Global tensions fuel edible oil prices

Star Business Report

Edible oil has seen a 20 percent rise in domestic prices in the last one month thanks to their soaring international rates, which will surely take another blow from the escalating crisis in the Middle East.

In Dhaka, a litre of loose soybean oil was traded at Tk 91-93 yesterday, up 12 percent from a month ago, while palm oil rose by 20 percent to Tk 80-82, according to the Trading Corporation of Bangladesh (TCB).

And retailers were also seen selling each five-litre container of soybean oil at 6 percent higher rates of Tk 470-515 yesterday from December 6 last year.

"We have to increase the prices as the global rates for soybean and palm oils have been going upwards since November," said Biswajit Saha, director for corporate and regulatory affairs at City Group.

Depreciation of the taka against the US dollar has further fuelled the import costs of the group, said the official of one of the leading commodity importers and processors of Bangladesh.

Edible oil became costlier at a time when consumers were hit hard by the skyrocketing prices of onion, a key cooking item, now selling at as much as Tk 170 a kilogramme.

Bangladesh annually requires 20 lakh tonnes of edible oil and it meets almost 90 percent of its demand through import, according to a report of Bangladesh Tariff Commission.

Bangladesh mainly imports and refines crude degummed soybean oil, the prices of which soared 20 percent year-on-year to $794 a tonne on December 20, according to the report obtained from the commerce ministry.Rates of crude palm oil and refined, bleached and deodorised palmolein also rose during the same period, said the report.

Imposition of value added tax (VAT) in all stages of the value chain of edible oil further fuelled the price spiral, industry insiders opined.

Refiners in December also informed the government about the hike in price of soybean oil in the wake of soaring import costs of crude soybean and palm oils.

They have increased the retail prices of each litre of soybean oil by 8 percent to Tk 110 and to Tk 540 for each five-litre container respectively.

Global market for edible oils will remain high, as the production of palm oil was less than the demand last year, said AKM Fakhrul Alam, regional manager for Bangladesh and Nepal at Malaysian Palm Oil Council.

"The crisis in the Middle East is likely to further increase the prices of commodities and edible oils.

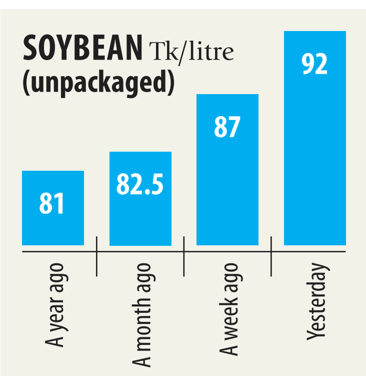
Insurance premium has already increased, he said.

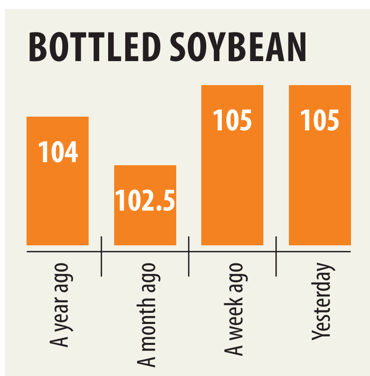
Soaring prices of petroleum will increase freight cost too, he added.

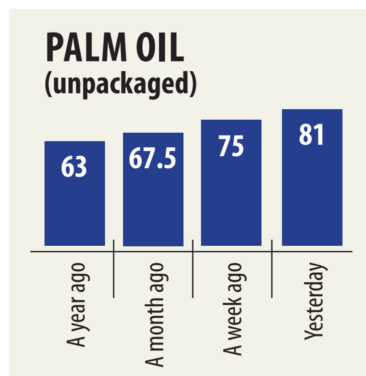
Global oil prices surpassed $70 a barrel on Monday for the first time in more than three months as the US warned of increased threats to energy facilities in the Middle East, after the assassination of an Iranian general last week.

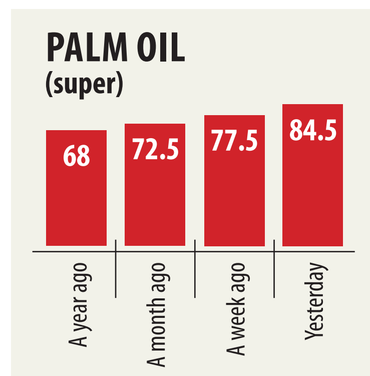
Annual consumption of edible oil will drop in the domestic market in 2020 as prices will be on the upward trend, Alam said.

Prices of commodities such as wheat, oil and pulses are forecast to remain upward, said Abul Bashar Chowdhury, chairman of BSM Group, a Chattogram-based commodity importer.









STORMY DAY FOR DSE

DSEX 4,331.95 points (fell 68.18 points, or 1.54%)

Turnover Tk 375.81 crore (rose Tk 83.35 crore or 28.50%)

TOP FIVE GAINERS

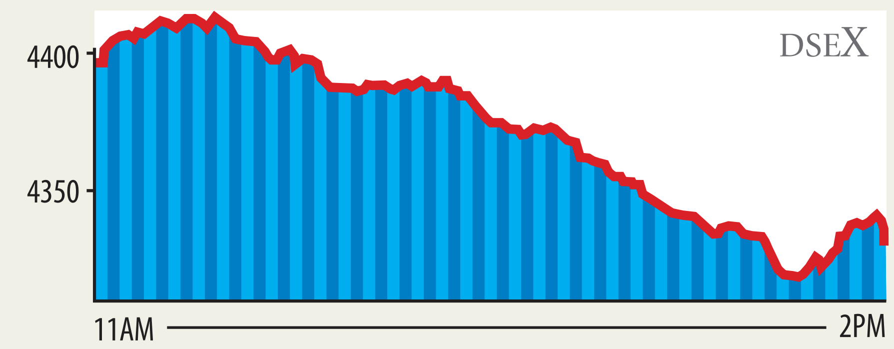
Company	Gain (in %)
LafargeHolcim	7.06
Hwa Well Textiles	4.37
Bangladesh Lamps	4
Bangladesh General Insurance	3.73
Coppertech	3.63

TOP FIVE LOSERS

Company	Loss (in %)
SS Steel	7.26
Confidence Cement	7.25
Sinobangla Industries	7.09
Brac Bank	6.70
United Airways	6.66

TOP TURNOVER

Company	Turnover (in crore Tk)
LafargeHolcim	26.20
Khulna Power	19.01
ADN Telecom	16.59
Brac Bank	16.49
Square Pharmaceuticals	9.07



TECHNICAL EDUCATION

Govt to give stipend, free books to 10 lakh students

The Tk 957cr project may get go-ahead today

Star Business Report

The government is now taking several initiatives to promote technical education in order to build a skilled generation capable of grabbing jobs worldwide and give a boost to the economy.

As part of the plan, the government will extend stipends and free books under a Tk 957 crore project among 10 lakh poor and underprivileged students who are interested to take technical education and vocational training.

Some 607,392 students will get stipends while 329,352 will get financial support to buy books.

Moreover, around 7,663 biometric attendance devices will be procured to ensure presence of students in the classes.

A total of 3,389 educational institutions, including state-owned and private polytechnic institutes, technical school and college and the ones that have vocational courses for secondary school certificate and dakhil students, will be served under the project.

The initiative aims at encouraging poor and underprivileged students to be educated, ensuring higher attendance and upgrading quality of education through good academic results, a cut in dropout rate, bringing more girls to schools and stopping child marriage.

Stipend for **607,392** students

Money to buy books for **329,352** students

7,663 units of biometric attendance device

3,389 educational institutions will be served

It also targets to raise the enrollment rate in technical education to 26 percent by 2025, which now hovers around 14 percent, according to the project proposal.

The project, tenure of which runs from January 2020 to December 2022, is scheduled to be placed in today's meeting of the Executive Committee of National Economic Council (Ecnec).

From now on, technical centres will get priority instead of the general educational institutions in case of inclusion in the monthly pay order (MPO) scheme, according to education ministry officials.

The government has decided to do so as the number of unemployed people educated in the general line is increasing fast compared to the technical knowledge holders, they said.

Another project to ensure safe water in rural areas by 2025 will also be tabled at today's Ecnec meeting.

The Department of Public Health Engineering will implement the project at a cost of Tk 8,850 crore between January 2020 to June 2025. The government will finance the project from its own fund.

Earlier on December 24, another Tk 267.35 crore project got Ecnec's go-ahead, under which over 1 lakh youths across the country will be trained on driving motor vehicles.

Munshi warns against abnormal price hike, stockpiling of essentials

Star Business Report

The government will take stern action against businessmen if they are found to be involved in making hefty profit from sales of basic commodities by creating an artificial crisis in the market, Commerce Minister Tipu Munshi said yesterday.

Businessmen will not be spared if they are found to be involved in stockpiling of basic commodities illegally with the view to making quick profits.

"The government, however, will not harass any businessman illegally," Munshi said in a statement.

The warning from the commerce minister came after the price of onion, a key cooking ingredient, moved past Tk 100 a kg.

Yesterday, it was sold between Tk 200 and Tk 120 kg per kg in the city markets.

Onion prices had dipped below Tk 100 kg in recent days after the government took steps to boost supplies.

A week ago, imported onion was selling at Tk 50-100 a kg and the new local varieties at Tk 90-100, according to the Trading Corporation of Bangladesh (TCB). But the were respectively selling at Tk 70-110 and Tk 140-160 respectively yesterday.

The government is offering various facilities to onion importers so that they can import the bulb smoothly for the domestic market.

"New varieties have arrived and onion is being imported every day. The supply of onion has been normal. There is plenty of supply of local and imported onion, so there is no logical reason for the price hike."

The government has already strengthened the market monitoring so that manipulators cannot take the opportunity to make hefty money from the sales of basic commodities at abnormal prices, Munshi said.

The government will begin price monitoring of the basic commodities soon to arrest any price spiralling, he said, adding that the commerce ministry will also strengthen monitoring to check the abnormal price hike of onion.

The district and divisional administrations have been instructed to monitor markets strictly so that unscrupulous traders can't sell basic commodities at abnormal rates, he said.

TCB is selling onion at Tk 35 per kg through 200 trucks across the country. Moreover, various social organisations and importers are selling the vegetable at Tk 45 per kg, the statement said.

Businessmen have been asked to preserve the import price, purchase price and memos so that those could be compared with retail prices. The commerce ministry also suggested retailers of basic commodities put on display the price lists at convenient spot.

Last week, Munshi told importers, wholesalers, retailers and leaders of wholesale markets in Dhaka to make reasonable profit from the sale of basic goods before and during the upcoming Ramadan.

The government will import two lakh tonnes of onion soon to meet the local demand before the fasting month in April.

TCB and business groups City, Meghna and S Alam will import the onion in equal shares. TCB will sell the onion at a fixed price.

IFC, Sreda team up for 35-50MW solar plant in Kushtia

Star Business Desk

International Finance Corporation (IFC) has teamed up with the state-run Sustainable and Renewable Energy Development Authority (Sreda) to support a solar project in Kushtia to generate 35 to 50 megawatts of electricity.

The pilot project, which will be developed through competitive bidding under public-private partnership, is aimed at demonstrating a viable model for a solar power plant in Bangladesh, the World Bank's private sector arm said in a statement yesterday.

At present, around 90 percent of Bangladeshis have access to electricity.

Bangladesh aims to boost share of renewable sources in its energy generation mix from less than 3 percent to 10 percent by 2021 and double it by 2030.

Currently, over 90 percent of the power generation is dependent on fossil fuel while renewable energy projects face challenges for a limitation of land.

This is a unique concept as it will support the government in creating a viable and sustainable renewable energy model in Bangladesh, using marginal low-lying land to produce solar energy, said Wendy Werner, country manager of the IFC for Bangladesh, Bhutan and Nepal.

"By engaging the private sector, we aim to promote more investment in renewable energy projects in Bangladesh and reduce reliance on thermal energy."

The IFC is helping with structuring and tendering of the project to attract a credible private sector developer through a transparent and competitive process.

Three entities are supporting the funding for consultants.

They are the European Commission's Directorate General for International Cooperation and Development, Germany's Federal Ministry of Economic Cooperation and Development, and Sustainable Development Investment Partnership, backed by the World Economic Forum and the Organisation for Economic Co-operation and Development.

"This plan to bring in a solar independent power producer through a competitive bidding process will play a pivotal role in developing the country's renewable energy programme," said Mohammad Helal Uddin, chairman of Sreda.

It will provide increased electricity access and clean energy, which will have positive impact on businesses and households, he said.

The IFC supports over 20 percent of Bangladesh's power generation. It has a committed global portfolio of over $8.2 billion in power and energy, half of which is in renewables.

India plans to cut spending to curb deficit; may hurt growth

Reuters, *New Delhi*

India's government is likely to cut spending for the current fiscal year by as much as 2 trillion Indian rupees ($27.82 billion) as it faces one of the biggest tax shortfalls in recent years, three government sources said.

Asia's third largest economy, which is growing at its slowest pace in over six years because of lack of private investment, could be hurt further if the government cuts spending.

But with a revenue shortfall of about 2.5 trillion rupees, the government has little choice to keep its deficit within "acceptable limits", the first official, who did not want to be named, told Reuters.

The government has spent about 65 percent of the total expenditure target of 27.86 trillion rupees till November but reduced the pace of spending in October and November, according to government data. A 2 trillion-rupee reduction would be about a 7 percent cut in total spending planned for the year.

In October and November, government spending increased by 1.6 trillion rupees, nearly half the 3.1 trillion it spent in September. The fiscal year starts April 1 and ends March 31.

Lack of demand and weak corporate earnings growth in the economy led to lagging tax collections this year. Analysts said growth will be hurt.

"When the private investment has slowed so much, this will definitely drag down growth further," said Rupa Rege Nitusure, chief economist at L&T Financial.

REUTERS/FILE

A cashier checks Indian rupee notes inside a room at a fuel station in Ahmedabad, India.

India's economic growth slowed for six consecutive quarters to 4.5 percent in July-September, despite a 135-basis-point cut in interest rates by the central bank since February 2019.

Now, even the Reserve Bank of India seems to have become more worried about inflation rising. It kept its key lending rate on hold on December 5, even though it slashed its growth forecast for the current fiscal to 5 percent, which would be the lowest in a decade.

Even a surprise corporate tax rate cut announced by Finance Minister Nirmala Sitharaman earlier this year failed to spur private investment in the economy.

The government is likely to keep the fiscal deficit under 3.8 percent of gross domestic product, sources said, while letting it slip from its earlier set target of 3.3 percent for the year.

The government is likely to announce additional borrowing of 300 billion to 500 billion rupees for the current year to match the revised fiscal deficit, two sources in the government said.