

DGEN	CSCX
▲ 3.04% 6,352.10	▲ 3.47% 11,459.10

Gold
\$1,434.50
(per ounce)Oil
\$107.01
(per barrel)

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.13% 19,420.39	▼ 0.48% 9,708.39	▲ 0.47% 3,120.47	▲ 1.34% 2,967.41

USD	EUR	GBP	JPY
BUY TK 72.30	100.27	114.40	0.86

SELL TK 73.30	105.71	120.04	0.94
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DHAKA SUNDAY APRIL 3, 2011, e-mail:business@thelaststar.net



Representatives of Regent Airways, Best Air, Turkish Airways, China Eastern Airlines, China Southern Airlines, Saudi Arabian Airlines and Biman Bangladesh pose with crests awarded in recognition of their active participation in the Dhaka Travel Mart, an international tourism fair that came to an end at Sonargaon Hotel in Dhaka yesterday.

STAR

Salinity chokes croplands

SOHEL PARVEZ

More than two lakh hectares of lands in the south have lost potential for agriculture due to increasing salt content over the past three and a half decades, according to Soil Resource Development Institute (SRDI) data.

Soil scientists and water experts said the extent of salinity in some 263,900 hectares of lands in the area is so high that no crop will be produced if salinity persists any longer.

SRDI data shows that the level of salinity in these lands ranges from 12 dS/m to over 16 dS/m (deciSiemens per metre) -- a unit used to measure the degree of salinity.

The scientists said, such a high level of salinity is beyond the tolerable limits for rice, majority varieties of which survive and thrive below 4 dS/m.

The only option is shrimp farming if salinity persists for long, said Md Abdur Rashid, chief scientific officer and head of the Irrigation and Water Management Division of Bangladesh Rice Research Institute (BRRI).

"No crop is possible on lands with such a high degree of salinity. The way to grow crops is to wash salts using sweet water," said Sirajul Hoque, professor of the Department of Soil, Water and Environment at Dhaka University.

The highly salinity-prone area now extends over one-fourth of the total salinity affected areas in the coastal region where salinity has encroached upon 3 percent more lands to 1056,000 hectares in 2009 from 1020,750 hectares in the beginning of the decade, according to the SRDI.

Between the years 1973 and 2009, soil salinity increased 26 percent in the coastal region due to factors such as withdrawal of fresh water from upstream, irregular rainfall, use of brackish water for shrimp cultivation, and faulty management of sluice gates and polders.

Of the salinity stricken soils, some 791,000 hectares hold some scope and hope for farming, said Principal Scientific Officer of the SRDI Md Nazmul Hasan.

"The rest does not have potential for agriculture now," he said.

Severe salinity persists in 10 of the 18 coastal districts in the south.

Khulna happens to be the worst hit followed by

Satkhira, Patuakhali,

Bagerhat, Cox's Bazar,

Barguna, Bholia,

Noakhali, Chittagong

and Laxmipur districts in

the coastal areas.

The SRDI says the coasts account for more than 30 percent of country's farm lands.

Hasan said salinity

hikes and recessions in

these areas are tempo-

rary in nature. Salinity

becomes high during the

November-May season

and declines, as monsoon

comes, allowing farmers in the region to grow trans-

planted aman paddy.

Hasan said salinity does not hurt the transplanted aman crop much, because sweet rainwater helps brackishness of soil decrease.

The extent of salinity in the coastal areas increases at a time when the government looks to bring nearly 10 lakh hectares of land in the southwest under cultivation of boro rice during the dry season to boost production and ensure food sufficiency.

But ensuring the cultivation of a dry season crop, such as boro, will be a challenge unless there is availability of fresh water for irrigation. Strong salinity-tolerant rice seed varieties are also needed to ensure boro crop in the region, said the scientists.

"The challenge is to ensure cultivation of a second crop during dry season for ensuring food security," said Hasan.

"We will have to ensure increased use of fresh water. At the same time, some short-duration varieties of aman crop are also necessary to begin cultivation of dry season crops in advance."

He said unplanned shrimp farming also needs to be stopped to plug in the rising salinity.

Hoque of Dhaka University suggested harvesting rainwater by making shallow reservoirs. Another option is to increase flow of sweet water from upstream, he added.

is now at own premises from 03 April 2011

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Capital: most banks have enough

REJAUL KARIM BYRON

Most of the forty-seven commercial and specialised banks have dodged various risks to successfully maintain their capital adequacy.

However, according to Bangladesh Bank (BB) information, five banks -- two private commercial banks and three specialised banks -- failed to meet the capital demand.

The central bank set a mandatory timeframe for the banks to maintain their capitals against 8 percent of the risk weighted assets by June 2010 and 9 percent by June 2011.

According to BB statistics, on December 31, 2010 two specialised banks and one private commercial bank had their capital in the negative, and one specialised and one private commercial bank's capital was below the required 8 percent.

A BB official said the two specialised banks give most of their loans to agriculture sector as per a government directive. As a result, these banks cannot maintain their financial health up to the standard.

Of the two private commercial banks, one has long been a problem bank and it was closed once. After resuming its operation under new ownership it is yet to restore its health.

Capital adequacy focuses on the total position of the banks' capital and protects the depositors from potential shocks or losses that a bank might incur, said the central bank official.

He said it helps absorb major financial risks such as credit risk, market risk, foreign exchange risk and interest risk.

According to central bank statistics, most of the private commercial banks

could maintain capital above 9 percent. Some banks maintained capital up to 11 percent to 14 percent, and only four will have to take their capital adequacy to 9 percent by June. Of these four banks, two could not meet the 8 percent target.

The four state-owned commercial banks succeeded in maintaining 8 percent capital but two of them are still having deficit in maintaining 9 percent capital by June.

Till December, the total risk weighted assets were Tk 4,08,134 crore against which the banks maintained a capital of Tk 35,803 crore, and the overall deficit was Tk 1,006 crore.

The BB officials said the overall deficit occurred as some banks had negative

capital. However, the private commercial banks had a capital surplus of Tk 3,070 crore.

They expressed satisfaction over the overall capital situation of the banks. An International Monetary Fund (IMF) mission recently suggested more cautious monitoring of the banks' capital situation.

The IMF said, further progress in financial sector reforms is essential to ensure overall stability and reduce fiscal risk. It said the BB needs to enforce a sound regulatory and supervisory framework over the commercial banks.

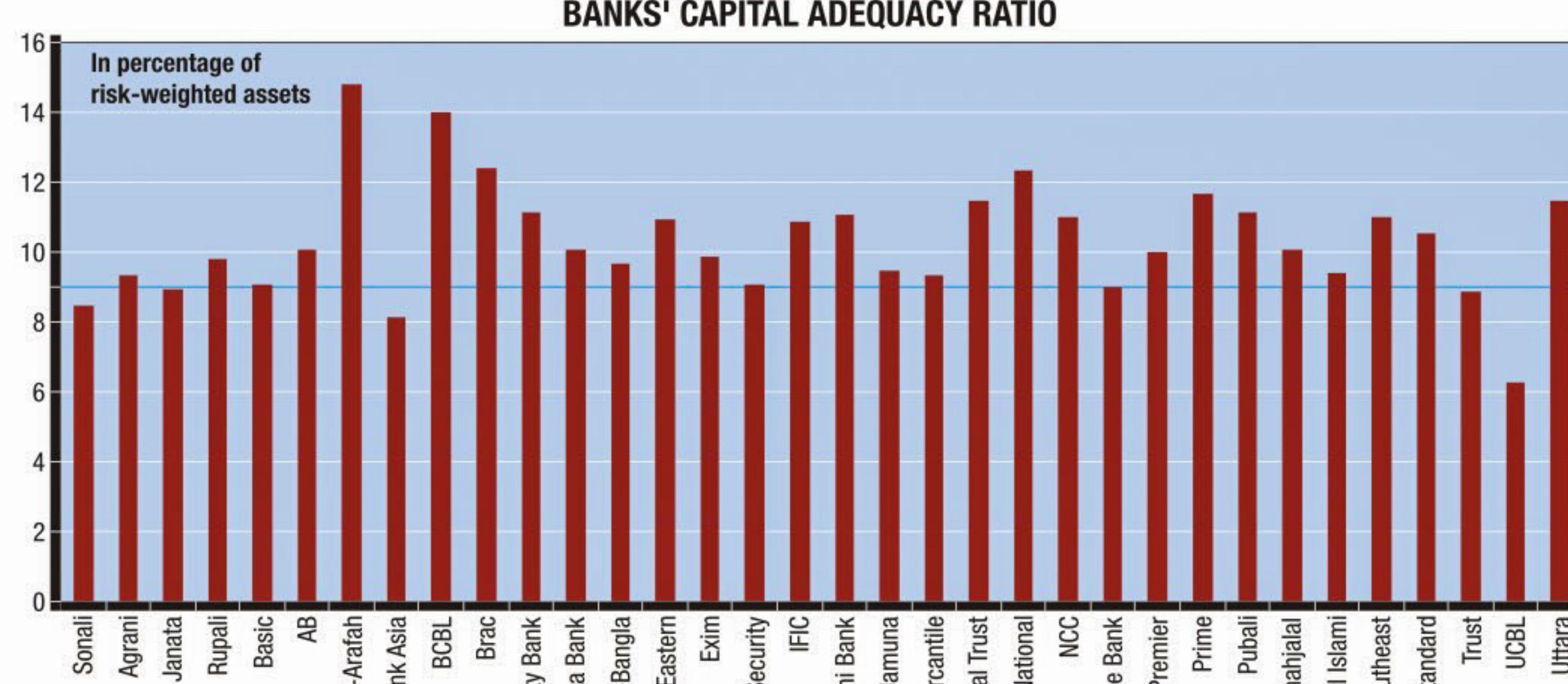
The IMF especially stressed better financial health of the state banks. It also

said the capital adequacy indicator for the state banks is not in line with the Basel-II standards and thus provides a false impression about the financial health of these banks.

The BB officials said the government is going to augment the capital of the state banks soon.

They said the commercial banks' exposure to the capital market has increased in the recent times. Although the banks had to run their business amid various risks, they could maintain the capital at a satisfactory level, the officials said.

The BB is continuing its monitoring drive so that all banks can maintain required capital by June this year, they added.



Share buyback runs into debate

GAZI TOWHID AHMED

The much-discussed stock buyback programme runs into a debate as the Companies Act contradicts the new proposed guidelines on buybacks proposed by the Securities and Exchange Commission (SEC).

Ghulam Hussain, commerce secretary, said his ministry asked the SEC, Bangladesh Bank and Bangladesh Association of Publicly Listed Companies to submit their written positions on stock buybacks on April 15.

"A buyback contradicts the Companies Act as per the central bank's opinions," he said.

The commerce ministry has spelt out its stance on the buyback issue as it is linked to the Companies Act.

The debate surfaced at a meeting of the commerce ministry with the related

organisations on Wednesday.

"We have not enough time; so as soon as possible we should implement the new buyback according to the Companies Act," Hussain said.

The next meeting will be held on April 15 after we receive the written statements from the related organisations on the issue."

Ziaul Haque Khondker, chairman of SEC, said the buyback is now almost in the final stage.

"We will implement the new buyback system after getting the green light from the commerce ministry," Khondker said.

Earlier, the stakeholders on March 15 decided to send a proposal to the finance ministry on how to implement a new regular buyback programme.

The finance ministry sent the proposal to the commerce ministry for proper

actions on the buyback method.

Recently in parliament, Finance Minister AMA Muhith said a buyback system would be introduced to prop up the troubled stockmarket.

During the public offer of MJL Bangladesh and MI Cement, the SEC decided that if the market prices go below the offer prices within the first 30 days of trading, the companies must go for a buyback of shares of the general investors intending to sell their shares at the 'offer price'.

The buyback guidelines say:

- A company would not be able to buy back shares worth more than 25 percent of its paid-up capital by using 10 percent cash of free reserve.

- The company could buy back shares by using the money of security premium and free reserve.

- Before going for a buyback, the com-

pany must publish a disclosure for the shareholders mentioning why the company has decided to go for a buyback and which shares and in what quantities it would like to buy back.

- The disclosure must mention the importance and the duration of the buy-back period.

- If a company decides to buy back shares, it will have to get the decision approved by its shareholders in a general meeting.

- A company would not be able to go for a buyback more than once within a 365-day period.

Usually, the purpose of a buyback is to utilise the unused cash