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## Quick spike in rice price

STAR BUSINESS REPORT

The retail prices of rice have soared since early this month as the government's cash incentive for new suppliers has raised expectations among millers and traders for further gains.

The market went into a price spiral after the government announced a plan on July 1 to buy coarse rice for an additional Tk 3 a kg.

Suppliers are no longer willing to sell rice to the market for less than the prices offered by the government.

The price of a kilogram of coarse rice that is mainly consumed by low-income groups went up 6.9 percent to Tk 30-32, compared to a month ago.

According to traders, the prices of medium and fine rice also rose in the same period, although there were no major changes in the supply and demand.

The traders and millers said the government price incentive to millers has influenced market intermediaries further into profit-making.

"The government procurement price is a barometer for the market," said Nirod Boron Saha, president of Naogaon, Dhanno-Chal



Farmers process paddies in Tangail.

Aratdar O Babosayee Samity, the rice and paddy wholesalers' body in the rice hub.

The government rolled out a plan to buy

coarse rice at Tk 28 a kilogram from Tk 25 previously to stock up 2.37 lakh tonnes of rice.

"The market has become volatile after the announcement," said Saha.

The latest price hike of rice is the continuation of a series of hikes since mid-May, driven by the higher prices of paddy, crop losses in haor areas, and the previous government decision to buy rice at Tk 25 a kilogram.

However, Saha said: "The high price of paddy cannot be blamed for the recent hike."

"I don't find any rationale behind increasing procurement price by the government."

Mohammad Hossain, president of Bangladesh Rice Merchant Association, echoed Saha and said the traders' move to hoard rice to make quick cash during Ramadan could fuel the recent hike.

"We have not increased prices. The millers fix the rates and we have to sell at the determined price with a certain percentage of commission," said Hossain, a wholesaler at Badamtali rice wholesale market.

KM Layek Ali, convener of Bangladesh Auto, Major and Husking Mills Owners Association, a body of 17,000 mills, however blamed traders in Dhaka for the recent price rise.

## AB Bank unveils index fund

STAR BUSINESS REPORT

AB Bank will launch an index fund, first of its kind in Bangladesh capital market.

The fund with a portfolio of Tk 200 crore will be invested on top 100 securities of the stockmarket.

AB Bank, as the sponsor, will subscribe 25 percent or Tk 50 crore of the fund styled "AB Bank Top-100 Index Fund", the bank said in a disclosure posted on the Dhaka Stock Exchange website yesterday.

The rest of the fund, a 10-yearly closed-end mutual fund, will be raised through pre-IPO placement and IPO (initial public offering). The launch of the fund is, however, subject to approval of the Securities and Exchange Commission, the market regulator.

An index fund is a collective investment scheme (usually a mutual fund or exchange-traded fund) that aims to replicate the movements of an index of a specific financial market, or a set of rules of ownership that are held constant, regardless of market conditions.

The bank will select top 100 securities of the market based on fundamentals and make a list of those. The fund manager will invest within the purview of these 100 securities, a senior official of the bank said.

The list of the top 100 securities may change time to time based on the changes of the securities' fundamentals, he said, adding that all the criteria will be set soon.

Currently, 450 securities are listed with the premier bourse, of which 243 are company stocks and 26 are mutual funds.

AB Bank, a first generation private sector bank, was listed on the stockmarket in 1983. Yesterday, each share of the bank traded between Tk 1,420 and Tk 1,382, before closing at Tk 1,386.25.

## Govt to reformat tariff commission

STAR BUSINESS REPORT

The government is going to restructure Bangladesh Tariff Commission (BTC) and rename it Trade Commission to accelerate its capacity.

Commerce Minister Faruk Khan yesterday announced plans to restructure the research-based organisation, to expedite its activities. He was speaking as chief guest at the concluding session of the fresher reception and training programme of the newly joined officers of the organisation at the BTC conference room.

Khan emphasised bringing trade balance between exports and imports by conducting an in-depth analysis.

## FBCCI to watch Ramadan market

STAR BUSINESS REPORT

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) yesterday formed a market monitoring committee to rein in the prices and maintain the standards of basic commodities during the upcoming month of Ramadan.

"Like the previous years, we have formed the market monitoring committee to check any price manipulation and adulteration in food items," said AKAZad, president of the apex trade body.

The new FBCCI president was talking to wholesalers, importers and refiners at the cham-

ber's office in Dhaka.

The first meeting of the market monitoring committee will be held today to set its next programmes, Azad said.

He wanted to know the reasons from the wholesalers and importers for the sudden price hike of some basic commodities like rice and onion despite adequate stocks.

A wholesaler of old Dhaka said every year the prices of rice go up in the rainy season due to disruption in transportation.

Sadhan Chandra Dhali, an importer, said onion price went up by Tk 6 to Tk 8 per kg in Bangladesh for the price hike of the item in Indian market, the main supplier of the item.

He said the current price of onion in the

Indian market is \$250 per tonne, up from \$215 last month.

"But, the stock of onion both in Indian and Bangladesh markets is good this year. We will not face any crisis during Ramadan," Dhali said.

Anwar Ali, president of Bangladesh Wholesale Sugar Merchants' Association, and Abul Hashem, general secretary of Bangladesh Wholesale Edible Oil Merchants' Association, said delayed and inadequate supply from the refiners and importers leads to price hike of the items.

Senior officials from sugar and edible oil refining companies like City Group, Meghna Group and S Alam Group said the prices of sugar and edible oil will not go up during Ramadan as the stocks are still good.



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