurement," he said, adding that he expected the food office's procurement target for the Aman rice crop season would be met.

The government will buy the cereal from domestic Aman harvests until February 2024 in order to replenish public food stocks, which stood at around 14 lakh tonnes as of December 11.

Managing finances in high inflationary environment

SALEKEEN IBRAHIM

Bangladesh has been fighting to contain the high inflation for a while. In the post-Covid period and after the invasion of Russia in Ukraine, we have been in difficulties to resist the dominance of a higher inflation rate.

During the period of high inflation, it becomes crucial to manage personal finances effectively and we have to take measures so that we can ensure that our purchasing power is not eroded.

We must maintain a detailed budget that reflects our current income and expenses. We have to identify our expense related items where we can cut back and save money. We need to list the items related to housing, food, healthcare, and transportation first. Then, we need to cut back on discretionary and luxury spending to free up more money for essential needs. Keeping disposable buying power intact is important to get a relief in this situation.

Having a diversified or secondary income source to generate excess cash flow is always a big plus point. We have to explore opportunities to diversify our income by taking on a side job or starting a small business.

Having multiple income streams can be helpful to offset the impact of inflation. However, it is sensible to start working for a secondary source of income before a crisis emerges because most of the time, a higher inflationary period is not an ideal situation to start a new venture unless the idea is too good for that time.

At the time of high inflation, we have to consider investing in assets that have the real potential to outpace inflation, such as stocks, real estate and commodities. On many occasions, these calculated investments pay back even more than the normal time.

However, we have to keep in mind that any investment is associated with risk and financial loss. As a result, we have to be watchful of the risks associated with these investments and seek professional advice, if needed.

Intellectual thoughts about the retaining of purchasing power in this higher inflationary period are vital. We can also look for ways to protect our purchasing power by investing in assets that tend to hold their value during higher inflationary periods. For example, consider investing in gold, silver, or other precious metals. A lower depreciation cost with a higher appreciation value is recommended for investments to preserve the purchasing power.

During crises, knowing and making proper decisions to pay off high-interest debts is crucial. High inflation can lead to increased interest rates on loans and credit cards. These increased rates create extra pressure on the financial management of an individual and the buying power is affected adversely. So, taking thoughtful decision to prioritise paying off high-interest debts, especially credit cards are suggested to reduce the financial burden.

In addition, we have to keep an eye on savings interest rates and adjust savings strategies. As interest rates fluctuate at a time of higher inflation, it's important to monitor them and adjust our savings strategies accordingly. Focus on putting money into inflation-protected securities or high-yield savings accounts to maximise returns.

Inflation may often lead to unexpected expenses or job cuts. Having an emergency fund can provide a safety net during challenging times and help us avoid taking on additional debt.

During this time, we should stay updated on the economic situation and any policy changes that may impact inflation. This will help us make informed financial decisions and anticipate potential challenges.

We can consult with a financial adviser to know how to manage our finances. They can provide personalised guidance based on our specific circumstances and help us navigate challenging times.

The author is a banker



Central bank removes interest cap for deposits

STAR BUSINESS REPORT

Bangladesh Bank yesterday withdrew the ceiling on the interest rate of bank deposits, which was imposed in August 2021.

The banking regulator had previously instructed banks not to set interest rates on fixed-term deposits below the inflation rate as it yields negative returns for savers.

A senior central bank official said they withdrew the ceiling as there is no need following the withdrawal of the single digit lending rate, which was replaced by a new lending rate formula in June.

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Meanwhile, lending rates have been rising in recent times because of the new formula.

As per the new formula, banks can add a 3.75 percent margin to the SMART (Six Months Moving Average Rate of Treasury Bills) when disbursing loans.

The SMART currently stands at 7.72 percent and is increasing due to the growing interest rates of government treasury bills.

In September, the weighted average interest rate on deposits stood at 4.52 percent, up from 4.38 percent in June, figures from the central bank show. It was 4.09 percent in September last year.



Assorted bamboo-made items, with uses ranging from sifting flour to husking rice, are seen on display along a bridge in Satkhira sadar upazila. Traders buy these items at wholesale from local households, providing them the scope to make extra income. The picture was taken recently.

PHOTO: HABIBUR RAHMAN

Chinese firm to invest \$11.55m in Bepza EZ

STAR BUSINESS DESK

Quality Sportswear Mfrs Ltd, a Chinese company, will invest \$11.55 million to set up a garments and accessories manufacturing factory at the Bepza Economic Zone at Mirsarai in Chattogram.

With an annual production target of 6.05 million pieces of garments and 0.8 million pieces of money bags, travelling bags and other accessories, the factory will create employment opportunities for 3,310 Bangladeshi workers.

The total proposed investment of these enterprises is \$529.4 million.

Ali Reza Mazid, member (Investment Promotion) of Bepza, and Zhang Zhilan, director of Quality Sportswear Mfrs Ltd, signed the agreement on behalf of their respective organisations at the Bepza Complex in Dhaka yesterday, read a press release.