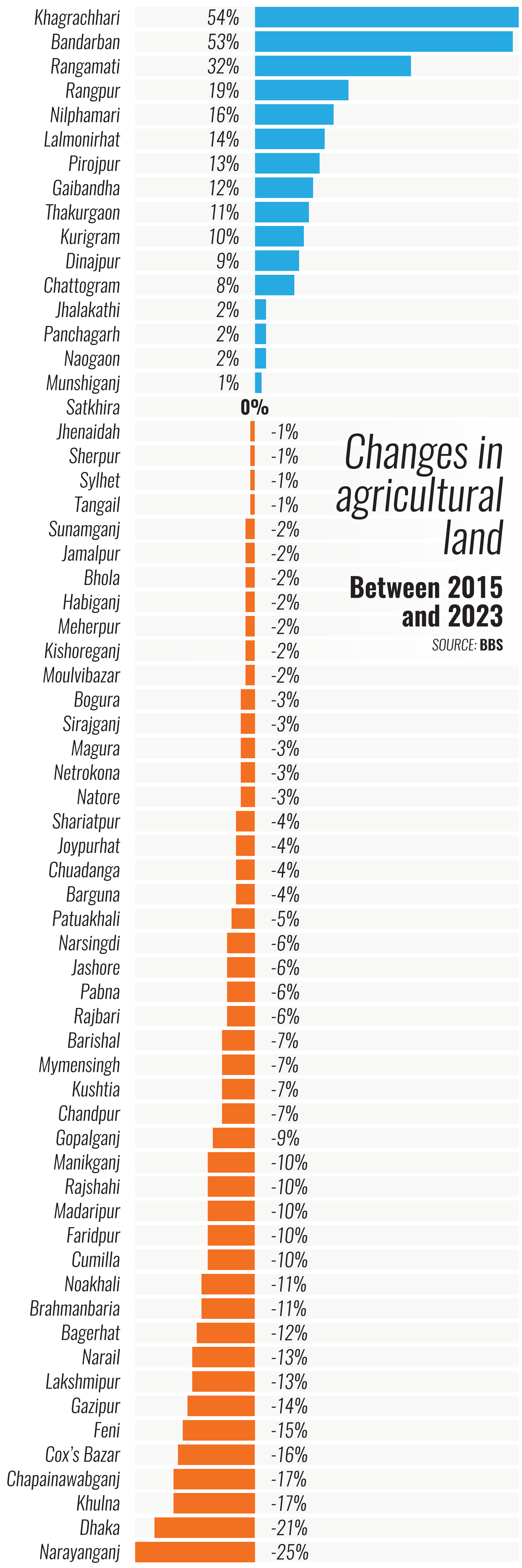

Farmland expands in 16 districts, defying national decline

SOHEL PARVEZ

Bangladesh is losing farmland. There are multiple reasons behind the shrinkage—from the construction of homes and the establishment of factories to the development of other facilities. This has caused many to call for the formulation of rules for the preservation of agricultural land so that the nation can produce its own food, especially staple rice.

But the loss of agricultural land is only part of the story. New land is also coming under farming, according to the Bangladesh Environmental Statistics 2024, released by the Bangladesh Bureau of Statistics (BBS) at the end of last month.

It says 16 districts recorded farming on an increased area of land between 2015 and 2023, even though the country lost 2 percent of agricultural land to other purposes during the period.

Dragon fruit plants are seen at a farm in Jamchari village of Bandarban. Agricultural land in the district increased by 53 percent to 588 square kilometres in 2023 compared to 2015. PHOTO: MONG SING HAI MARMA

As of 2023, Bangladesh had 72,915 square kilometres of agricultural land, having lost 1,470 square kilometres since 2015.

But during this period, Khagrachhari, a hill district in the southeastern region, saw the highest surge of 54 percent in farming area to 603 square kilometres in 2023, followed by Bandarban and Rangamati, two other hill districts.

In Bandarban, land under agricultural use grew by 53 percent to 588 square kilometres in 2023.

Rangamati registered a 32 percent increase in agricultural area to 521 square kilometres since 2015 as people in the hill tracts began to grow crops on lands that had remained fallow earlier.

Sarbottom Chakma, a resident of Khagrachhari, is one of them. Prior to 2015, he used to practise jhum, a traditional method of cultivation, on a fraction of his land and kept most of his land uncultivated.

He later began to focus on cultivation and gradually brought 25 acres of land under farming, encouraged by profits from crops.

"The lands were completely left unused. Now I have mango, banana, and orange orchards, apart from taro or taro roots," he said.

Like Sarbottom, many of his relatives expanded cultivation of commercially lucrative crops in the region.

Md Abdul Muyeed, a former director general of the Department of Agricultural Extension (DAE), said there are 700,000 hectares (one hectare equals 0.01 square kilometres) of fallow land in the hill tracts region.

"These lands are coming under farming. We see many orchards in the area now, and fruits such as dragon fruit, papaya, and pineapple are grown commercially there," he said.

Besides, a good portion of sandbars or char areas in the country's northwestern region—for example, Gaibandha district—was left uncultivated in the past. This was due to a lack of irrigation and agricultural technology there.

"Now, people in the char areas irrigate croplands using hose pipes. Farmers also store water for irrigation by making small reservoirs in these areas," he said.

"Various crops, namely pumpkins, are grown there now. So, the introduction of new agricultural technology has given an impetus to farming in these areas," he said.

According to the BBS data, nine districts in the northwest recorded an expansion of land under agriculture.

Rangpur saw the highest expansion at 19 percent to 1,738 square kilometres in 2023 from that in 2015, followed by Nilphamari and Lalmonirhat.

In the southern region, land under agricultural use increased by 13 percent in Pirojpur, followed by 8 percent in Chattogram and 2 percent in Jhalakathi.

Farmlands in the rest of the 48 districts declined. Narayanganj suffered the highest loss, followed by Dhaka and Khulna.

Land under agricultural use slumped 25 percent to 227 square kilometres in 2023 from 305 square kilometres eight years ago. Dhaka lost 21 percent of land, falling to 514 square kilometres in 2023, says the BBS.

Md Mamunur Rahman, chief scientific officer of the Soil Resource Development Institute (SRDI), said they found in a study that Bangladesh loses 0.73 percent of agricultural land annually to non-farm use.

"But overall agriculture has not declined because yields have increased," he said, suggesting a law to protect farmlands.

Food and Land Affairs Adviser Ali Imam Majumdar said, "We see a lot of farmlands being converted into fishery farms. Should we term those agricultural areas?"

He said a panel of four advisers has been formed to prepare a law for the protection of agricultural land, especially for cereal crops, and the advisers have given some inputs to the officials concerned for review.

"I expect that we can sit in the middle of August to discuss the law. We are a small country with a huge population. This is the main problem in Bangladesh," he said.

Embedded finance and the promise for CMSMEs

SALEKEEN IBRAHIM

Cottage, Micro, Small & Medium Enterprises (CMSMEs), although being key contributors to Bangladesh's national GDP growth, remain stifled by limited access to finance, markets, and digital tools. They operate in a landscape riddled with obstacles, including burdensome paperwork, high collateral requirements, and limited financial literacy. In such a context, embedded finance—a seamless integration of payments, lending, insurance, savings, and investment into non-financial platforms—could be a game-changer.

Imagine a small clothing vendor doing business through e-commerce sites like Daraz or Pikaboo. Instead of visiting financial institutions, they could apply for a nano loan, insure their products, get logistical support to ship the product, or accept payment digitally—all from the same app where they conduct business operations. Embedded finance brings financial services to where businesses already are, rather than forcing entrepreneurs to navigate separate, unfamiliar systems.

This reduces friction, shortens the journey to financial inclusion, and empowers entrepreneurs to focus on growth rather than red tape. According to GlobeNewswire, the global embedded finance industry is projected to grow from $817 million in 2024 to $25.8 billion by 2029, at an annual rate of 48 percent. If Bangladesh can align with this global wave, CMSMEs here could be standing on the edge of a financial revolution.

The key factor for Bangladesh to make embedded finance feasible is to fill the gaps where entrepreneurship loses grip. Access to credit remains the most pressing hurdle. Traditional banks, wary of lending to small, informal operators, demand high collateral. Embedded lending bypasses this by using customer behaviour and transaction data to assess creditworthiness. In some countries, platforms are also offering a "Buy Now, Pay Later" option, which has become widely popular with both buyers and sellers.

Although insurance penetration in Bangladesh is low, embedded insurance can change this by offering coverage while purchasing goods or services. For instance, logistics firms can offer automatic delivery insurance for CMSMEs. In countries like China, platforms often bundle insurance with product shipments, increasing confidence on both ends of the transaction.

Payment solutions are already gaining traction. With rising smartphone use and internet access, embedded payment solutions like QR code transactions, mobile wallets, and direct transfers are within reach for many. Bangladesh's National Payment Switch and Bangladesh Bank's Fintech Sandbox have laid the groundwork for wider adoption.

Embedded platforms can also help CMSMEs invest small amounts or set aside savings automatically from daily earnings. This model is seen in Kenya, where mobile money platform M-Pesa launched savings and loan products through M-Shwari, targeting micro-entrepreneurs.

For embedded finance to take root, both short-term and long-term strategies are needed. Pilot projects must be launched to test models and gather data. Fintech firms must collaborate, and digital literacy campaigns and merchant training should be prioritised. Simplified e-KYC (Know Your Customer) protocols will be vital.

In the longer run, Bangladesh must establish a user-friendly regulatory framework, ensure customer protection, and build robust open banking infrastructure. Digital identity systems and credit scoring models must mature. Policies should also consider mandating embedded insurance for key sectors such as agriculture, logistics, and food delivery for MSMEs.

Embedded finance holds the potential not only to democratise access to financial tools, but also to narrow the urban-rural divide and accelerate the growth of CMSMEs through proper inclusion. With the right alignment of policy, technology, and entrepreneurial will, it can power Bangladesh's ambition to become a developed nation by 2041.

The opportunity is not only financial—it's transformational. Now is the time to unlock it.

The writer is a senior banker

ECB expected to hold rates

AFP, *Frankfurt*

The European Central Bank is set to hold interest rates for the first time in almost a year when policymakers meet this week, despite concerns over the potential impact of higher US tariffs on the eurozone economy.

The 26 members of the ECB's governing council will meet just over a week before an August 1 deadline set by US President Donald Trump for the imposition of his government's punitive tariffs.

Trump has threatened to triple a basic tariff on imports from the EU to 30 percent if Brussels does not cut a deal by the end of the month, casting uncertainty over the future of transatlantic trade.

But the ECB was expected to hold tight on rates instead of preempting the outcome of negotiations, pausing a series of cuts that goes back to September.

The central bank has reduced its benchmark rate a total of eight times since June last year and at each of its last seven meetings, bringing it down to two percent.

The rapid reduction in rates has come as eurozone inflation has fallen back towards the ECB's two-percent target from the double-digit highs seen in 2022.

In June, eurozone inflation sat exactly on the ECB's target and was forecast by officials at the central bank to even out at two percent for the year.

The ECB would "almost certainly leave interest rates unchanged" at the conclusion of its monetary policy meeting on Thursday, analysts from Italian bank UniCredit said in a note.

"The central bank will now want to have more clarity on the trade outlook before it considers adjusting its policy further," they said.

US can squeeze Russia without 'secondary tariffs'

REUTERS, *Tinos*

Donald Trump does not need so-called secondary tariffs to crush Russia's oil revenues, currently running at $160 billion a year. The US president's recent threat to sanction countries that buy oil from Moscow is full of pitfalls. He has a better way to cut the cash flow that fuels the Kremlin's war against Ukraine.

This would be to persuade India, Russia's second biggest customer, to stop buying its oil while convincing Saudi Arabia to pump more. Doing so would ensure global crude prices do not jump as Moscow's exports fall. The US could also effectively slash the price that Russia gets for its foreign oil sales – going even further than the cut the European Union agreed last week. Together these measures would heap more trouble on President Vladimir Putin's economy, which is already facing strains from a mounting budget deficit, slowing growth, rising bad debts and still high inflation.

What's the problem with going the whole hog and stopping all of Moscow's oil exports? That is what Trump's threat to impose secondary tariffs on countries that trade with Russia is designed to achieve. He said last week that, if Putin did not end the war in Ukraine in 50 days, he would slap 100 percent tariffs on US imports from states that buy Russian exports.

Such blanket secondary tariffs would have so many drawbacks that financial markets do not believe Trump will carry out his threat. Russian equities and the rouble rose after his comments, while the crude price fell – exactly the opposite of what would have happened if investors thought he was serious.

Putin's country is the world's third biggest oil producer after the US and Saudi Arabia. It exported 7.2 million barrels a day of crude and refined products such as diesel in June for $13.6 billion, according to the International Energy Agency (IEA), implying an annual rate of just over $160 billion. Removing all this supply from the global market would push prices sharply higher. Among other things, that would hurt US consumers, damaging Trump's popularity.

PHOTO: REUTERS/FILE

The photo shows an oil treatment plant in the Yarakta oil field in Irkutsk region of Russia, which is the world's third biggest oil producer after the US and Saudi Arabia.

Another problem is China, which bought almost a third of Russia's crude exports by volume from January to May, according to data from the Kyiv School of Economics Institute. Beijing is Moscow's most important ally. So if Trump slapped 100 percent tariffs on Chinese imports into the United States, he probably would not change its behaviour. He would merely further inflame a trade war with the world's second largest economy and push up inflation at home.

In theory, Trump could exempt China from secondary tariffs, while imposing them on other countries. India and Turkey, which respectively buy about a quarter and a tenth of Russian crude, would be the main targets. The president might have more luck twisting their arms. But a policy that penalised friendly countries while exempting the People's Republic, the United States' most serious long-term rival, would be geopolitical folly.