Fixed freight rate withdrawn for vessels on Ctg-Pangaon route

DWAIPAYAN BARUA, *Ctg*

The shipping ministry has withdrawn the fixed freight rate for vessels on the Chattogram-Pangaon route in a bid to revive cargo transport via river, which has seen a drastic decline over the past year.

Imposed by the ministry in 2022, the fixed rate faced strong opposition from businesses, which cited high costs and irregular vessel movement as key deterrents.

The Chittagong Port Authority (CPA), in a recent circular, announced that freight charges will now be determined through agreements between vessel owners and mainline operators without government interference.

The authority has also introduced a fixed vessel schedule from January, requiring at least five vessels to sail on the route each month.

Previously, only one or two ships operated per month, leading to uncertainty among businesses.

Pangaon Inland Container Terminal (ICT), jointly developed by CPA and the Bangladesh Inland Water Transport Authority (BIWTA) for Tk 154 crore in 2013, was meant to ease cargo pressure on highways and rail.

The fixed rate faced strong opposition from businesses, who cited high costs and irregular vessel movement as key deterrents

It was expected to offer a cost-effective alternative for import and export container transport.

However, high freight charges and slow clearance times have left the terminal largely underutilised.

According to CPA data, container transport between Chattogram port and Pangaon dropped by 90 percent in 2024, handling only 2,911 TEUs (twenty-foot equivalent units) compared to 29,932 TEUs in 2023. Only 21 ships sailed on the route last year.

In the last two months, 459 TEUs were transported, with seven vessels operating, showing some signs of revival.

Businesses and stakeholders have long demanded the liberalisation of freight rates and a regular vessel schedule to ensure the full-scale operation of the ICT.

CPA Secretary Md Omar Faruk confirmed the changes, expressing hope that they would boost cargo transport on the route.

A senior CPA traffic department official added that vessel operators now have the flexibility to negotiate freight charges, which could make the route more attractive.

Sea Glory Shipping, which operates six vessels on the route, welcomed the decision but noted that success depends on ensuring sufficient cargo availability.

"Operating vessels isn't viable without a minimum load," said Sea Glory Manager Mainul Hossain.

Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) President Mohammad Hatem praised the move, saying Pangaon ICT is vital for Narayanganj's knitwear exporters, who contribute 40 percent of the country's $25 billion knitwear exports.

He emphasised that regular schedules and economic freight rates would encourage businesses to use the river route.

PHOTO: AHMED HUMAYUN KABIR TOPU

Farmers say they prefer growing maize over other crops due to its consistent demand in the feed industry.

Maize continues to win farmers' hearts

SOHEL PARVEZ *and* **S. DILIP ROY**

Maize, a little-known crop three decades ago, continues its triumph over wheat, paddy and other crops due to its higher yield and profitability.

In the current fiscal year (FY) 2024-25 ending in June, maize acreage has reached 6.72 lakh hectares, setting a new record.

The acreage was 6.42 lakh hectares in fiscal 2023-24, according to the Department of Agricultural Extension (DAE).

Two and a half decades ago, maize was grown on only around 5,000 hectares, official data shows.

This shift occurred as many growers switched from wheat to maize during the last winter, the main season for maize cultivation, according to estimates by the DAE.

Farmers say they prefer growing maize over other crops due to its consistent demand in the feed industry, which caters to poultry, fish, and livestock farmers. Besides, maize can be cultivated alongside potatoes and other vegetables.

Bangladesh's feed industry requires over 60 lakh tonnes of maize annually, with domestically produced grains meeting 85 percent of the demand, according to an estimate by the US Department of Agriculture (USDA).

Farmers report increasing demand from local feed mills, it added.

"We have never had trouble selling maize. We can sell the grain at a satisfactory price," said Bidhan Chandra Sen, a farmer from Baura in Patgram upazila of Lalmonirhat, a northwestern border district.

A USDA report earlier stated that farmers have been profiting from maize as demand for local production has risen in the feed industry since 2021.

Moksed Ali, a maize trader in Lalmonirhat's Baura area, said feed companies have opened purchasing centres in his area.

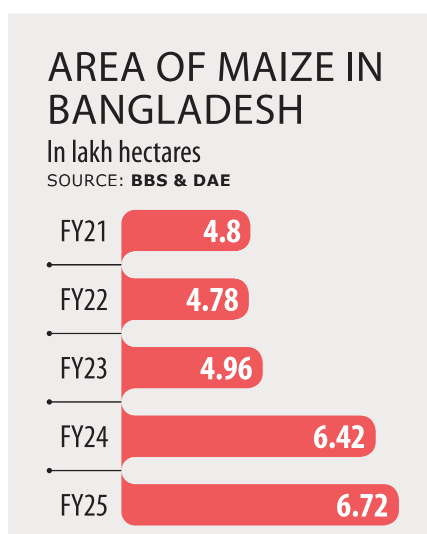
"We buy maize from farmers and supply it to feed companies," he said.

Nazar Mahmud, a farmer from the Char Gaddimari area of the Teesta River in Lalmonirhat's Hatibandha upazila, said they always have buyers for maize.

"Some maize traders have given me advance payments to buy maize this year," he said, expecting to sell the grain for over Tk 1,300 per maund.

The 65-year-old farmer expanded his maize cultivation to 15 bighas this year, up from 10 bighas the previous year, aiming for higher profits.

Md Mahfuzul Hoque, principal scientific officer of the plant breeding division at the Bangladesh Wheat and Maize Research Institute (BWMRI), said maize is now cultivated across the country, except in hilly regions.



"It is more profitable than wheat. In many cases, traders buy directly from fields. So, many farmers have shifted from wheat. Another benefit is that maize can be grown using intercropping methods," he said.

The acreage of wheat, once Bangladesh's second-largest cereal crop, has hit a record low in FY25 as many producers opted to grow potatoes, maize, and other high-value crops, according to DAE data.

Maize is now the second-largest cereal after rice produced in Bangladesh.

Md Obaidur Rahman Mondol, director of the Field Service Wing of the DAE, said maize can tolerate a lot of stress.

"Besides, it not only offers good prices but can also be stored easily," he said.

Dilbar Hossain, a 60-year-old farmer from Char Shoulmari on the Teesta River bed in Kaliganj upazila of Lalmonirhat, said maize cultivation has helped alleviate poverty in the char area.

"We have become self-reliant by cultivating maize. Maize traders and feed company representatives buy directly from us."

Lalmonirhat farmer Sen said he has increased his cultivation area this year and expects a favourable yield to bring him a good harvest.

For the current FY, the DAE has set a production target of 69.78 lakh tonnes of maize.

Mondol said the production target will be achieved this year. "As of now, the crop condition has been good. There are no reports of pest attacks," he said.

The Bangladesh Bureau of Statistics (BBS) recorded maize production at 45.6 lakh tonnes in FY23.

In January this year, the Food and Agriculture Organization (FAO), in a report on Bangladesh, estimated that maize production would reach a record 52 lakh tonnes, largely due to increased sowing driven by strong domestic demand and high prices during the 2024 planting season.

"Favourable weather conditions and widespread use of high-yielding seed varieties have supported above-average yields," the report stated.

Most maize seeds are imported, as locally developed varieties by the Maize Research Institute have yet to reach farmers on a large scale.

Principal Scientific Officer of the Maize Research Institute Hoque said the institute has developed 20 maize varieties, one of which—BWMRI-2—has received a positive response from farmers.

"The yield of the variety we have developed is comparable to imported maize seeds," he said. "However, due to a lack of adequate land, we cannot produce enough seeds."

Closure of weak banks: to be or not to be?

SALEKEEN IBRAHIM

Years of corruption, mismanagement, fragile governance and bank looting have left several banks in distress in Bangladesh. To support these struggling banks, the Bangladesh Bank has taken numerous measures over the last six months, including printing money. However, many of these banks continue to struggle. Recently, Bangladesh Bank Governor Ahsan H Mansur indicated that closing some of these weak banks might be necessary.

From an optimistic perspective, closing weak banks would certainly enhance overall stability in the banking sector. Banks plagued by poor governance and high non-performing loans (NPLs) have become a burden, and shutting them down would prevent further financial damage to the economy. Instead of allocating more time and resources to these failing institutions, funds should be redirected to well-managed banks that can create a more efficient and sustainable banking system. Besides, closing weak banks would send a strong message about accountability and governance, compelling the remaining banks to improve their risk management, due diligence, compliance and governance standards.

From a macroeconomic standpoint, printing money to support failing banks increases inflationary risks in society. If these weaker banks are shut down, the central bank will no longer need to print money to sustain them, ultimately helping to curb inflation. In the long run, customers and investors will have greater confidence in the financial system when only well-governed, solvent banks operate in the market. This would encourage savings and investment, taking the country to the next level of economic development.

However, there are also drawbacks to consider. First, depositors will face massive uncertainty, leading to panic among customers. The closure of banks would also result in job losses for thousands of employees, causing economic and social challenges, particularly if alternative employment opportunities are not available. Furthermore, renowned global rating agencies assess banking stability when determining a country's creditworthiness. If banks are closed, Bangladesh's credit rating could decline, making it more difficult to attract foreign investment. This situation might also discourage foreign banks from operating in the country. Besides, many enterprises, including SMEs, depend on bank loans and conduct transactions with these institutions. The closure of these banks would create further difficulties for their business operations and future growth.

Considering global experiences and expert predictions, the closure of weak banks must be carefully managed. Bangladesh Bank should take specific steps to minimize negative consequences. First and foremost, depositors' interests must be protected. The central bank may increase deposit insurance coverage and facilitate mergers or acquisitions by stronger banks where possible to safeguard customers' funds. Affected bank employees should receive compensation packages for an extended period, and the central bank should assist them in transitioning to new jobs where feasible. Entrepreneurs should be supported in securing alternative funding sources from stronger banks or government-backed initiatives. Moreover, in light of this closure process, the central bank must reinforce its regulatory framework to prevent future banking crises. This includes stricter monitoring of capital adequacy, loan disbursement, and governance practices. Lastly, the government should engage in transparent communication with investors and international agencies, outlining the measures taken to stabilise the financial sector and prevent future collapses.

While closing weak banks may create short-term challenges, it can lead to a more robust and sustainable banking system in the long run. As a nation, we must take proactive measures to ensure a smooth transition, protecting depositors, supporting employees, and minimising economic disruptions. Successfully navigating this process can restore confidence in the financial sector, attract investment, and pave the way for stronger economic growth.

The author is a banker.

China's February manufacturing hits 3-month high

REUTERS, *Beijing*

China's manufacturing activity expanded at the fastest pace in three months in February as new orders and higher purchase volumes led to a solid rise in production, an official factory survey showed on Saturday.

The reading should reassure officials that fresh stimulus measures launched late last year are helping shore up a patchy recovery in the world's second-largest economy, ahead of China holding its annual parliamentary meeting starting on March 5.

Whether the upturn can be sustained remains to be seen amid a trade war that was kicked off by US President Donald Trump's first salvo of punitive tariffs.

The official purchasing managers' index (PMI) rose to 50.2 in February from 49.1 a month prior, the highest since November and beating analysts' forecasts in a Reuters poll of 49.9.

The non-manufacturing PMI, which includes services and construction, rose to 50.4 from 50.2 in January.

Chinese policymakers are expected to announce economic targets and fresh policy support next week at the high-profile gathering in Beijing, which investors will also watch for signs of further support for the struggling property sector and indebted local developers.

China's $18 trillion economy hit the government's growth target of "around 5 percent" in 2024, though in an uneven manner, with exports and industrial output far outpacing retail sales while unemployment remained stubbornly high. Beijing is expected to maintain the same growth target this year, but analysts are uncertain over how quickly policymakers can revive sluggish demand, especially given the intensifying trade tensions with the US.

India's economic growth picks up on rising govt, consumer spending

REUTERS, *New Delhi*

India's economy expanded by 6.2 percent in October-December, picking up on increased government and consumer spending, official data showed on Friday, and the government said it expected a further acceleration in the current quarter.

A stronger rural economy also bolstered the world's fifth-largest economy in the final quarter of 2024, but manufacturing growth remained subdued and the overall rise in GDP was well below peak quarterly growth rates seen in the three years after the pandemic.

"GDP figures show that India's economy remained fairly soft by its own standards at the end of last year. But with policy now decisively turning more supportive, economic growth should pick up further over the coming quarters," Capital Economics' Harry Chambers said.

India is still the world's fastest growing major economy, but it also faces uncertainties over its trade with the United States and the Trump administration's plans to impose reciprocal tariffs.

Growth in gross domestic product in October-December was slightly lower than the 6.3 percent expansion projected by analysts in a Reuters poll, and the central bank's estimate of 6.8 percent. The economy grew 5.6 percent in the previous quarter.

The gross value added (GVA), a measure of economic activity that is seen as a more stable measure of growth, grew 6.2 percent in October-December, compared to a revised 5.8 percent expansion in the previous quarter. For the full year, the government now pegs GDP growth at 6.5 percent, marginally higher than its initial estimate of 6.4 percent, but below the revised growth rate of 9.2 percent for 2023-24.

Farmers selling vegetables wait for vendors at a wholesale market of agricultural products in Kolkata on February 28. A stronger rural economy bolstered the world's fifth-largest economy in the final quarter of 2024.

PHOTO: AFP

To meet the growth estimate of 6.5 percent for the full financial year, India needs to grow at 7.6 percent in the January-March period.

India's chief economic adviser, V Anantha Nageswaran, sees this as achievable. Resilient rural demand will support India's growth while urban consumption is recovering, Nageswaran said at a press conference.

Urban consumption has weakened due to weak job and income growth while retail inflation remained high through much of last year. Inflation eased to 4.3 percent in January and the central bank expects it to average 4.2 percent in the financial year starting April 1.

Government spending rose 8.3 percent in the last three months of 2024 from a modest 3.8 percent increase in the previous three months.

Private consumer spending jumped 6.9 percent year-on-year, up from 5.9 percent in the previous quarter, buoyed by improved rural demand due to moderating food prices and more spending on purchases for the festival season than a year earlier.

The October-December GDP growth is "marginally better than our expectations," said Gaura Sen Gupta, chief India economist at IDFC First Bank.