

Stocks	
DGEN	▲ 0.71% 6,947.13
CSCX	▲ 0.83% 13,144.59
IDLC Index	
IDLC 50	▲ 1.05% 7,009.19

Asian Markets	
MUMBAI	▲ 0.48% 20,001.55
TOKYO	▼ 0.25% 9,602.11
SINGAPORE	▲ 0.47% 3,095.39
SHANGHAI	▲ 0.11% 2,591.55

Currencies		
	Buy Tk	Sell Tk
USD	69.00	70.00
EUR	88.58	93.04
GBP	105.74	110.45
JPY	0.79	0.85

Commodities	
Gold	\$1,279.05 (per ounce)
Oil	\$74.19 (per barrel)

What's behind costly kitchen markets?

Wholesalers point to world prices

SAJJADUR RAHMAN

Consumers are paying even more dearly for basic foods, including rice, cooking oil, sugar, eggs and coarse flour, in the local markets in the post-Eid period.

Retailers blame the rising prices of essential commodities on a shortage of supply. But importers and wholesalers blame it on the rising international market price.

"We have nothing to do," said Akhteruzzaman, a retailer at Kathalbagan area in the city. "We are buying all the items at higher wholesale prices than in the Ramadan period."

He is now selling a litre of Rupchanda cooking oil at Tk 96, up from Tk 90 during Ramadan. Other brands of oil cost Tk 92 a litre, up from Tk 86.

A kilo of packaged sugar is now Tk 56, up from Tk 49; flour is Tk 32 and miniket rice Tk 42 a kilo, up from Tk 40.

"I have ordered sugar at Tk 59 a kilo yesterday, so I have to sell it for at least Tk 60," said Akhteruzzaman.

The wholesalers in the city's business hubs -- Moulvibazar and



Price hike: Retailers blame it on a supply shortage, but wholesalers point to the global market.

Badamtali -- blame their suppliers.

"Supply of sugar has gone down," said Abul Hashem, vice-president of Bangladesh Sugar Baboshayee (businessmen) Association at Moulvibazar. "Millers are also charging higher price."

He said millers are taking Tk 50 for a kg of sugar, bypassing the

government-ordered price of Tk 43.

Hashem, a cooking oil wholesaler, said prices have gone up due to international market price.

Mohammad Salek, a rice wholesaler of Badamtali, in the city, agreed that the price of a 50-kg sack of miniket rice has increased by Tk

150 after the Eid. He also blamed supply-chain problems.

Sugar refiners blame the price rise on the international market. "The price of sugar in international market has gone up by \$150 a tonne in just one month," said Mohiuddin Monem of Igloo. Per kilo, sugar costs Tk 52, he said, also blaming delays in delivery at the port for the price rise.

Oil refiners also said a spike in international price has pushed its prices in the local market.

"We were selling soybean oil at less than cost during Ramadan because of the government's request," said Mostofa Kamal, owner of Meghna Group of Industries, which uses the Fresh brand.

He said soybean oil that cost Tk 86 a litre was sold at Tk 76 during Ramadan, while the per-tonne price of oil increased by \$120-130 during the past month.

Some costs must be passed on, perhaps. But the prices of perishables such as onions and eggs have also shot up. Onions are retailing at Tk 30/kg at level, up from Tk 25 during Ramadan, while four eggs now cost Tk 28, up from Tk 22.

sajjad@thedailystar.net

IT sector to see more govt funds

MEHDI MUSHARRAF BHUIYAN

Call centres and hardware manufacturers will now be able to receive loans from the Equity Entrepreneurship Fund (EEF), as the government is looking to channel more credit into the burgeoning hi-tech sector.

The decade-old fund currently managed by state-owned Investment Corporation of Bangladesh (ICB) has so far sanctioned around Tk 77 crore for 46 IT-related projects.

But all the money has been channelled into various local software firms.

However, the finance ministry in a recent letter to Bangladesh Bank said it approved a number of proposals from the central bank on using the EEF-IT fund and amending the related guidelines.

The finance ministry agreed to make call centres eligible for the EEF, while hardware manufacturers were also included in the list.

"Under the latest move, industries that fit into these two categories will be entitled to receive loans from the EEF," said ICB General Manager Md Iftikhar-uz-Zaman.

Under the amended guideline, call centres that are in operation for at least a year can receive loans from the EEF, although the minimum eligibility criteria for all other sectors is at least three years.

By one estimate, more than 30 call centres, mostly in the capital, earned around Tk 15 crore in revenues from overseas clients last year. Most of these centres run on a small or medium scale with an initial investment that does not cross Tk 80 lakh.

In June 2009, the central bank transferred the management of EEF-IT to ICB for better use of government funds.

ICB has since sanctioned around Tk 19 crore for 14 IT related projects, while a total of Tk 1.2 crore has so far been disbursed for two different projects, an ICB official said.

"At least 10 more similar projects are currently in the pipeline," the ICB general manager said. "We aim to disburse at least Tk 100 crore through the EEF fund by the end of the current fiscal year, as we are looking to finance at least 50 such projects in the next one year."

mehdi@thedailystar.net

Ten banks run capital deficit

REJAUL KARIM BYRON

Ten banks failed to keep an acceptable level of capital till June 30 this year due to higher profit distribution compared to their earning and inefficient management.

According to Bangladesh Bank (BB) statistics, three state-owned commercial banks, five private commercial banks (PCBs) and two specialised banks ran short of capital to meet the target set by the central bank.

However, no foreign banks have any such shortfall.

A BB official told The Daily Star that the banks were given two to three months time to raise their capital to the acceptable level, and were warned of punishment in case of failure.

The BB rules made it mandatory for the banks to preserve minimum 8 percent of their risk-weighted assets by June 30, 2010.

The central bank has also given a guideline to the banks to increase further their capital in phases in line with Basel II, the revised international capital and risk framework.

The minimum amount to keep has been set at 9 percent of their weighted assets till June 30, 2011, and 10 percent onwards.

On June 30 this year, the minimum requirement for capital preservation for all types of banks was Tk 31,809 crore. But at that time, the banks had Tk 30,704 crore or 7.91 percent of their requirement, meaning the overall banking sector had a total capital shortfall of Tk 1,065 crore.

The BB official said, due to various reasons the banks could not preserve the required capital. The central bank in

determining the risk factors has introduced two risks -- market risk and operating risk.

Many banks at the time of profit distribution did not take the risk factor into consideration. On the other hand, some banks distributed more dividend to their shareholders than the profit they made. As a result, they could not preserve the required amount of capital.

The BB high official said the banks were given a timeframe, and were warned that in case of their failure to reach the level in time, their rating will be brought down. The noncompliant banks will not be able to open any branch or exchange house abroad. They will also face restrictions in opening new branches at home.

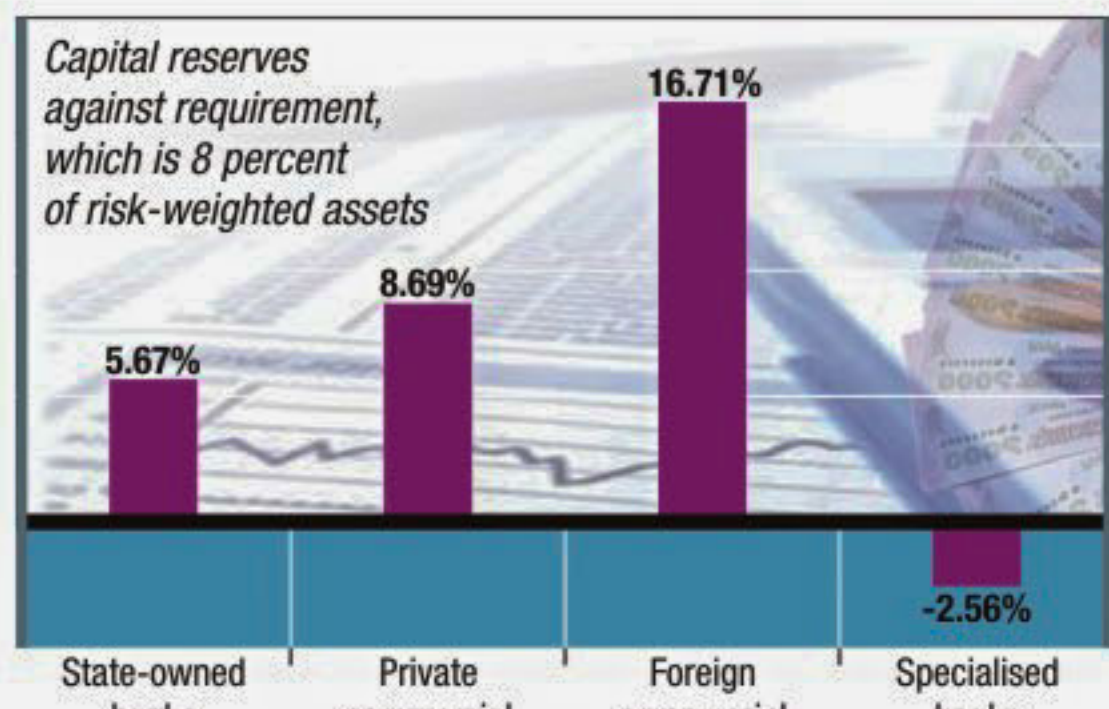
The state banks had asked the government to raise their capital and the government is going to take an initiative to raise capital by issuing bonds. The government has already decided to issue bonds to repay the default loans of two state banks.

According to the BB statistics, the capital deficit of the state banks was Tk 1,915 crore. The amount of their preserved capital was Tk 4,649 crore against the minimum requirement of Tk 6,546 crore.

The overall PCBs had no capital deficit, rather there was a surplus of Tk 1,649 crore.

The BB official said, though five PCBs had capital deficit, many had surplus, which resulted in an overall surplus.

In the specialised banks, the amount of capital deficit was Tk 2,634 crore. The foreign banks had a surplus of Tk 1,834 crore.



LankaBangla, Bloomberg team up

SARWAR A CHOWDHURY

LankaBangla Securities is in the process of signing an agreement with Bloomberg to use a terminal of the news agency's site to help global investors or fund managers get an access to information on Bangladesh stockmarket.

Daily, weekly, monthly and yearly market analyses, research on listed companies, national budget analysis and other major economic data and information will be available on the Bloomberg's terminal. These will all be done and posted by LankaBangla Securities.

"So far the global investors have come to the Bangladesh market on their own. Now we are going to them," said CEO of the local company Mohammed Nasir Uddin Chowdhury.

"Our initiative will help attract more foreign investments," he said. The portfolio investment has been declining since the recent global recession, but is going up now, Chowdhury added.

Currently, on the Dhaka Stock Exchange, foreign transactions account for less than one percent of the total market capitalisation.

Chowdhury said they have received all regulatory approvals to make the deal. "It will be a two-year contract."

Bloomberg provides updated business news and financial information including stockmarket data.

sarwar@thedailystar.net

India in talks on BlackBerry e-mail access

REUTERS, New Delhi

India is in talks with Research In Motion Ltd to gain access to BlackBerry corporate e-mails after securing access to instant messages, a senior government source said on Tuesday.

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