

Onion prices drop in Ctg Margin loan policy tuned to stock index

MOHAMMAD SUMAN, Chattogram

Onions became Tk 20-25 cheaper per kilogramme (kg) in the last three days thanks to declining prices at the Khatunganj wholesale hub and increased efforts from traders to import the kitchen staple from eight countries.

At various retail markets, onions were sold at Tk 60 to Tk 65 per kg yesterday, down from Tk 80 to as high as Tk 100 from three days back.

"In Khatunganj, the wholesale prices hovered between Tk 50-55 per kg yesterday against Tk 65-70 a few days back," Habibur Rahman, a retail trader of the Kazir Dewri kitchen market, told The Daily Star.

Prices skyrocketed when India stopped shipping onions to Bangladesh on September 14, pushing the wholesale price to Tk 80 per kg while it was Tk 90-95 per kg for retail.

An increasing number of letters of credit opened by traders to import onions from countries other than India helped tame the price, according to industry insiders.

As of yesterday, some 65 traders sought permission to import 118,727 tonnes of onion from China, Egypt, Pakistan, the Netherlands, Myanmar, Turkey, Thailand and New Zealand, as per data from the Plant Quarantine Centre at Chattogram Port.

The imports are scheduled to reach Chittagong Port by the first week of October, various traders said.

Since the Indian export ban, onion prices increased by around \$100-120 per tonne to hit \$350-360 at international markets, said Omar



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Faroque, an importer.

Onions will cost around Tk 41-44 per kg to reach Chattogram port and an additional Tk 3-7 per kg will be needed to send those to the wholesale market, he added.

In the two-and-a-half-months lead up to the ban, around 100 importers brought in 122,000

tonnes of onion in 2,105 consignments from India, according to data from the National Board of Revenue.

The average price of the onions imported through the Hili, Sonamasjid, Bhomra and Benapole land ports was Tk 15.13 per kg back then.

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) has rearranged the margin loan policy in tune with index movements to give a boost to the market while it is in the low and reduce investment risks once it goes higher.

In an order issued on Monday, the stock market regulator said brokerage houses and merchant banks were allowed to provide margin loans on a 1:1 ratio once the DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), crosses 4,000 points.

This means that investors will be able to get a loan equal to what they have deposited or invested. For example, if an investor invests Tk 100, then they can avail a loan of Tk 100 from a merchant bank.

The directive will come into effect from October 1.

For the period when the index remains between 4,001 to 5,000 points, the margin loan ratio would be 1:0.75. This implies that if investors deposit Tk 100, then the brokerage houses and merchant banks are allowed to provide them a loan of Tk 75.

In case of the index ranging between 5,001 and 6,000, the margin loan ratio would be 1:0.50. This means investors will get Tk 50 in loan against an investment of Tk 100. When the DSEX crosses 6,000 points, the ratio would be 1:0.25, meaning a Tk 25 loan against every Tk 100 invested.

The ratio had been kept at 1:0.5 for the past four or five years irrespective of the standing of the index.

"With this directive we wanted to reduce risks of investors in an upward market and at the same time, tried to attract them into making investments while the market remained at a lower position," said a top BSEC official.

MARGIN LOANS TO BE ALLOWED AGAINST INDEX VALUE

DSEX (in points)	Margin loan ratio
Less than 4,000	1:1
4,001-5,000	1:0.75
5,001-6,000	1:0.50
More than 6,000	1:0.25

In response to a query, he said the directive would be applicable for a few years, until or unless the market rises to new heights.

This is a good initiative of the BSEC as it will help give the market a boost while it remains in a lower position, said a stock broker.

On the other hand, it will reduce the risks of market intermediaries, he added.



Many of the vegetables available in Barishal city have their roots in villages four or five hours away. Here a transshipment, so to speak, is being made at Sharshi village of the Sadar upazila's Kashipur union, around an hour's drive from the city. The farmer brought his boatload of produce paddling some four hours from his Banaripara village. He will stay back for the day waiting for traders to make the sale before heading back with his share the next morning. The photo was taken last week.

TITU DAS

Stocks fall below 5,000-mark again after nine days

STAR BUSINESS REPORT

Stocks continued to fall nosediving below the 5,000-mark yesterday after managing to stay above the level for nine days in a row.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), plunged 42 points, or 0.83 per cent, to stand at 4,970.10.

The index went past the 5,000-mark on September 10 after around 54 weeks.

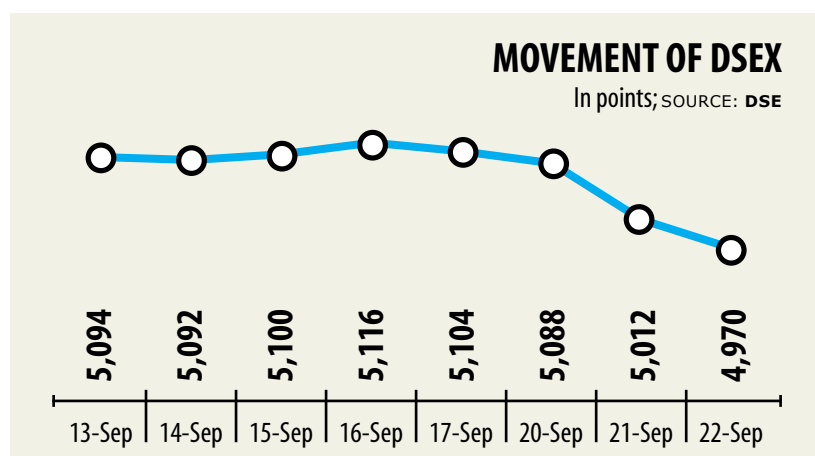
The stock market is going through a correction right now so there is nothing to fear from the fall of the index, said a stock broker.

Moreover, this is creating an opportunity for some investors to make investments, he said, adding that what was more concerning was the fact that trading on the bourses had reduced.

Turnover, one of the important indicators of the DSE, dropped 25 per cent to Tk 977.58 crore.

Of the total 356 stocks traded, 75 advanced, 252 declined and 29 remained unchanged.

The stock market is taking the shape of a wave, which means that investors



are taking in profits at the crest, when the index has risen, and buying stocks at the trough, when the index has fallen, said a merchant banker.

"This is a good sign for the market."

When investors take in profits, it gives them the confidence to make further investments, he said.

But some investors are doubtful of investing now apprehending that pouring money amidst the pandemic-induced economic downturn will lead to further losses,

the merchant banker added. "The health specialists fear that a second wave of Covid-19 infections may come in the upcoming winter season and it might be dreadful for the business situation of the country again."

The DSE's turnover list was topped by Beximco Pharmaceuticals which saw shares being traded worth Tk 30.48 crore followed by Brac Bank, Square Pharmaceuticals, Beximco and Rupali Insurance.

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Grow crops like onion abundantly to cut import dependence



SUBRATA RANJAN DAS

Bangladesh continues to be among the fastest-growing economies in the world. Agriculture plays a major role in the growth of the economy and providing employment. Despite being one of the densely populated economies in the world, Bangladesh has made admirable progress in achieving food security over the past decades.

The current Covid-19 situation has made us realise the significance of the agriculture sector in Bangladesh. All the news reports, talk shows and discussions indicated that there will be an increased emphasis in the development of the agriculture sector in Bangladesh post-Covid-19. Facilitating the extra population in the sector will not be a simple task. A short-, mid- and long-term plan is needed so that the extra force can be utilised properly.

Due to the pandemic, a huge number of labour forces will be forced to return to Bangladesh from the Middle East and other countries. Already at least 78,043 workers returned home from 26 countries since April, according to figures published by the Ministry of Expatriates' Welfare and Overseas Employment on August 23.

People are returning from Dhaka city to villages so it will not be a suitable choice for them to plant and harvest agricultural crops. In both cases, it is expensive and time-consuming. New technologies like harvesters and tractors are already getting popularity in this case.

We have to keep in mind that for domestic consumption, agricultural output will not increase that much and there maybe, in some cases, reduction a little bit. Each person consumes 367 grammes of rice daily, down 11 per cent from 416gm in 2010, according to the Household Income and Expenditure Survey 2016.

The Bangladesh Bureau of Statistics (BBS) also found that daily per capita consumption of wheat grain dropped 24 per cent to 19.83gm in 2016 from 26gm in 2010.

Exporting agricultural goods will not be simple because of phytotoxicity and other quality issues. Then how can agriculture provide extra employment or play a vital role in this situation? Now the option is to reduce



Farmers collect onion seedlings at a field of Piprul village in Naldanga upazila of Natore.

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dependency on our agricultural goods import. Largely we import wheat, maize, onion, garlic and ginger. The total import of these goods is huge in value. We grow all of these crops to some extent.

If we can cultivate these agricultural products, then the import cost can be saved by Tk 15,100 crore. To produce these agricultural crops, we need 1.71 million hectares of land.

We have 15.2 million hectares of cultivable

land whereas only 0.21 million hectares arable land is barren. On the other hand, we can engage a large amount of the labour force of about 95 million. Now the labour requirement seems very unusual because of current manual production practices. If we use a semi-manual process for production, then the requirement may drop down to 50 per cent.

In order to accumulate this production, we have to adopt proper cropping pattern management of production. We need 10 per cent diversification of our total cultivable land. For example, aman paddy takes short time to provide yield so we can use this aman field to produce onion and garlic after aman harvesting. Then farmer can cultivate late boro or ropa aush in the same field. By using modern technologies like harvesters and transplanters, crop loss can be reduced. Through the use of high yield variety, production will increase and land usage can be saved.

We need to focus on summer onion. Currently, we are producing 2.3 million tonnes of onion in 0.24 million hectares of land against the demand of 3.4 million tonnes. So, need another 0.104 million hectares of land to reduce the reliance on imports.

We don't cultivate the summer variety now because of seed scarcity in the season. But it can be a good source of onion during summer. This variety can give a yield of up to 30-32 tonnes per hectare within 2-3 months whereas we get 10-12 tonnes per hectare during winter onion. This variety has 2-3 months of shelf life.

Now the question is: where will we cultivate this crop? Many farmers in Munshiganj cultivate potato once a year and the area of cultivating potato is 38,500 hectares. The area faces floods for 4-5 months after harvesting of potato. But before flooding, they get 2-3 months. During this time farmers can cultivate this summer onion. By cultivating this variety, we may get around 1 million to 1.1 million tonnes of onion which can reduce the necessity of imports entirely.

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CONSUMPTION OF FARM PRODUCTS AND IMPORTS

Crops	Total consumption (In tonnes)	Import (In tonnes)	Import value (In crore taka)
Wheat	6.9	5.5	8,500
Onion	3.4	1.1	6,545
Garlic	1.2	0.7	9,770
Ginger	0.275	0.075	765
Total			25,580

PRODUCTION COST AND OTHER REQUIREMENTS

Crops	Production cost (In crore taka)	Land required (In million hectares)	Labour requirement (In million)
Wheat	5,970	1.49	22.41
Onion	2,617	0.104	35.61
Garlic	1,522	0.11	34.8
Ginger	301	0.006	2.3
Total	10,410	1.71	95.12