

Weak watch and rising population blamed for food price hike

Oxfam report highlights price spike in developing countries

STAR BUSINESS REPORT

A lack of better government monitoring, corruption and rising population are some of the major reasons behind the hike in food prices in developing countries, according to an Oxfam report.

Simultaneously, a lack of accountability in the management chain and the government's social safety net programmes also play a role in triggering high food prices, forcing lower-middle and lower income groups to cut regular expenses on quality food and education.

"Along with a hike in food prices in the international market, a lack of better government monitoring, corruption and fast growing population play key roles in soaring food prices at local levels," said Naomi Hossain, research fellow of Institute of Development Studies, yesterday.

She spoke at the launch of a study titled "Living on a Spike: How is the 2011 Food Price Crisis Affecting Poor People" jointly organised by the Campaign for Sustainable Rural Livelihoods (CSRL) and Oxfam in Dhaka.

Naomi and Duncan Green conducted the study, which covered food price hike situation in four countries: Indonesia, Bangladesh, Kenya and Zambia for the last three years.

Naomi conducted the Bangladesh part

of the study, which explored how the poor embraced the high prices during the time and how they cope with the situation.

The research showed the government's social safety net programmes, particularly the Open Market Sale and Fair Price Cards schemes that sell rice and wheat to the poor at a discounted rate, have a very little impact in easing the burden of high food prices on the marginal poor.

"Although, these programmes have had some positive impacts on the poor and marginal people, these have so far failed to make any impact on the overall food price situation that people really feel," says the study.

"In Bangladesh, people blamed corruption and collusion between market regulators and politicians for the food price rises. In other countries, people noted that population pressures meant higher demand for food, but less land available for food production, which increases prices."

The report pointed out that although the wages for labourers and garment workers have increased in recent months in Bangladesh, the poor hardly get any respite due to constantly growing prices.

"People often demonstrate this by describing how their eating and other habits have changed, while many have

talked about having forgotten the taste of beef or even lentils," the report said.

The poorest and most vulnerable try to cope by working harder, eating less, living even more frugally, drawing down any resources and assets and managing on a day-to-day basis, it said.

Many migrate to large cities for work or feel forced to change occupation.

The Oxfam report said a different type of consumer class has developed over the years, which buy broken eggs, leftovers of chicken and beef, and rotting vegetables to cope with the situation.

"In the aftermath of the global economic crisis, we have found out that the real incomes of informal sector workers and people in marginal occupations have declined as a result of price spikes," Naomi said.

The study stressed on the need of the government steps to strengthen monitoring system and better the management chain to control food prices at local levels.

The government also needs to utilise its governance and development partners to play a role in providing assistance to the poor to cope with the situation.

Ziaul Hoque, policy and advocacy manager and Mubashar Hasan, media and communication coordinator of Oxfam in Bangladesh, were also present on the occasion.

Chinese venture to build Summit power plants

STAR BUSINESS REPORT

A Chinese joint venture has won engineering, procurement and construction contracts worth \$460 million to build two power plants of Summit Group.

Chinese National Electric Power Corporation and Northeast China International Electric Power Corporation will build 341MW Bibiyana I and II plants, Summit said in a statement yesterday.

The two companies competed with global heavyweights such as Indian Bharat Heavy Electricals Ltd, Chinese Shandong Electric Power Engineering Consulting Corporation and Indian Lanco Group.

"Formal contracts will be signed shortly," said SM Noor Uddin, chief executive officer of Summit Bibiyana I and II Power Company.

Summit Industrial and Mercantile Corporation and its partner GE Energy LLC, USA, won these power plants as the lowest bidder through the international competitive bidding process. The Summit-led consortium inked deals with the government last month to build the power plants.

Both power plants are expected to start generating electricity within 36 months of signing the deals.

The power plant projects will be implemented on build, own, and operate (BOO) basis pursuant to a 22-year implementation agreement. The government will provide land and fuel to run the plants and purchase the entire electricity output.



APOLLO

Apollo Hospitals Dhaka has recently signed a corporate agreement with Robi Axiata Ltd under which Apollo will provide priority corporate benefits and medical services to Robi's postpaid (priority), corporate and professional customers and their dependants. Chief Executive Officer of Apollo Hospitals Dhaka Michael S Potter and Chief Marketing Officer of Robi Bidyut Kumar Basu inked the deal.

City Bank AGM caught in chaos

STAR BUSINESS REPORT

The 28th annual general meeting of the City Bank could not be held yesterday because of what the bank said was unruly behaviour and vandalism by some unidentified miscreants.

Bank officials said the situation went out of control despite all support and help from law enforcers.

"It was an unfortunate incident. The board in an emergency meeting has postponed the meeting," said K Mahmood Sattar, managing director and chief executive officer of the bank.

Sattar alleged that miscreants stole food and laptops from the venue, Bangabandhu International Conference Centre.

Bank officials and police said some people had tried to break into the venue since 5:30am, well ahead of a schedule start of the AGM at 12 noon.

"We charged batons on the people who created chaos on the venue," said Ziauzzaman, officer-in-charge of Sher-e-Bangla Nagar Police Station.

He said some investors demonstrated and vandalised glass of main entrance of the conference centre.

In a statement posted on the Dhaka Stock Exchange website, the bank regretted the incident and said the new date, time and venue of the 28th

Thailand keen to invest more in Bangladesh

ARUN BIKASH DEY, Chittagong

Thailand is interested to invest in agro-based sectors in Bangladesh, thanks to geological advantage and port facilities, said the leader of the visiting Thai delegation yesterday.

Songsak Limba Nayen spoke in a meeting with the leaders of Chittagong Chamber of Commerce and Industry (CCCI) at Hotel Agrabad in the port city. Thai members of Thai-Bangladesh Business Council were in the delegation. CCCI organised the meeting chaired by its president Mursheed Murad Ibrahim.

Nayen said they will try to convince Thai entrepreneurs to invest in Chittagong.

Ibrahim said Chittagong is a favourable zone for business. He urged Thai entrepreneurs to invest in electronics, paper, textile, readymade garments, steel and agro-based industries.

The CCCI president assured the entrepreneurs of all sorts of help and cooperation from the trade body as well as from his part.

"Chittagong is a very comfortable zone for business, said Ali Ahmed, former CCCI president.

He said the two countries have lots of similarities in terms of culture, social values, food habit and natural beauties that will attract more Thai investors to come and pour money in the country.

Shafiur Rahman, former president of Chittagong Chamber, urged the government to set up an export processing zone for Thai entrepreneurs in Chittagong like the Korean EPZ.

Bangladesh is a rich country with 160 millions people, said Migrant Chayavichitsilp, president of Thai-Bangladesh Business Council. He said there are representatives from 15 Thai business groups in the visiting team who are very much pleased to see the favourable atmosphere in Chittagong.

New top brass for Green Delta Insurance

STAR BUSINESS DESK

AQM Nurul Absar has recently been elected chairman of Green Delta Insurance Company Ltd (GDICL), the insurer said in a statement yesterday.

The company also elected Shamsun Nahar Begum Chowdhury and Kamran Idris Choudhury as vice chairmen. All three of them are sponsor directors of GDICL.

A graduate of civil engineering from Buet, Absar completed his post graduation in hydraulic engineering from DELFT University in The Hague, Netherlands.

Kamran Idris Choudhury is a chartered accountant. He also worked for Touche Ross in London (currently Deloitte Touche Tomatsu, prior to joining A Qasem & Co. Chartered Accountants in Bangladesh, the cooperating firm



Zafrul Alam Khan, general manager of Transcom Electronics, inaugurates an outlet of Transcom Digital in Barisal recently. Firoze Mohammad, marketing manager of Transcom Electronics, and Masud Rana, regional sales manager of Transcom Digital, were also present.



Mohammad Aminul Haque, newly elected chairman of Prime Bank, receives a bouquet from Md Nazrul Islam Mazumder, chairman of Bangladesh Association of Banks, at a programme in Dhaka recently.

IFC bankrolls Pran's capacity building

STAR BUSINESS DESK

The International Finance Corporation will provide a \$7 million loan to Pran Group to help expand its local dairy procurement and processing capacity.

The expansion of capacity will help increase the incomes of about 17,000 dairy farmers and contribute to food security, said IFC, a member of the World Bank Group, in a statement.

Bangladesh has one of the lowest per capita milk consumption levels in the world and imports milk powder to meet 15 percent of its dairy demand, according to the statement.

Pran will raise processing capacity for its different product range such as ultra-heat-treated

milk, pasteurised milk, and milk powder and increase raw milk procurement from local dairy farmers through the proceed of the loan.

"Pran's expansion will help increase the local supply of value-added dairy products, contributing to food security in Bangladesh," said Sérgio Pimenta, IFC director for manufacturing, agribusiness and services in Asia.

In 2008, IFC provided a \$15 million loan to Pran to help increase production capacity in snacks, confectionery, beverages, rice, dairy and juice.

Amjad Chowdhury, chief executive officer of PRAN Group, said: "We value IFC's continued support, particularly given the current liquidity constraints in Bangladesh."

Stocks finish up for third day as confidence rises

STAR BUSINESS REPORT

Stocks gained for a third day yesterday as investors hoped the market would get some liquidity support following a central bank decision to revise the credit deposit ratio.

The benchmark general index of Dhaka Stock Exchange gained 63 points, or 1.09 percent, to close at 5,808, while the selective categories index of Chittagong Stock Exchange advanced 73 points, 0.7 percent, to 10,352.

It came a couple of days after the central bank decided to allow commercial banks to include their deposits in other banks as a source of funds while calculating their CDR.

Earlier, Bangladesh Bank excluded those deposits from the denominator.

Experts said the decision boosted investor confidence.

"The central bank's directive has created optimism among investors that the market will get some credit support, particularly from institutional investors," said Prof Mahmood Osman Imam, who teaches finance at Dhaka University.

The news of a parliamentary standing committee asking the finance minister to allow black money into the market also boosted confidence in the market, said a market analyst.

The rise for the third day may be the result of investor's expect-

tation about possible amendment to the proposed budget before being finally approved, said BRAC EPL in its daily market analysis.

Turnover on the DSE stood at Tk 444 crore, down by 2.7 percent on the previous day.

Trading started on an upbeat note, gaining more than 90 points in the first five minutes of trading on DSE.

Of the total 260 issues traded, 205 advanced, 43 declined and 12 remained unchanged.

United Commercial Bank topped the turnover leaders with 53.08 lakh shares worth Tk 29.18 crore traded.

Meanwhile, DSE has decided to start trading of MJL Bangladesh Ltd on June 26 under N category.



CITIBANK Citibank yesterday organised a seminar on Bangladesh Electronic Fund Transfer Network (BEFTN) in Dhaka. The seminar was aimed at providing insights into the execution of various types of payments across the country through BEFTN using CitiDirect. Dasgupta Asim Kumar, executive director of Bangladesh Bank, and Rashed Maqsood, managing director of Citibank, attended the programme.



HSBC A team of students from the University of Dhaka has won the regional Diamond Award at the HSBC Young Entrepreneur Awards 2011 held in Hong Kong recently. The Bangladesh team took the award with cash prizes for its 'CocoCrete' project that offers eco-friendly, high-strength but low-cost concrete using coir fibres from coconut husks to make buildings more resistant to earthquakes.