

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 0.15%	▲ 0.17%	\$1,864.26	\$36.86	▼ 0.43%	▼ 0.37%	▼ 1.32%	▲ 0.11%	83.95	97.62	108.22	12.32
4,846.10	8,319.74	(per ounce)	(per barrel)	39,749.85	23,331.94	2,450.68	3,272.73	BUY TK	SELL TK	84.95	101.42

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A harder squeeze on poor as coarse rice going beyond reach

Price rises by Tk 15 a kg in one year

REJAU KARIM BYRON

The retail price of coarse rice rose Tk 15 per kilogram in the last one year because of higher prices in the international market, squeezed supply and the coronavirus pandemic, official data showed.

The sharp rise in the food-grain has dealt a major blow to the poor and low-income groups who have been struggling to make ends meet amid massive job losses and a sharp fall in incomes caused by the pandemic.

Coarse rice was selling at Tk 28.59 per kg in November last year and it rose to Tk 43.64 per cent during the period, provisional data from the Department of Agriculture Marketing showed.

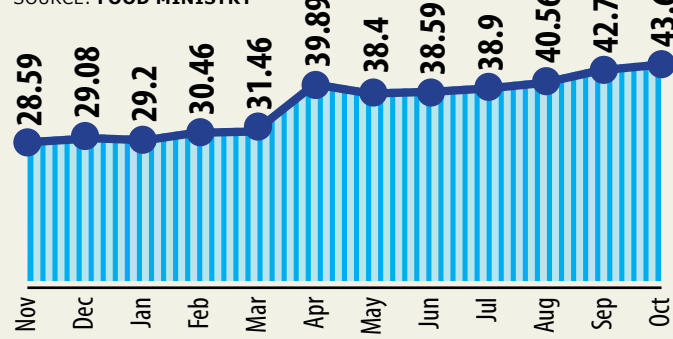
The rice variety mostly consumed by the poor and low-income groups was selling at Tk 31.46 per kg in March and since then it has risen by 38.71 per cent.

The availability of the coarse rice has been squeezed owing to the farmers' indifference to produce the variety, the coronavirus pandemic and stockpiling by people due to the coronavirus-induced uncertainty, said Food Secretary Mosammat Nazmanara Khanum yesterday.



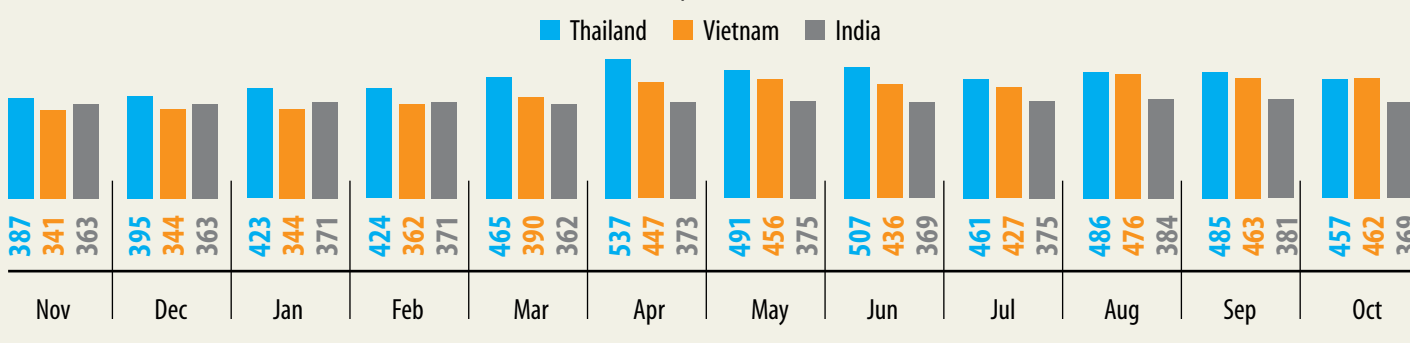
RETAIL PRICE OF COARSE RICE

In Tk per kg; Oct data is provisional
SOURCE: FOOD MINISTRY



RICE PRICE IN GLOBAL MARKETS

In free on board (FoB) terms; \$ per tonne; SOURCE: FOOD MINISTRY



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A lot of coarse rice was imported in 2017 and this contributed to the decline in the price in 2018 and 2019. "This discouraged farmers from growing more coarse variety," said Chitta Majumder, managing director of Mazumder Group of Industries.

"What is a little puzzling is that the price has increased despite a good boro harvest and reasonably

adequate public stocks. Floods may have been one contributing factor. A shift in demand towards coarse rice because of the decreased incomes of the middle class may also have contributed," said Zahid Hussain, a former lead economist of the World Bank's Dhaka office.

However, the economist said, the presence of large players with market

power in the rice supply chain may have been the most important factor in the price increase.

A report on the food-grain situation of the country was presented at a meeting of the Food Planning and Monitoring Committee (FPMC) chaired by Food Minister Sadhan Chandra Majumder on Wednesday.

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Take Chinese loans with skillful negotiations

Experts suggest

STAR BUSINESS REPORT

Chinese loans must be availed with skillful negotiations to ensure better outcomes and avoid falling into any possible debt trap, said experts at a Centre for Policy Dialogue (CPD) webinar yesterday.

"During taking loan the profitability of the project should be considered and should be prioritised," CPD Chairman Prof Rehman Sobhan told the event titled "Bangladesh-China Development Cooperation: Experience and Outlook".

According to the CPD, China committed a total of \$3.33 billion in aid to Bangladesh since the latter attained independence, about 99 per cent of it being project aid. Of it, \$2.8 billion has been disbursed till December 2019.

China's commitment made up 2.34 per cent of that promised by countries around the globe till date. Similarly, in terms of that disbursed, it is 3.26 per cent.

Sobhan forecast that the world economy would evolve in the next 25 years for Asia, particularly China and East Asia.

China's vision involves a wide context incorporating economic relationships in the Bay of Bengal-based South Asian region, he said.

In spite of the Covid-19 pandemic's adverse impacts on the economy, China and East Asia have already brought the virus under control, he said.

East Asia is growing so faster that it will ultimately end up controlling the global economy, he said.

Sobhan saw immense opportunities for investment and trade in South Asia, including Bangladesh.

"Everything will depend on the relationship with China as during the past 20 years China has achieved great success in its economy," he said.

East Asian countries have developed along with China and they are the largest trading partners of China, he noted.

However, he said, though China has already become Bangladesh's largest trading partner, the latter's exports to China were very low.

So Bangladesh will have to find a way to put in place a value chain focusing the Chinese market similar to that brought about by China, he said.

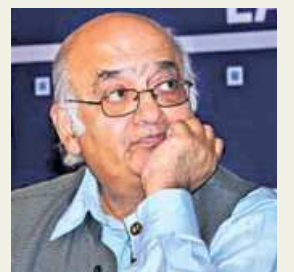
About investment from China in Bangladesh, he said it was for domestic use in the form of loans and grants.

However, he said, the most important focus for Chinese investment should be to improve Bangladesh's value chain. China has become the largest market for the world and there is scope for Bangladesh to become its trading partner in the future as within the next five years Asia will be led by China, he noted.

Sobhan predicted that China would account for 50 per cent of the global trade in the next five years.

China has not been one of the traditional markets for Bangladeshi exports, said Fahmida Khatun, executive director of the CPD.

China ranks 10th among Bangladesh's export destinations, she said.



China has already become the largest trading partner of Bangladesh but export of Bangladesh to China is very low

REHMAN SOBHAN
chairman of Centre for Policy Dialogue

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Another Tk 7,000cr for large industries, services sector

AKM ZAMIR UDDIN

The central bank yesterday expanded the size of the stimulus package for large industries and services sector firms to make the low-cost funds available for the factories located in the economic zones.

The volume of the package was enhanced by Tk 7,000 crore to Tk 40,000 crore as part of the central bank's effort to facilitate both local and foreign industries in the industrial zones, according to a central bank notice.

Only the units of industrial and service sector firms will get the extended portion of the package.

The units that are operating under the Bangladesh Economic Zones Authority, the Bangladesh Export Processing Zones Authority

and the Bangladesh Hi-Tech Park Authority will be eligible for the funds to revive their businesses.

There are three types of units -- A, B and C -- in the economic zones.

Firms with 100 per cent foreign ownership are considered as Type-A companies. Joint venture companies with foreign and Bangladeshi ownerships are treated as Type-B and those with 100 per cent Bangladeshi ownerships are Type-C.

The central bank initially allowed Type-C companies to borrow from the stimulus fund and gradually extended the facility to the factories belonging to the two other categories.

The type-C companies availed financial support from the package as they were included in the package initially, said Abu



The Bangladesh Bank headquarters in the capital's Motijheel area.

Farah Md Naser, an executive director of the central bank.

The companies under the type-A and type-B categories have not been able to secure

funds as the package has almost been depleted after meeting the demand of local firms, he said.

As much as 86 per cent of Tk 33,000 crore has already been

disbursed from the package to accelerate the ongoing economic revival, Naser said.

The foreign industrial units, like the local ones, have also been hit hard by the financial meltdown and they are unable to avail funds from their home countries, he said.

The entire globe is now in dire straits due to the coronavirus pandemic and a second wave of the deadly flu has already hit North America and Europe and many other parts of the world.

If the financial support is not extended to the foreign firms, their businesses will face a severe crisis and many of them will be forced to close their units. This will put an adverse impact on the economy in the long run.

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Insurance investors come to senses; stocks finally take a tumble

STAR BUSINESS REPORT

Insurance stocks took a tumble yesterday as investors have finally realised that local insurers will not witness a significant increase in profits amid the ongoing coronavirus outbreak.

Although market analysts and even the insurance companies themselves said that there were no valid reasons behind the inflated share prices, investors paid no heed to these experts.

But yesterday, after a few insurers disclosed their disappointing profits, the investors were suddenly in a rush to wash their hands of insurance stocks.

As a result, the losers table of the Dhaka Stock Exchange was mostly occupied by insurance companies.

Of the top 10 losing stocks, nine were from the insurance sector.

Karnaphuli Insurance shed the most with a drop of 9.97 per cent, followed by Global Insurance, Nitol Insurance, Islami Insurance, Northern Insurance, Janata Insurance, Eastland Insurance, Sandhani Life Insurance and United Insurance.

In terms of sectoral performance, insurance has fallen drastically compared to other sectors.

Of the 48 listed insurance stocks, five rose, two remain unchanged and 41 fell in the red zone.

Prime Life Insurance, Nitol Insurance, Eastland Insurance, and Global Insurance witnessed a year-on-year decrease in their life revenue funds or earnings per share for the third quarter (July-September) this year.

However, Reliance Insurance and Sunlife Insurance saw

TOP TEN LOSERS ON DSE ON THURSDAY

COMPANY NAME	FALL IN PRICES (IN %)
Karnaphuli Insurance	9.97
Global Insurance	9.93
Nitol Insurance	9.93
Islami Insurance	9.90
Northern Insurance	9.90
Janata Insurance	9.89
Eastland Insurance	9.81
Sandhani Life	9.80
United Insurance	9.79
Intech Ltd	9.79

higher earnings per share during the same period.

Despite the fall of insurance stocks, DSEX, the benchmark index of the DSE, edged upwards by 7.57 points, or 0.15 per cent, to 4,846.10.

Meanwhile turnover, an important indicator of the market, fell 13.3 per cent to Tk 963 crore compared to the previous trading day.

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Banks donate blankets to PM's relief fund

STAR BUSINESS REPORT

Private commercial banks donated 26.45 lakh blankets to the Prime Minister's Relief Fund to come to the benefit of underprivileged people in upcoming winter.

A total of 36 banks handed over the blankets to Ahmad Kaikaus, principal secretary to Prime Minister's Office, at the office in Dhaka on Wednesday as part of their corporate social responsibility.

Prime Minister Sheikh Hasina joined the programme through a video conference from Gono Bhaban in the capital.

Romana Rouf Chowdhury, a director of Bank Asia; ATM Hayatuzzaman Khan, former chairman and sponsor of Dhaka Bank; Md Nazrul Islam Mazumder, chairman of Exim Bank;

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Salvo Chemical to set up Tk 70cr cornstarch plant

STAR BUSINESS REPORT

Listed industrial chemical producer Salvo Chemical Industry is going to invest around Tk 70 crore to set up a cornstarch factory with an aim to make the most of the product's tremendous market potential.

Cornstarch is a multipurpose powder that is used in food processing, pharmaceutical, paper and even textile sectors.

It is a popular cooking ingredient for soups, stews, sauces and custards and is also used to starch clothing to keep them crisp and wrinkle-free.

By implementing the project, Salvo Chemical will be able to supply the key raw material to its own liquid glucose manufacturing plant, which will reduce costs as well as deliver a unique product for sale.

The new cornstarch plant will produce around 25,000 tonnes of the material annually.

The decision to undertake this initiative was taken by during the company's recent board meeting. The chemical maker then informed its investors of the development through the Dhaka Stock Exchange website yesterday.

This will be a cost-effective project, given the company's existing set up.

Salvo Chemical's share price rose by 3.6 per cent to Tk 14.4 yesterday.

Salvo Chemical, whose paid-up capital was Tk 65 crore, was listed with the country's bourses in 2011. Its sponsors jointly hold a 22.14 per cent stake in the company at present.

Meanwhile, the company's board of directors announced 1 per cent cash dividend for the year that ended on June 30, 2020.

In the previous year, it disbursed 5 per cent dividend to its shareholders.

In the last fiscal, Salvo Chemical's earnings per share stood at Tk 0.30 while its net asset value per share was Tk 12.46.

By implementing the project, Salvo Chemical will be able to supply the key raw material to its own liquid glucose manufacturing plant, which will reduce costs as well as deliver a unique product for sale