

# Govt to maintain good reserve of food: Matia

## STAR BUSINESS REPORT

The government will have to maintain a good reserve of food grains to ensure food security for the poor, said the agriculture minister yesterday.

"The government needs a good reserve of food grains to manage any volatility in the local market," said Matia Chowdhury.

"The idea of ensuring food security will be successful only when the government will be able to feed the poorest in the remote parts of the country," she added.

She was speaking at the inaugural ceremony on the "National Conference on Market Volatility, Vulnerability and Food Security: Strategic Choices and Policy Options", organised by the Bangladesh Institute of Development Studies (BIDS) and UK Department for International Development (DFID) in Dhaka.

She came down on the World Bank as it advised the government not to maintain

reserves in excess of 6-7 lakh tonnes. "A country like Bangladesh needs stocks of 10-12 lakh tonnes, as we have to support the poor and run programmes like vulnerable group feeding (VGF)."

"The government also has to take precautionary measures against adversities like crop damages," she added.

She also blamed the two former governments for 'information distortion', where they showed a higher production of food grains. This created a discrepancy between demand and supply, and ultimately raised food prices.

She said information provided by the Bangladesh Bureau of Statistics (BBS) and Bangladesh Space Research and Remote Sensing Organisation (SPARRSO) regarding the annual production of food from 2005-06 to 2007-08 did not match.

Matia said satellite photos taken by SPARRSO could not be wrong. She however admitted that the production of rice grew from 2.68

crore tonnes in 2002-03 to 3.52 crore tonnes in 2007-08.

SPARRSO is a multi-sectoral research and development organisation under the Ministry of Defence.

The agriculture minister vowed that the government would take measures to provide food grains at lower prices and better value for farmers' production.

Economists suggested that the government try to export rice to African countries, as rice prices in the domestic market have dropped drastically due to surplus stocks. Farmers may incur losses owing to this surplus in supply.

"Yes, the government can try it, although it may require standardisation and other procedures," economist Wahiduddin Mahmud told reporters after the conference at Dhaka Sheraton Hotel.

"The rice price in Bangladesh is much lower than in international markets now," Prof Mahmud said.

Presently, the price of coarse rice in Dhaka is about Tk 20 per kilogram and the

government sells rice at Tk 18 through open market sales (OMS).

To keep the rice price at a rational level and save farmers from incurring losses, the government should think about exporting rice to the African countries, said Dr Mahabub Hossain, executive director of Brac.

According to the Food Planning and Monitoring Unit, the government presently has rice stocks of around 12 lakh tonnes and the country is expected to have a bumper Boro production this season.

The government will not be able to procure rice in the next Boro season if the stocks are not offloaded now, an official of the food ministry said.

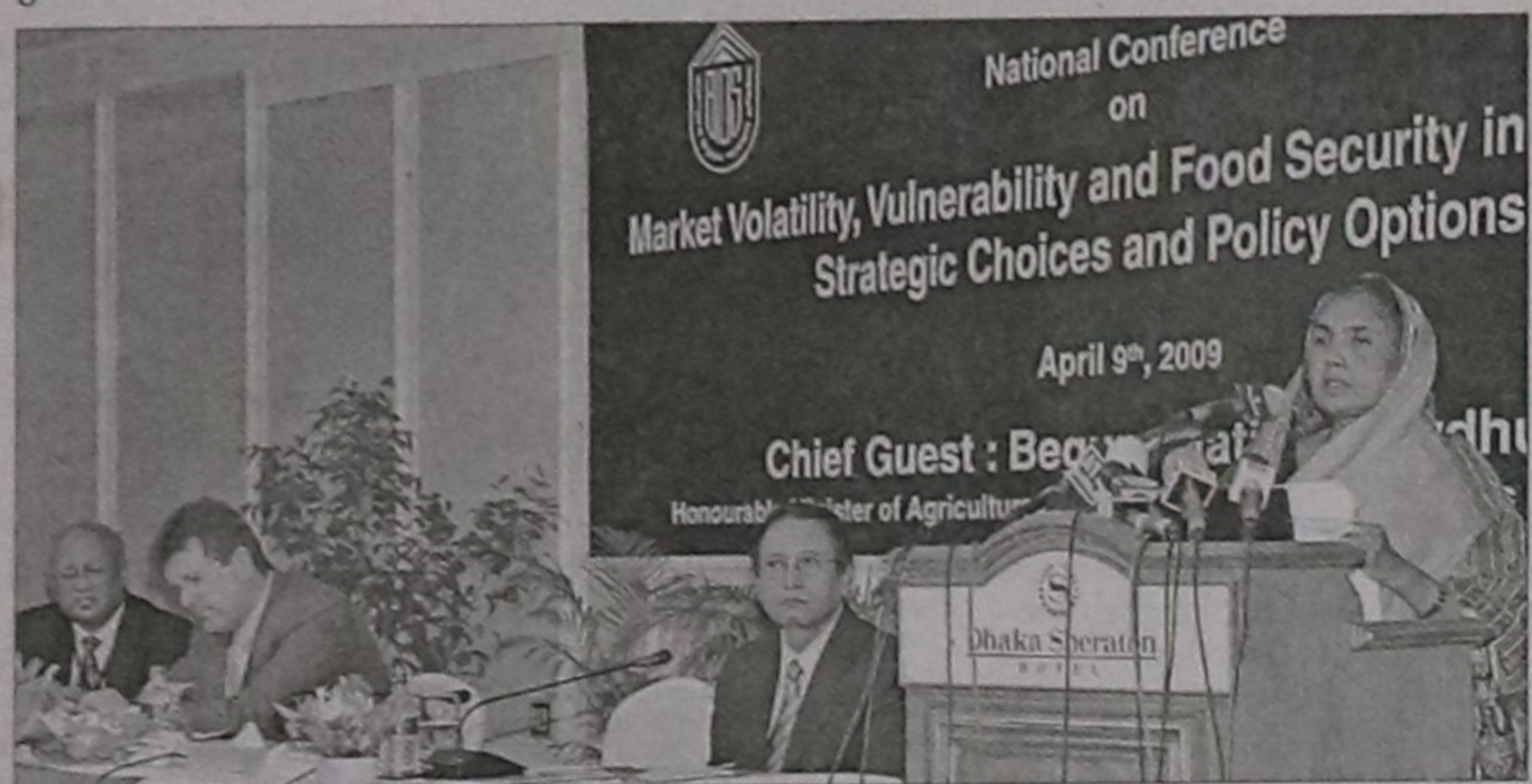
Experts suggested that the government continue the 100-day employment scheme and increase safety net programmes, as there is a large number of people still deprived of food.

Cultivating the saline-tolerant rice variety in 10 lakh hectares of land in the coastal areas will further boost rice production, they said.

Food Minister Abdur Razzaque said the government is planning to procure rice from the upcoming Boro harvest to ensure fair prices for the farmers.

He said the government started buying wheat this month to make sure that farmers do not face losses.

Former agriculture and food advisers Dr CS Karim and Dr AMM Shawkat Ali, World Food Programme Country Representative John Ayliffe and Food and Agriculture Organisation Country Representative Ad Spijkers also spoke.



Agriculture Minister Matia Chowdhury speaks at a conference on food security and policy options in Dhaka yesterday.

## Forex reserve reaches record high

UNB, Dhaka

The country's foreign exchange reserve rose to a record high at US\$ 6.23 billion yesterday, thanks to the global recession that helped reduce the import expenditures.

A senior central bank official said the closing balance of the forex reserve reached the level, bettering the previous record of US\$ 6.18 billion on July 3 last year.

He said Bangladesh Bank purchased US dollars from the commercial banks to balance the liquidity surplus exchange market as per rules.

The greenback became surplus in the banks due to less expenditure on commodity imports like food and fuel.

## BanglaLion pays WiMax acquisition fee

### STAR BUSINESS REPORT

BanglaLion Communication, a WiMax licensee, said it has paid the due license acquisition fee to the telecom watchdog, ensuring the company's plan to launch the first ever-high speed broadband internet service in Bangladesh.

"We paid the dues within the deadline that expired on March 31," Parvez Ahmed Shamim, BanglaLion's WiMax project consultant, said yesterday.

BanglaLion's payment in full to the Bangladesh Telecommunication Regulatory Commission (BTRC) has ensured two private sector WiMax licensees in the country. Augere Wireless Broadband Bangladesh Ltd is the other WiMax licence holder that

cleared its payment in due time.

However, the Tk 215 crore hefty licence fee, settled upon by an open auction organised by the BTRC in September last year, became a double bind for both the BTRC and bid winners.

Local WiMax licensees are finding it difficult to borrow the required funds from banks to pay the licence fees as financial institutions have adopted a cautious lending strategy amid global economic meltdown.

The WiMax licence holders appeared in court to extend the deadline for depositing the licence acquisition fees to BTRC.

The three bidders -- BanglaLion Communication, BRAC BD Mail Network Ltd and

Augere Wireless Broadband Bangladesh Ltd -- won the licences at the auction.

Mango Telecom agreed to take the WiMax licence as the third private operator after BRAC Net, the second winner of the WiMax licence, surrendered their licence amid fears that the technology would not be a financially viable venture after paying the hefty licence fee.

The company is yet to manage the required licence fee, said Mir Masud Kabir, managing director of Mango Telecom, yesterday.

WiMax (Worldwide Interoperability for Microwave Access) is a wireless digital communications system that can provide broadband wireless access across 30 miles for fixed phones, and 3-10 miles for mobile stations.

## Nano goes on sale in India

AFP, Mumbai

The world's cheapest car went on sale on Thursday, with dealers and the company behind it confident of strong demand despite a slump in global car sales amid the world economic downturn.

Bookings opened for orders of Tata Motors' 100,000 rupee (2,000 dollars) Nano at dealerships around the country, with a spokesman describing sales as "encouraging".

A steady trickle of customers was seen at Concorde Motors in central Mumbai soon after opening, and by the end of the morning five people had booked a Nano and about a dozen had picked up application forms, which cost 300 rupees each.

Prospective buyers are also able to book online for 200 rupees.

## New US weekly jobless claims slide 3pc

AFP, Washington

New US jobless claims fell a steeper than expected three percent last week but still remained at a 26-year high amid the recession, government data showed Thursday.

The Labour Department said initial claims for unemployment benefits fell to a seasonally adjusted 654,000 in the week ending April 4.

The analyst consensus forecast was for 660,000 new claims.

The department said initial jobless claims in the previous week jumped a revised 674,000, instead of the original estimate of 669,000, to a level last seen in early October 1982.

The four-week moving average of initial claims, a more reliable indicator of unemployment trends, slipped slightly to 657,250

from 658,000 in the preceding week.

During the week ending March 28, the insured unemployment rate edged up to 4.4 percent, a 0.1 percent gain. The rate is at its highest level since early April 1983.

In the same week, the number of people claiming unemployment insurance benefits surged to a new record, for the 10th consecutive week, at 5.840 million. That marked an increase of 95,000 from the preceding week's revised level of 5.745 million, according to the data tracked since 1967.

Initial weekly jobless claims have been above the 600,000 mark since late January as the economy struggles with a second year of recession and a global economic and financial crisis.

"The good news is that the trend in initial claims

isn't worsening. The bad news is that the level of claims still speaks to a very weak labour market," said Briefing.com analysts in a note to clients.

According to the latest official numbers, the US unemployment rate rose to 8.5 percent in March, the highest pace since November 1983, from 8.1 percent in February.

The head of the Federal Reserve regional bank in Dallas, Richard Fisher, said this week that the US unemployment rate could exceed 10 percent by year-end.

While some economic indicators point to stabilizing or modest growth, the key labour market continues to shed jobs massively, potentially derailing any recovery from a recession that began in December 2007.

## German output falls 2.9pc in February

AFP, Berlin

German industrial output fell 2.9 percent in February from January, the economy ministry said Thursday, as demand for goods from Europe's largest economy dried up amid the global recession.

While the drop was still sharp, it was less bad than analysts had expected and represented a considerable improvement from the stunning 6.1 percent decline last month.

Economists had forecast a 3.4 percent drop in February and some analysts took the latest data as a sign that the worst could be over for Germany's embattled industrial sector.

Martin Lueck from Swiss banking giant UBS said that it was "another very poor number but less ugly" than the figures reported the previous month, which were the worst output data since German reunification in 1990.

"This data, albeit still incredibly poor, raises further hope that we may indeed be close to the bottom," he said.

For its part, the ministry said the outlook for German industry was not bright.

"Given the still falling industrial orders, output will remain weak in the coming months," the ministry said in a statement.

Data released Wednesday showed that industrial orders in Germany fell 3.5 percent in February from the January level. Jennifer MacKeown from Capital Economics was less upbeat.

The figures "confirm that the sector is still in dire straits," she said.

"The latest data clearly suggest that the recession is still in full swing," she added, saying her forecast of a four percent fall in German gross domestic product (GDP) in 2009 looked increasingly over-optimistic.

## Dutch bank to sell off \$10b in operations

AP, Amsterdam

ING NV, the Dutch bank and insurer, said Thursday it plans to sell off operations it says could raise up to euro8 billion (\$10.6 billion).

The move, unveiled alongside a reshuffling of business units to simplify the company structure, is an increase from a previous target announced in January to raise euro3 billion.

So far, ING has sold its Canadian operations for euro1.4 billion. "Next to a number of leading positions in key markets, a group of smaller businesses with no clear outlook for market leadership consumes a disproportionate amount of capital," the company said in a statement.

Shares rose 9.9 percent to euro5.775. They have had a wild ride, falling from above euro25 a year ago and trading as low as

euro2.30 in March.

The company's statement Thursday didn't specify which business it would definitely sell or set any time frame for achieving the target. It also didn't say whether there was any interest from buyers.

ING said it now plans to focus mostly on European banking, with extra focus on Belgium and the Netherlands. However, it intends to continue offering both banking and insurance in Europe, Asia and the United States.

It said it doesn't plan to sell its online banking service, ING Direct, and that its life insurance businesses in China and Japan were "under review."

Incoming Chief Executive Jan Hommen was to address investors at a meeting later Thursday. His predecessor, Michel Tilmant, resigned in January after saying ING expected to post a large loss in the



Employees of Dutch bank and insurance group ING are on strike in front of ING Belgium offices in Brussels yesterday. ING plans to sell assets worth up to eight billion euros to reduce its risk exposure and to focus on its core business.

fourth quarter, which turned out to be a loss of euro3.1 billion.

ING has received significant aid from the Dutch government since the financial crisis began. Last year it received a euro10 billion investment lifeline to shore up its equity base.

And in January the state assumed most of the risk for euro27.7 billion in troubled U.S. mortgage-backed securities ING owns.

ING said Thursday it has cut 3,500 jobs so far since announcing plans to cut 7,000 in January, around 5 percent of its work force. As of Thursday, ING said it employs 25,000.

Hommen, a former chief financial officer of both Philips Electronics and Alcoa, said that ING's tier 1 capital ratio - the most widely used measure of a bank's solvency - was 9.3 percent at year end.