

## Stocks

DGEN	0.16%
	3,034.79
CSCX	0.38%
	6,704.81

## Asian Markets

MUMBAI	1.50%
	14,809.64
TOKYO	0.79%
	10,204.00
SINGAPORE	1.75%
	2,522.78
SHANGHAI	4.30%
	2,785.58

## Currencies

	Buy Tk	Sell Tk
USD	69.06	69.06
EUR	97.57	97.60
GBP	114.34	114.36
JPY	0.73	0.73

SOURCE: BANGLADESH BANK

## Commodities

Gold	\$935.49
(per ounce)	
Oil	\$68.86
(per barrel)	

SOURCE: AFP

(Midday Trade)

## News in Brief

Australia's Qantas profits nosedive 88pc



AFP, Sydney

Australian flag-carrier Qantas on Wednesday posted an 88 percent drop in annual net profit to 96.6 million US dollars and unveiled a massive cost-cutting plan to counter the financial beating.

The carrier, which also recorded its first half-year loss in six years, blamed the worse-than-expected result on weaker domestic and international demand for travel during the global financial crisis.

Sony launches cash-for-TV  
AFP, London

Japan's Sony Corp. on Wednesday launched a scheme in Britain to encourage cash-strapped consumers to swap old televisions for new ones in a plan that mirrors worldwide car scrappage initiatives.

Sony said in a statement that it would offer customers reductions of as much as 150 pounds (174 euros, 246 dollars) off the price of some of its new televisions -- in return for ageing models.

"The campaign itself offers customers the advantages of swapping old for new rather than simply throwing away -- encouraging old televisions to be responsibly disposed of," said Sony UK spokesman Matt Coombe.

## Contact Us

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# Bangladesh put on food-insecure list

## FAO says financial crisis may push more into hunger

### STAR BUSINESS REPORT

The Food and Agriculture Organization (FAO) of the United Nations has put Bangladesh on a list of 31 countries that are in substantial need of food assistance in 2009.

Most of the food-insecure least developed countries (LDCs) are in Africa, while five are in Asia, and one is Caribbean.

Of the 15 food-insecure LDCs, 11 are in the high-growth group (with GDP growth of 6 percent and above) -- Afghanistan, Bangladesh, Burundi, Democratic Republic of the Congo, Ethiopia, Liberia, Mauritania, Myanmar, Sierra Leone, Sudan and Uganda, FAO said.

Seven LDCs are in the low-growth cluster, and three are in the medium-growth category, said FAO, according to UNCTAD's (United Nations Conference on Trade and Development) least-developed countries' report for 2009.

The distributional impact of growth is an issue of concern by implication. High GDP (gross domestic product) growth in these countries did not result in a reduction of hunger or increased food security.

The report anticipated that the ongoing financial crisis could push more people into hunger and poverty. Although global food prices have declined since early 2008, lower prices have not ended the food crisis in many LDCs.

"There are several dimensions of food insecurity, reflecting a wide range of factors that contribute to its prevalence in the poorest developing countries. LDCs face serious challenges related to food price inflation, climate change, conflict,

market access constraints and natural disasters."

For the LDCs, the multiple sources of food insecurity include climate-related factors (such as floods and drought) that make countries like Bangladesh and Myanmar highly vulnerable to climate change, the report said.

In rural areas, the report pointed out that agricultural growth and development are often constrained by limited physical access to markets and processing. These factors are also critical to the development of broader intersectoral linkages in Bangladesh.

Like Bangladesh, LDCs need to improve agricultural productivity and diversify their economies to create non-agricultural employment opportunities and generate intersectoral linkages, the FAO suggested.

This will require a new development model focused on building productive capacities, enhancing rural-urban intersectoral linkages, and shifting from commodity-priced growth to "catch-up" growth.

However, if there is no mechanism to ensure that the increases in agricultural surpluses and rural incomes through enhanced intersectoral linkages are used for the purposes of productive investment in agriculture and industry, they will not promote broad-based development.

The state needs to step in and provide the mechanism to channel the agricultural surplus into productive investment.

"This can be done through measures such as a suitable price for agricultural produce, a price policy for principal inputs, and a policy of direct taxation on agriculture, which

does not destroy farmers' incentives to produce, as well as fiscal and monetary policies that are conducive to private investment," the report said.

As many as 854 million people were suffering from chronic hunger worldwide in between 2001 and 2003. However, in LDCs the proportion of undernourished people declined from 39 percent in 1990-1992 to 34 percent in 2003-2005.

That progress is seriously imperilled by the latest food crisis, which threatens to undermine the successes attained in the fight against hunger since 1990, the report said.

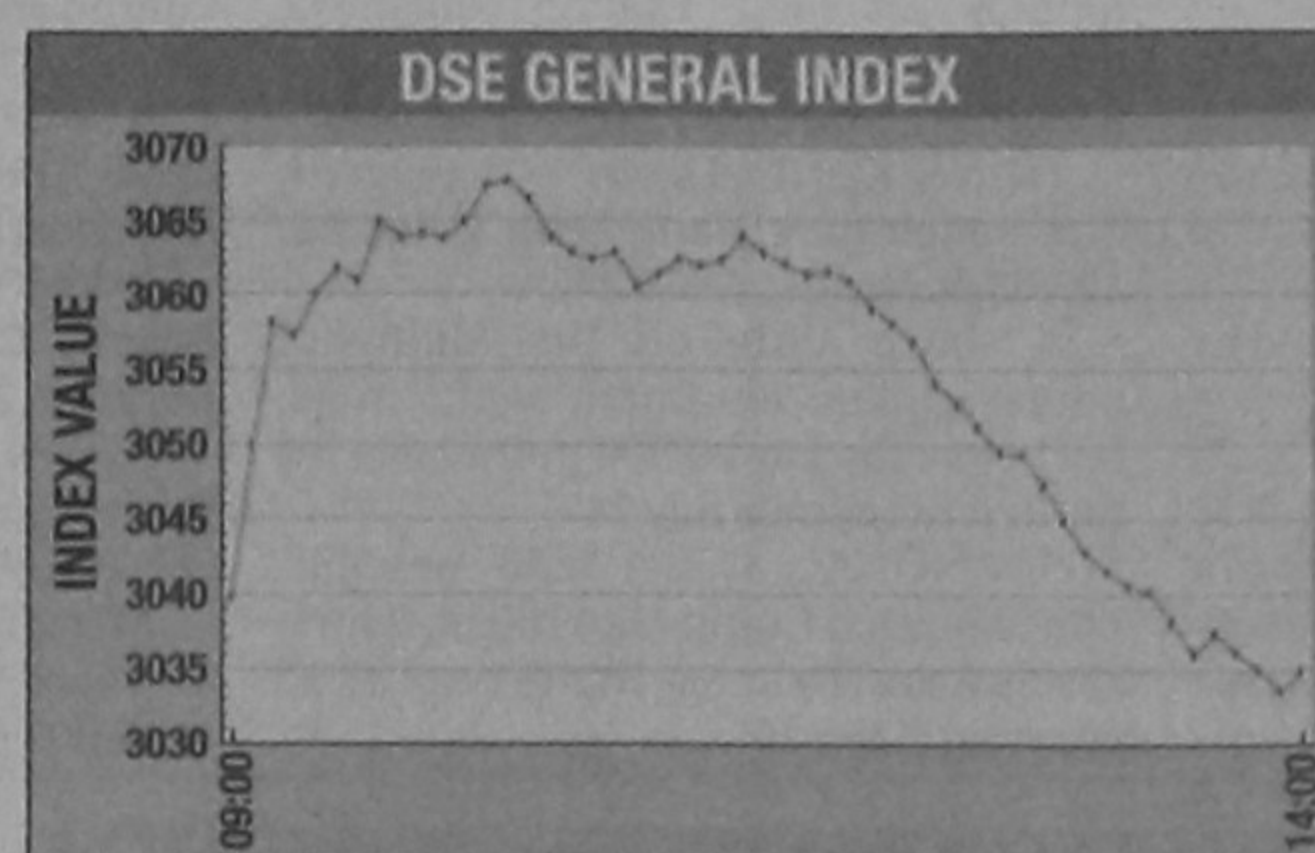
Since 2007, a further 40 million people have been pushed into hunger, primarily due to higher food prices, which brings the overall number of undernourished people in the world to 963 million, compared with 923 million in 2007.

The major impulses for change in the rural economy of Bangladesh are the transformation within agriculture, the increased linkages between rural and urban areas, electrification, growing market linkages and access, development of skills, availability of financial services, and remittances.

The country has seen a steady transformation of agricultural production during the last twenty years. The major reasons for this have been the use of high-yielding varieties of rice and other cereals.

Most of the supply system is privatised today. The total effect is that new technology and market systems are spread across the country, and double cropping (sometimes triple) has become typical in many areas.

# EBL mutual fund debut pulls down Dhaka stocks



### STAR BUSINESS REPORT

Heavy buying into the EBL First Mutual Fund that debuted on bourses yesterday pulled down Dhaka stocks.

The benchmark index of Dhaka Stock Exchange, DSE General Index, fell 4.85 points, or 0.15 percent, to 3,034.79. The DSE All Share Price Index declined 5.36 points, or 0.2 percent, to 2,551.85.

Although the market gained about 28 points in the first 60 minutes, the market closed lower.

The downtrend was prompted by buy pressure from investors for EBL First Mutual Fund, also the turnover leader on its debut, Equity Partners Limited (EPL), an investment firm, said in its daily market analysis.

"Investors opted for liquidating parts of their portfolios in favour of EBL 1st, which forced almost all sectors to lose, pulling the index down," the EPL said.

Each unit of EBL First Mutual Fund rose as high as Tk 45 before closing at Tk 34.90 on the DSE. A total of 2,10,19,500 units worth Tk 74.10 crore traded on the premier bourse.

The Tk 100 crore mutual fund, sponsored by Eastern Bank Ltd, is the 18th such fund that listed on the bourses. The price of the fund is Tk 10 per unit.

Earlier, the initial public offering (IPO) of the fund was oversubscribed by 17 times against 20 percent allocated for public. Sixty percent of fund had been kept for pre-IPO placement and the rest 20 percent for sponsors.

Losers beat advancers 155 to 76 on the DSE yesterday. Six securities remained unchanged. A total of 5,32,40,200 shares worth Tk 774.14 crore changed hands on the prime bourse.

Chittagong stocks also marked a fall. The CSE Selective Categories Index declined by 26.12 points, or 0.38 percent, to 6,804.81. The CSE All Share Price Index slid 50.83 points, or 0.47 percent, to 10,655.81.

A total of 93,24,074 shares worth Tk 86.22 crore changed hands on the Chittagong Stock Exchange. Of the traded securities, 53 advanced, 118 declined and two remained unchanged.

# Banks cap deposit rate at 8.5pc

### STAR BUSINESS REPORT

Private commercial banks (PCBs) capped the deposit rate at 8.5 percent on Sunday, a percentage point lower than the previous 9.5 percent.

The new rate has been implemented by 30 PCBs in a bid to reduce their cost of funds, bankers said.

Top bankers took the decision recently at a meeting of the Association of Bankers Bangladesh (ABB), a platform of managing directors of PCBs.

"We implemented the new rate from Sunday. However, money deposited earlier will enjoy the previous rate," said Anis A Khan, managing director of Mutual Trust Bank.

In April 2009, PCBs set the deposit rate ceiling at 9.5 percent from the previous 13 percent, following Bangladesh Bank's order to limit lending rate at 13 percent from an average of 14.5 percent.

The central bank also wants the spread -- the gap between lending and deposit rates -- to fall within 5 percent.

The bankers argue that it is not possible to reduce the lending rate without trimming the deposit rate. The latest move came despite a reduction in corporate tax by 2.5 percentage points to 42.5 percent in July.

Banks in Bangladesh claim their cost of funds is the highest in the world, while businesses say Bangladeshi banks charge the highest for funds.

# Disney footwear for Eid

### STAR BUSINESS REPORT

The Walt Disney Company, an international brand of diversified products, is set to roll out footwear in Bangladesh, targeting brand lovers during Eid.

Walt Disney Footwear, Bangladesh, the name of the local company, launched operations here yesterday with 150 new styles mainly for children and teens.

"Walt Disney's investment will convey an investment friendly message to other foreign investors and help attract more business," said Foreign Minister Dipu Moni. "The government will facilitate foreign investment in Bangladesh by providing necessary support," she said.

"We (the government) are constantly working to develop infrastructure, such as improving connectivity and providing protection to foreign investors."

The minister was speak-



ing at the inaugural ceremony of the brand at the Apex Adelchi Footwear Ltd in Dhaka.

Syed Manzur Elahi, chairman of Apex Adelchi Footwear Ltd, stressed the need to diversify the local export basket by producing value-added products such as footwear.

Apex Adelchi Footwear Ltd, the largest local footwear exporting company, is the retail partner for Walt Disney Footwear, Bangladesh, and Express Leather Products Ltd is the manufacturer and official distributor.

Kazi Jamil Ahmed, managing director of Express Leather Products Ltd, said

the products would be available at all Gallerie Apex showrooms from today.

Disney ranks as the eighth most innovative company and also one of the most popular brands in the world. The brand value of the company stands at \$27.8 billion, operating in 200 countries with a diverse product range, including studios, apparels and footwear.

Heather Variava, chief economic officer for the US embassy in Dhaka, and Syed Ershad Ahmed, president of American Chamber of Commerce in Bangladesh, were also present.



Commerce Minister Faruk Khan inaugurates a sales operation of Trading Corporation of Bangladesh in Dhaka yesterday in an effort to cool down the prices of essential commodities during Ramadan. (Story on page 1)

# Stress-tolerant rice seeds by next year

### STAR BUSINESS REPORT

Farmers are expected to receive two new high-yielding rice seed varieties next year to grow rice on submerged and salinity-prone lands, officials said at a programme in Dhaka yesterday.

One of the two is BR11 Sub-1, which, agriculture scientists hope, will give farmers a relief from crop losses because of flood during Aman season, as the rice seed is believed to be immune from any effect even though it remains under water for about two weeks.

Scientists say nearly 20 lakh hectares of land goes under water every year in flood in Bangladesh and causes losses to thousands of rice growers.

Another seed, which is yet to be named, will give farmers a second choice along with another saline tolerant seed BRRI Dhan-47 to grow rice in the coastal region during boro season when nearly 10 lakh hectares of land in the south remains fallow due to the lack of such saline-tolerant rice seeds.

The announcement regarding the formal release of two seed varieties came at a workshop at The Westin Dhaka where Agriculture Minister Matia Chowdhury expressed her dissatisfaction over the failure of Bangladesh Rice Research Institute (BRRI) to release stress-tolerant rice seed to growers.

The minister also pointed to the fact that the International Rice Research Institute (IRRI) had provided flood-resistant varieties like BR11 Sub-1 and others to Bangladesh much earlier than those were given to India.

"India got such seeds in 2006 and released in 2009 whereas Bangladesh received those flood-tolerant materials in 2005. I do not understand how long BRRI will take to formally release those variety to help farmers in the flood-prone areas," she said at the inaugural of the workshop.

Chowdhury asked BRRI for expediting the seed release. "If you point to any regulatory bar-

rier, please make your suggestions in writing and we shall look into it," she said.

The workshop on 'Developing PPP for Enhancing Production and Adoption of Stress-tolerant Rice in Coastal Region' was jointly organised by the Ministry of Agriculture, BRRI, IRRI and South Asia Enterprise Development Facility (SEDF).

"Crop plantation in our country suffers from drought, salinity and flood. Till date we do not have a seed variety that can fight these stresses. We expect our scientists to develop a rice seed that can tolerate all these stresses," said the minister.

She expressed her desire at a time when farmers in some south-western districts suffer from salinity intrusion due to cyclone Aila, which is believed to be the climate change fallout.

Meanwhile, low rainfall in early rainy season is also feared to push underground water level down further that could hurt irrigation in the next Boro season.

"We must increase our food

production but time has come to consider how we can grow more food in a situation under stress," Matia Chowdhury said.

Experts think agriculture in Bangladesh has become vulnerable to climate change, as evidenced from recurrent cyclone, flood and drought.

Analysts said nearly 10 lakh hectares of land remains under saline water in the south. A rise of sea level and reduced flow of upstream may turn the situation worse in near future.

Besides, drought hurts cultivation on nearly 9 lakh hectares of land, while flood affects farming on about 20 lakh hectares of land.

"We are hopeful to release the BR11 Sub 1 this year to help farmers grow rice on low lands during Aman season," said Anwar Faruque, director general of Seed Wing at the Ministry of Agriculture.

Another saline-tolerant variety that has been developed by BINA (Bangladesh Institute of Nuclear Agriculture) will also be released, Faruque added.

