ASIAN MARKETS

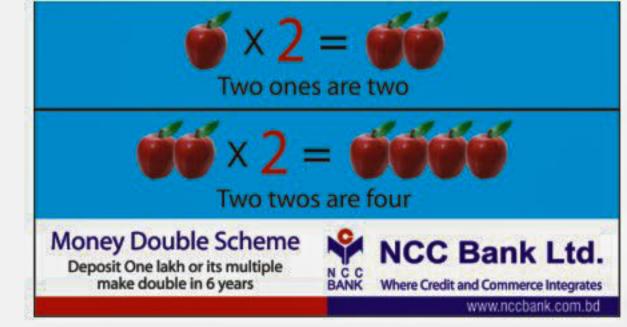
TOKYO

1.52%

MUMBAI

1.05%

\$98.63



DHAKA TUESDAY MAY 24, 2011, e-mail:business@thedailystar.net

COMMODITIES

Food inflation hits record high

Study says population boom fuels the price rise

REJAUL KARIM BYRON and SOHEL PARVEZ

STOCKS

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Food inflation hit 15.38 percent in April in rural areas, hitting a record on a point-to-point basis in the last three The General Economic Division of

special note on inflation to government high-ups, identifying population as one of the causes for rising inflation. It said every year 5 lakh tonnes of

the Planning Commission has sent a

additional food grains are required for population boom.

According to Bangladesh Bureau of Statistics (BBS) data released yesterday, the overall inflation was 10.67 percent in April, up from 10.49 percent in March.

Inflation data from three levels -national, rural and urban -- shows that food inflation increased at every level. But non-food inflation has decreased in the rural areas, whereas it marked a rise in the urban areas.

In April, non-food inflation in the rural areas was 3.90 percent, which was 4.39 percent in March. In the urban areas, non-food inflation was 4.18 percent in April, up from 4.13 percent in

Food is mainly produced in the rural areas, where food inflation is also intense. In April, it was 15.38 percent, which was 12.04 percent in the urban

However, General Economic Division has sent to the ministries concerned a study paper on why the inflation was rising and how it can be contained.

In South Asia, the highest inflation was in Pakistan followed by Bangladesh. In Pakistan, inflation was 13.04 percent in April when it was 10.67 percent in between 7 to 8 percent on an average.

INFLATION: GENERAL INDEX PERCENT 10.6 10.4 9.79 9.04

Bangladesh. But it was 8.82 percent in India and 5.60 percent in Sri Lanka.

MAR

DEC

The study note said the main cause of inflation in Bangladesh is excessive money supply and price hike on the international market. It said Bangladesh has nothing to do regarding the price spiral on the world market. However, to keep the money supply in check the government has been asked to take some steps.

The note said a major cause of the rise in money supply is remittances sent in by the expatriates. The government can introduce various projects so that the remittances are used in investment instead of buying consumer goods.

However, a positive sign is that after harvesting of bumper boro crop, the rice prices have started coming down. According to Trading Corporation of Bangladesh, the prices of different qualities of rice fell by 5 to 7 percent in the last one month.

In this regard, Member of General Economic Division Dr Shamsul Alam told The Daily Star that alongside bumper boro, the production of vegetables such as potato, wheat and maize was good which may contain inflation

No procurement rules for TCB's Ramadan buy

CURRENCIES

BUY TK

SHANGHAI

2.93%

SINGAPORE

1.83%

BANGLADESH BANK

\$USD €EUR €GBP #JPY

73.27 103.75 119.01 0.78

STAR BUSINESS REPORT

The Trading Corporation of Bangladesh (TCB) will not need to follow public procurement rules (PPR) to buy commodities for market intervention in the month of Ramadan.

The cabinet committee on economic affairs has exempted the state-owned trading body from mandatory compliance with the PPR for one year to speed up the process of market intervention.

However, the commerce ministry earlier sought the exemption for three years.

The decision was taken at a meeting of the committee at the Cabinet Division yesterday with Finance Minister AMA Muhith in the chair.

The government plans a market intervention through the TCB to keep the prices of essential commodities such as sugar, lentil and edible oil within the reach of common people during Ramadan.

Earlier, such exemption was given for one year which expires on May 25.

A commerce ministry proposal said, as the month of Ramadan falls in August, the government has started preparations from now so that the TCB can effectively intervene in the market in time. The proposal also said the TCB needs the

exemption from procurement rules to be able to

import or procure commodities such as edible oil, sugar, lentil, gram, onion, powder milk and dates from local market on an emergency basis. On the eve of Ramadan, the fasting month of the Muslims, the TCB has already decided to import or locally buy 30,000 tonnes of sugar, 30,000 tonnes of

soybean oil, 1,000 tonnes of gram, and 500 tonnes of dates, and build up a stock. The TCB said if it can buy the commodities and supply in the market timely, the prices would

remain stable during Ramadan.

According to the commerce ministry proposal, the TCB has bought 10,135 tonnes of soybean oil, 27,785 tonnes of lentils, 2,000 tonnes of gram, and 20,000 tonnes of sugar at Tk 431 crore in the current fiscal year.

The items have been distributed through 2,245 dealers across the country.

A commerce ministry official said they marketed a big portion of these commodities during last Ramadan and could keep the prices in check.

The official said, complying with the government procurement rules is a lengthy process and this would delay and mess up the TCB move.

Power, gas crisis delays investment

REFAYET ULLAH MIRDHA

Registration of both local and foreign investment proposals rose in the first 10 months (July-April) due to the country's low production costs, easy market access to different export destinations and other facilities in overseas trades.

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But, implementation of the proposed investment projects is being delayed because of a lack of power and gas connections, industry insiders said.

The investors demand special allocation in the next national budget for the improvement of gas and power supply.

A total of 1,436 domestic investment proposals worth Tk 39,542 crore were registered during the July-April period of the current fiscal year, according to Board of Investment (BoI) data.

The number of domestic investment proposals registered with the BoI was 1,470 worth overTk27,413 crore in the last fiscal year.

In case of foreign investment, the data shows that during the July-April period, a total of 163 proposals worth \$3.83 billion were registered with the BoI against 160 proposals worth \$841.55 million in fiscal 2009-10.

Of the total foreign investment proposals during the July-April period, 56 worth \$178.17 million were registered on fullyforeign ownership basis, while 107 proposals worth \$3.65 billion were registered for joint-venture initiative, according to the Bol data.

Except the investment proposals inside the Export Processing Zones and Bangladesh Small and Cottage Industries Corporation, all domestic and foreign investment proposals are registered with the investment board. The highest number of proposals for

foreign investment -- 299 -- was registered in the textile sector, 227 in services, 120 in chemical, 117 in engineering, 74 in agrobased industries and 20 in food and allied sectors from July 2005 to April 2011, the BoI data said. A director of the BoI said the country

witnessed less foreign investment in the last fiscal year due to global recession.

"But, with the recovery from the reces- reefat@thedailystar.net

2011-12

sion, the foreign entrepreneurs have started coming to Bangladesh," the BoI director said, requesting not to be named. He said the proposals in services sector

are increasing at a higher rate as this sector is not heavily dependent on gas and power. He said implementation of the projects

is being delayed mainly for higher prices of industrial land and inadequate supply of gas and power. AK Azad, president of the Federation of

Bangladesh Chambers of Commerce and Industry, said the government should increase allocation for gas and power in the next fiscal year. "Proposals are coming for both domes-

tic and foreign investment. But, we need to execute the proposals properly," Azad said. Faruque Hassan, managing director of a

local textile and garment manufacturing company, Giant Group, said many entrepreneurs cannot start production in their factories as the government stopped gas connections over the last two years.

Some entrepreneurs are sitting idle as they cannot start production, he added. "We want a solution to gas and power crisis in the next budget," he said. Zaid Bakht, an economist and a research

director of Bangladesh Institute of Development Studies (BIDS), suggested the government reduce duty on import of industrial raw materials and capital machinery so that the entrepreneurs can minimise the cost of production. Echoing with the views of the BoI direc-

tor, Bakht said there is a scarcity of industrial land, and the prices of such lands are very high. Also, the gas and power crisis delays the implementation of the investment proposals, he said.

"So, the government should take immediate steps to address the power and gas crisis in the next budget," he said.





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ANWAR GROUP







Advanced Chemical Industries Limited ACI Centre, 245 Tejgaon Industrial Area, Dhaka-1208

Notice of the 38th Annual General Meeting

Notice is hereby given that the 38th Annual General Meeting of Advanced Chemical Industries Limited will be held on Wednesday, 15 June 2011 at 9:00 a.m. at Bangabandhu International Conference Centre, Agargaon, Sher-E-Bangla Nagar, Dhaka to transact the following business:

AGENDA

- To receive, consider and adopt the Audited Accounts of the Company for the year ended 31 December 2010 together with Reports of the Auditors and the Directors.
- To declare dividend for the year ended 31 December 2010.
- To elect Directors of the Company.
- To appoint Auditors for the year 2011 and to fix their remuneration.

Dhaka 20 April 2011

By Order of the Board **Sheema Abed Rahman Company Secretary**

Notes:

- The Record Date in lieu of Book-Closure shall be on Wednesday, 4 May 2011.
- The Shareowners' names appearing in the Register of Members of the Company or in the Depository on the Record Date will be eligible to receive the dividend.
- The Directors have recommended Cash dividend @ 120% i.e. Taka 12 per share of Taka 10 each.
- A member entitled to attend and vote at the General Meeting may appoint a proxy to attend and vote on his/her behalf. The Proxy Form, duly completed, must be deposited at the Share Office of the Company at 9 Motijheel Commercial Area, Dhaka-1000 not later than 48 hours before the time fixed for the Meeting.
 - holders, the same to be rectified through their respective Depository Participants.

Members are requested to notify the changes of address, if any, well in time. For BO A/C

Admittance to the Meeting venue will be on production of the Attendance Slip that will be sent with the Notice.