

## Stocks

DGEN ▲ 0.10%  
2,780.86

CSCX ▲ 0.04%  
6,186.54

## Asian Markets

MUMBAI ▼ 2.91%  
14,522.84

TOKYO ▲ 0.90%  
9,840.85

SINGAPORE ▼ 0.73%  
2,271.45

SHANGHAI ▲ 1.24%  
2,810.47

## Currencies

|     | Buy Tk | Sell Tk |
|-----|--------|---------|
| USD | 68.45  | 69.45   |
| EUR | 92.73  | 98.29   |
| GBP | 110.16 | 115.97  |
| JPY | 0.70   | 0.78    |

SOURCE: STANDARD CHARTERED

## Commodities

**Gold** ▼  
\$934.08  
(per ounce)

**Oil** ▼  
\$70.09  
(per barrel)

SOURCE: AFP

(Midday Trade)

## International

### Growth fuels climate change



Asia's rapid economic growth in recent years has contributed significantly to climate change and environmental pollution, the head of the Asian Development Bank (ADB) warned on Tuesday.

B-4

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# Govt's drive fails to benefit farmers

SOHEL PARVEZ and PORIMAL PALMA

The government's procurement drive is failing to bring price benefit to farmers as the paddy market remains depressed because of slack purchases by middlemen and millers.

"Nothing is working. Market moves on its own as the government initiative to cushion the farmers' woes fails to create any impact due to slow purchase and a lack of space in warehouses," said Nirod Boron Saha, general secretary of paddy and rice wholesalers' association in one of the big hubs for rice -- Naogaon Dhan-Chal Aratdar Babsaee Samity.

The price of coarse paddy now hovers near Tk9.86-Tk10.13 a kilogramme, while the prices for medium coarse ones stand between Tk 10.13 and Tk 10.40, much below the rate fixed by the government at Tk 14 a kg, farmers and traders said.

Alleged flaws in the procurement system are benefiting the middlemen and millers who offer lower prices to the farmers by exploiting the opportunity of increased supply of paddy and rice in the market, resulting from consistent good harvests since the Boro season last year.

The situation has also worsened further amid a slowdown in demand for coarse rice in the backdrop of government food operations under different programmes.

"Now the government is the only big

buyer of rice as the demand for recently-husked coarse rice remains low in the market. Whatever the amount we are procuring, all are going to the government warehouses," said KM Layek Ali, convener of Bangladesh Rice Mills Association.

However the millers' move to deliver rice to government storages is also hampered by space shortages in warehouses with millers saying that they cannot buy more paddy, failing to deliver the stock they had purchased earlier to the government.

"We are sitting idle after preparing rice for the government. Many of us cannot deliver the rice due to a lack of space in warehouses," said Layek, adding that the government has already given allotment to the millers for procuring around 10.5 lakh tonnes of rice.

"Warehouses in nearly half of the 16 districts in the North now suffer from space shortages," he said, blaming the low price of paddy on the storage dearth.

Officials involved in rice procurement said they are clearing warehouses to create space for currently procured rice. Many of the storages were filled up by previously procured food grains, they said.

"We are trying to clear the stores as soon as possible. We bought around 3 lakh tonnes of rice in the last one and a half months," said a senior government official in-charge of rice procurement in



A procurement drive launched by the government was meant to help farmers. But the procurement system, often flawed, benefits middlemen and millers, not farmers.

Rajshahi division.

Earlier this year the government announced to procure 12 lakh tonnes of Boro rice and paddy as part of its move to offer price benefits to the farmers and create stocks for its food grain operations under different social safety net programmes.

The amount of procurement target accounts for less than 7 percent of this

year's projected Boro output of 1.8 crore tonnes.

The amount is too small to create an impact on the market and shield the farmers from losses.

Food department officials said the government has signed contracts with traders to buy 7 lakh tonnes and already procured 4.5 lakh tonnes of rice and paddy since May 1 to meet the planned

purchase target for Boro rice.

"The pace of buying rice is speedier this time compared to last year," an official said requesting anonymity.

But given the storage capacity of as much as 14 lakh tonnes in public warehouses, nearly half of the granaries are already filled up by previous stocks, with many farmers queuing up to sell their produce to the government.

"I have been waiting for the last one week to sell paddy to government procurement centre. I am yet to sell my produce because of a space shortage in storages," said Enamul Haque, a farmer at Kahalu of Bogra who brought around 60 maunds (around 2.22 tonnes) of paddy to a procurement point in Bogra.

"They (officials) also did not give me a date for purchasing my produce," he said.

Traders and analysts said paddy market could have witnessed much better price had the government cleared the previously stocked food grains prior to Boro procurement.

"Now the government may be able to fulfil its target of buying rice and paddy. But it will not bring any benefit to the farmers despite the government's good intention to protect farmers," said Nirod Boron Saha.

The government should set up new warehouses and repair the old ones to address such situation in the days ahead, he suggested.

# A swing in time

STAR BUSINESS REPORT

The change is more internal than external. It will be more of a systemic change. Daylight Saving Time (DST), that is.

With DST to be effective from the midnight of June 19, all the offices are bracing for a synchronised change in their internal systems from computer to other time-sensitive devices.

Bangladesh is set to add seven hours to GMT, falling in line with Bangkok time. People will have to set their clocks forward by one hour to get into the swing of things.

DST allows people to use less energy in lighting homes by taking advantage of the longer and later daylight hours in a country reeling from a huge power crunch.

"Its benefit is the difference between peak and off-peak hours so far as energy is concerned," M Tamim, a former special assistant in charge of the energy ministry during the caretaker rule, told The Daily Star.

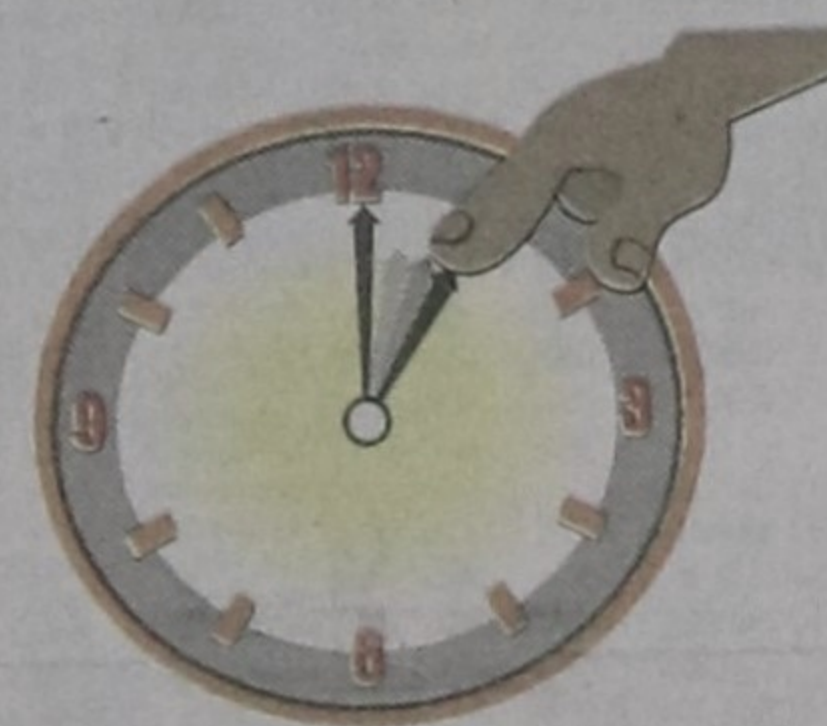
If somebody goes to bed at 11pm every day, he will still do so according to his clock. But in true sense, he is going to bed one hour early at 10pm, switching the lights off in his room.

Tamim said the DST plan is not meant to bring a big difference to the country's energy situation, but many small things add up to a big change. "And I am in favour of this."

A one-hour difference may ease the peak-hour load, however slightly it may be, but will not solve the off-peak hour problems. "People will be very happy if they see less frequent load-shedding in peak hours, but off-peak-hour power cuts will remain the same as before," Tamim said.

DST may save 200MW to 300MW for an hour. But there are no official statistics to confirm the figures, and different researches may yield widely different stats, he said.

Power saved or not, different organisations in Bangladesh are synchronising their systems with DST. Airlines, banks and stock exchanges are also gearing for the change.



ASM Khairuzzaman, chief technology officer for Dhaka Stock Exchange, says: "We are almost set for the new system. All we have to do is synchronise the internal computer system. Trade will start at the same time as before -- at 10am."

But air travellers will see a clear one-hour change in flight schedules from June 20. Air tickets will be updated with new schedules. A Thai Airways flight to Bangkok on June 20 or later will take off at Zia International Airport at 2:10pm instead of earlier 1:10pm Dhaka time, an official of the airline said.

Shah Alam, general manager (planning) for Biman Bangladesh Airlines, told The Daily Star: "This isn't a big issue for us. Airline officials are all used to Daylight Saving Time."

"I don't think passengers will miss flights. Rather they may arrive early at the airport." The passengers who had already bought tickets for travel on June 20 or later are likely to get confused as those tickets may not have altered schedules.

Software outsourcing and call centre business, on the other hand, will have to adjust their local office timings according to the country they work for.

"But adjustments in time will not hamper business," said Habibullah N Karim, president of Bangladesh Association of Software and Information Services (BASIS). He said service providers will compromise on timing, but in return, the government should ensure electricity.

# Beximco to buy GMG stake for Tk 70cr

SARWAR A CHOWDHURY

Beximco Ltd, a subsidiary of local business conglomerate Beximco Group, has decided to acquire half of the stake in the country's oldest private carrier GMG Airlines, which is now facing financial difficulties.

The board of directors of Beximco Ltd (Bangladesh Export Import Company) decided yesterday to purchase 50 percent shares in GMG Airlines for Tk 70 crore.

Of the total investment, Tk 30 crore will be in equities and the remaining in loan refinancing. The acquisition will be through a new issuance of shares by GMG Airlines to Beximco. The existing paid-up capital of GMG Airlines is Tk 30 crore.

"We have approved the plan at a board meeting," Salman F Rahman, deputy-chairman of Beximco Group, told The Daily Star.

Rahman said Beximco is acquiring a stake in the airline, as it wants to diversify business and also because the

carrier is in financial difficulty.

"GMG Airlines will be able to strengthen its balance sheet with the acquisition and perform better in the coming days," Rahman hoped.

The final agreement between the two sides will be completed "very soon", he said. "After the acquisition, the airline will have a combined team, with an equal number of managerial positions from both sides."

Beximco, responding to a Dhaka Stock Exchange (DSE) query, told premier bourse officials yesterday: "We are considering various investment opportunities, including GMG Airlines Limited, as part of our investment strategy. Once the investment is finalised, it will be made known to all concerned."

Rahman said the board of directors of GMG Airlines had also approved the issuance of new shares.

Abdus Sattar, chairman of GMG Airlines, said: "We are in discussions with them (Beximco). This step will meet the strategic demands of both the

companies. If and when the move is finalised, a joint announcement will be made."

According to the Beximco Group website, it is one of the largest private sector industrial conglomerates in Bangladesh, engaged in diverse business areas. The group comprises six publicly listed companies and sixteen private companies. The group turnover in 2007 was Tk 16.5 billion. Beximco employs 35,000 people and has 1,70,000 shareholders. Beximco's shares constitute 5.93 percent of the market capitalisation of DSE.

GMG started its operations in April 1998. According to the private carrier's website, it now operates from Dhaka to Barisal, Chittagong, Cox's Bazar, Jessore and Sylhet, on domestic routes and to Kolkata on international routes.

However, according to media reports last year, GMG restarted operations on two other international routes to Kuala Lumpur and Kathmandu.

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