

Stocks

DGEN	▼ 0.63%	2,695.58
CSCX	▼ 0.63%	5,430.04

Asian Markets

MUMBAI	▼ 3.45%	9,046.74
TOKYO	▼ 4.92%	8,023.31
SINGAPORE	▼ 3.44%	1,704.06
SHANGHAI	▼ 0.45%	1,920.21

Currencies

	Buy Tk	Sell Tk
USD	68.55	69.55
EUR	88.66	93.31
GBP	98.31	103.25
JPY	0.77	0.81

SOURCE: STANDARD CHARTERED

Commodities

Gold	▼	\$811.29	(per ounce)
Oil	▼	\$36.32	(per barrel)

SOURCE: AFP

(Midday Trade)

More News

Pawnshop: A desperate lifeline



SME entrepreneur Kumkum Rahman was once fresh out of college, with a million dreams and full of fresh ideas. She desperately sought entrepreneurship independence, wanting to do her own thing. However, her family had other plans for her and another major obstacle was finance.

B-4

Ministry designs draft rules on real estate

The housing and public works ministry has completed the draft rules under the Real Estate Development and Management Ordinance 2008 to discipline real estate under a strict guideline.

B-3

International

Microsoft considering significant job cuts: WSJ

Microsoft Corp is considering "significant" layoffs across various divisions that could be announced as early as next week, The Wall Street Journal reported late Wednesday.

Indian inflation falls for tenth straight week

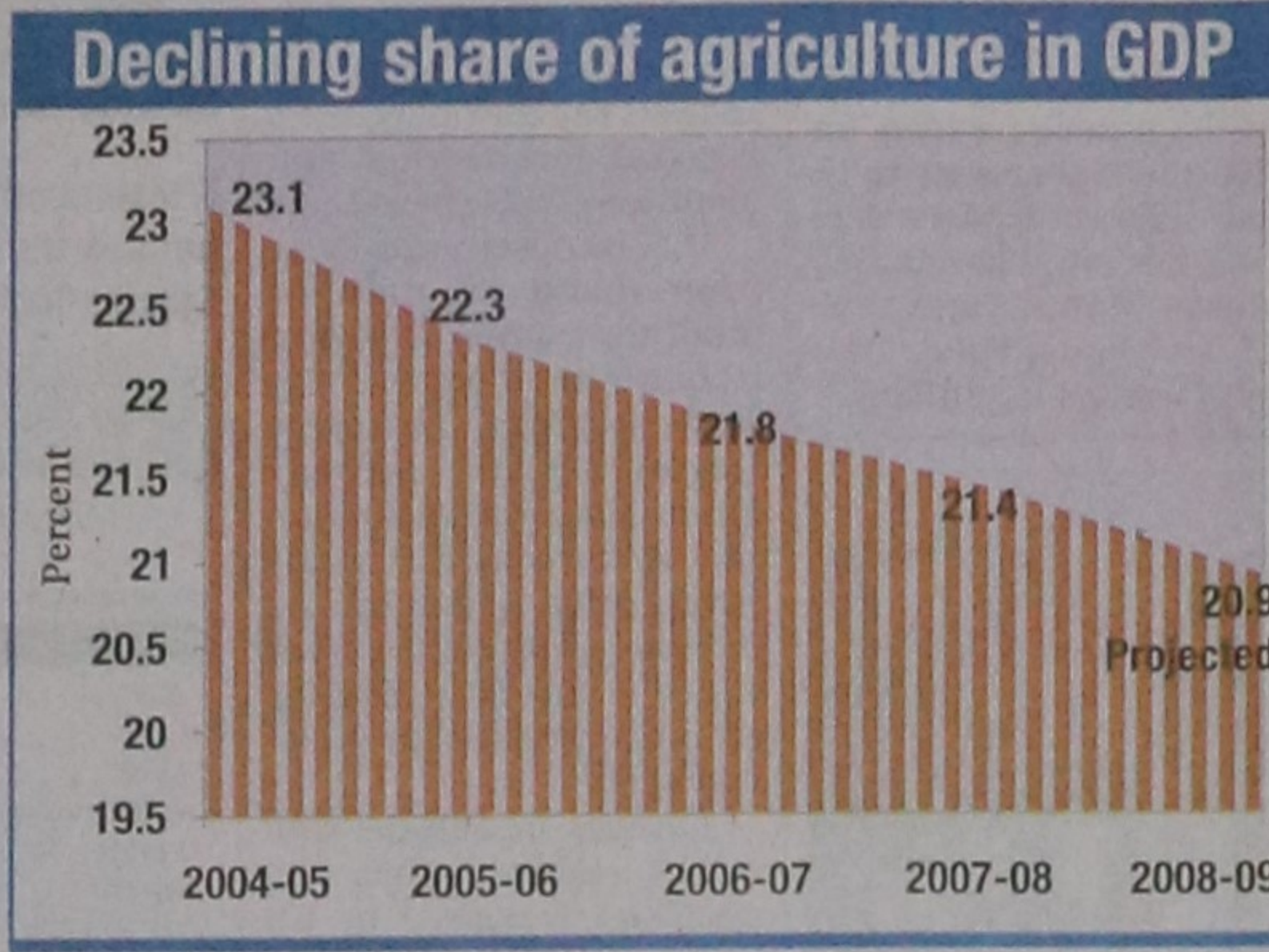
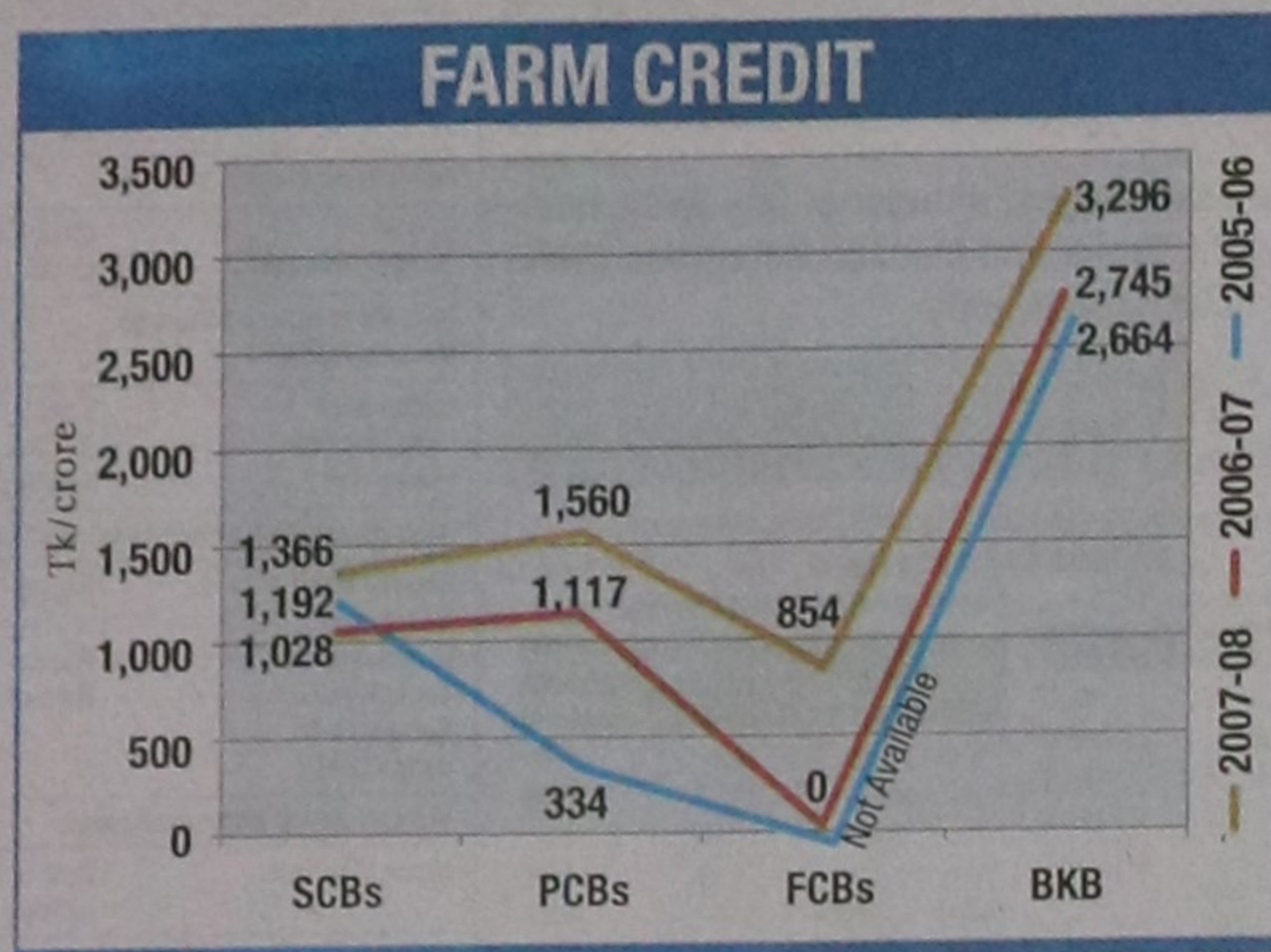
India's inflation fell for a tenth straight week, according to official data Thursday, creating more room to boost the nation's slowing economy, economists said.

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Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

BB mulls farm credit target for banks



SAJJADUR RAHMAN

Bangladesh Bank (BB) mulls fixing a farm credit target to boost agriculture production, officials said.

"BB is considering a target for private local and foreign commercial banks, as those are reluctant to give farm loans," a senior central bank official told The Daily Star yesterday.

In fiscal year 2007-08, 30 private commercial banks (PCBs) disbursed Tk 1,560 crore in farm loans, while nine foreign commercial banks (FCBs) disbursed only Tk 854 crore.

The PCBs' lending to the agricultural sector was Tk 1,117 crore and Tk 334 crore in 2006-07 and 2005-06 fiscal years respectively.

"The contribution of the private local and foreign banks in agricultural lending still remained poor compared to that of the state-owned and specialised lenders," the official said, supporting the BB move to impose a minimum requirement.

Four state-owned and five specialised banks,

including Bangladesh Krishi Bank (BKB), disbursed Tk 6,167 crore and Tk 5,293 crore farm credit in 2007-08 and 2006-07 respectively.

FCBs operating in Bangladesh did not disburse any agricultural loan before the last fiscal year ended in June 2008, according to BB statistics.

The government, private sector and donors emphasised raising farm productivity in the wake of a huge rise in the prices of agriculture products, especially food grains, in 2008.

In a bid to increase farm output, the Awami League-led grand alliance government has halved the prices of non-urea fertiliser just a week after assuming power.

Meanwhile, the central bank in September 2008 issued a circular asking all banks operating here for agriculture lending, but there was no mention of a ceiling in the circular.

"We have asked the PCBs and FCBs to give a reasonable amount as farm credit, but we don't get expected response from all banks," said another official in the central bank's agriculture

credit department.

Pointing to the poor presence of some PCBs and FCBs in rural areas, the official said the central bank has asked the banks for making collaboration with other banks and NGOs located in rural areas to disburse farm credit.

On the alleged FCBs' industrial lending in the name of farm credit, the official said, "We don't allow it".

Even any lending to 33 areas identified as agro-based industry will not be considered as farm credit, he added.

"The government can consider giving tax incentives against farm credit to encourage banks for more loans," said Shahjahan Bhuiyan, managing director of United Commercial Bank.

He suggested that a certain percent tax rebate might be given against a bank's farm credit. Currently, banks give 45 percent tax against their income.

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Retailers promise to rein in prices of essentials

STAR BUSINESS REPORT

Retailers yesterday made a commitment to the commerce minister to keep the prices of basic commodities at tolerable level to help the market function smoothly.

Retail-level businessmen and traders pledged this to Commerce Minister Faruk Khan as they called on him at his office.

The minister has been holding a series of meetings over the last few days with businessmen, importers, wholesalers, retailers, business leaders and chamber leaders to find out their problems and probable solutions to ease difficulties in doing business.

At the meeting Amir Hossain Khan, president of Bangladesh Dokan Malik Samity (Bangladesh shop owners' association), said they assured the minister of not making extra profit from sales putting the consumers at bay.

The shop owners suggested the ministry take measures at import level to maintain a regular supply chain of essential commodities in the local markets so nobody can do brisk business making an artificial crisis.

The government should publish bulletin on imported basic commodities in newspapers so everybody can know who imports what, quantity and stock of the commodities, Amir Hossain said.

"It's very simple to publish bulletin of imported basic commodities from the customs of Chittagong Port. If it's done, everybody will know whether someone is a member of a syndicate," he said.

Helal Uddin Helal, president of Dhaka Mahanagar Dokan Malik Samity (Dhaka city shop owners' association), stressed the need for stopping harassment by the NBR (National Board of Revenue) officials on the retailers on different illogical grounds.

He said the normal functioning of the basic commodity markets is largely dependent on a regular monitoring system by the government.

"We are also committed to refraining from making excessive profit," Helal said.

The commerce minister reiterated his vow to amend any legal provisions to smoothen businesses activities.

"We are even ready to change any laws for the sake of investment, export and industrial growth," said the newly appointed minister.

As part of exchanging views, Faruk Khan has already talked to the leaders of different trade bodies including the Federation of Bangladesh Chambers of Commerce and Industry, Bangladesh Garment Manufacturers and Exporters Association, Bangladesh Knitwear Manufacturers and Exporters Association, and Bangladesh Textile Mills association.

Tk 50cr subsidy ended up in wrong hands

Fears BIDS study on direct cash subsidy for diesel

STAR BUSINESS REPORT

The direct cash subsidy programme for diesel in the last Boro season suffered various setbacks with around Tk 50 crore feared to have gone to ineligible farmers due to irregularities in the listing and disbursement process, a study said yesterday.

The money that is feared to have gone to the inappropriate hands is one-fifth of the total cash subsidy for diesel at Tk 250 crore, sanctioned for the marginal and poor farmers to help them bear the pressure of increased diesel price, said the study conducted by Bangladesh Institute of Development Studies (BIDS).

"About one third of eligible farmers were not listed and thus were deprived of the subsidy while ineligible ones received subsidy," said BIDS Research Director M Asaduzzaman, referring to the preliminary findings of a study on diesel subsidy for poor farmers.

The disclosure of the findings came at a workshop on the experience of distribution of cash subsidy for diesel for irrigation during the last Boro season.

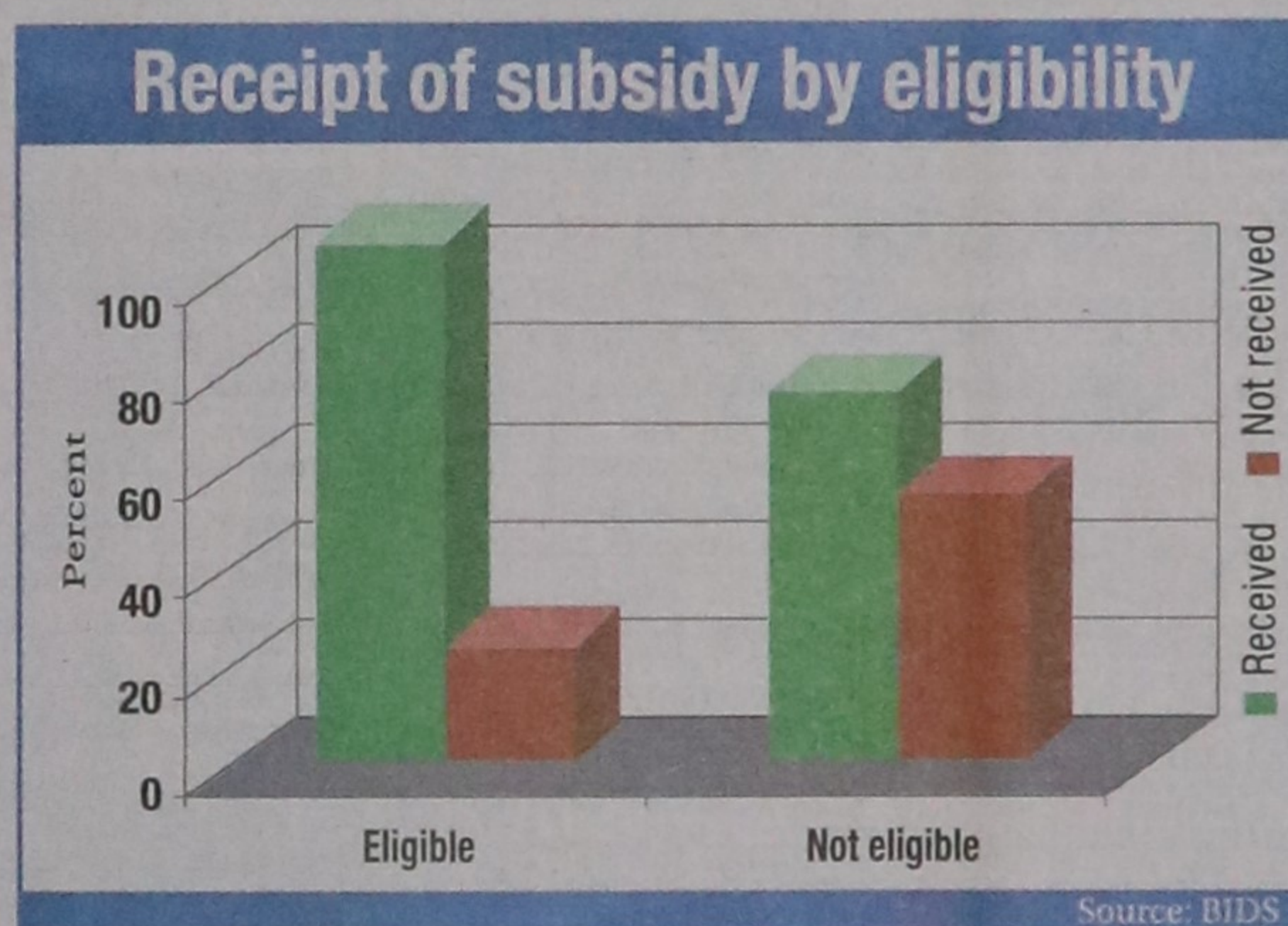
Agriculture Minister Matia Chowdhury, World Bank Country Director for Bangladesh Xian Zhu, agricultural experts and economists also spoke at the programme chaired by BIDS Director General Quazi Shahabuddin.

The BIDS study, carried out among farmers in 64 villages of 16 districts, observed that majority of the farmers eligible for the subsidy under the set criteria received less than the amount they should have received.

Supported by the World Bank under a DFID Trust Fund, BIDS undertook the study on adequacy and effectiveness of diesel subsidy last year after the then caretaker government for the first time announced a direct cash subsidy for small farmers to help them bear a portion of their irrigation cost during the Boro season in 2008.

Under the criteria, farmers who had not more than 2.5 acres of cultivable land and those who cultivated not more than 2.5 acres either of their own or by barga (tenancy) were termed eligible for subsidy.

The government sanctioned Tk 545 as



direct subsidy for per acre land for irrigation.

Experts said around 12 lakh tonnes of diesel are used for irrigation during Boro season with small and marginal farmers paying around 20 percent more than the amount the large farmers pay for irrigation.

The caretaker administration, which initially allocated Tk 750 crore for cash subsidy in fiscal year 2007-08, actually disbursed Tk 250 crore among 65.93 lakh farmers last year.

During the current fiscal year, Tk 540 crore has been allocated for cash subsidy.

Asaduzzaman, referring to the listing process, said government officials, Union Parishad representatives and pump owners were involved in the listing of farmers eligible for the subsidy.

The BIDS research director, citing the survey, said 13 percent were ineligible among those who received the subsidy. "Payments of around Tk 50 crore may have been irregular," he said, adding that subsidy might be given to marginal and small farmers by lowering the threshold requirement from 2.5 acres as it will benefit the poor ones.

The study also suggested paying subsidy through banks instead of other systems.

"It's a good idea. We will consider providing subsidy through banks in future," said Matia Chowdhury.

She blamed the irregularities on the previous government and said those who were responsible for distribution could do anything they wanted as there was 'no scope to protest irregularities'.

On the diesel price cut, Matia said the government will reduce the price further if it is possible in future.

About fertiliser distribution issue, she said the government will go tough if the behaviour of dealers is found erratic.

Asians must pull together to ride out recession: UN

AFP, Bangkok

Asia's economies must work closely together and not treat each other as rivals if they hope to weather the global economic downturn, United Nations experts said Thursday.

Presenting the UN's annual world economic report to media in Bangkok, senior adviser Raj Kumar said Asia must wean itself off a reliance on trade with industrialised countries and pool resources.

"This is a time to really take action... if the region benefits, everyone will benefit," Kumar said.

"You need to reduce your reliance on trade with the West alone. You need to trade with each other more -- remove your protectionist barriers, don't use your neighbour as a rival," he said.

The Southeast Asian economies most affected by falling export figures are Cambodia, Philippines and Singapore, the report said, where growth fell by an average of about three percentage points in 2008.

High commodity prices for rice, palm oil and energy in the first half of 2008 rescued Thailand, Indonesia and Malaysia from suffering the same fate, it said, though they had fallen since and hit those countries hard.

"The risks are significant because the crisis may not have bottomed out yet and there may be worse things to come," said the UN's macroeconomic policy chief, Tiziana Bonapace.

"The decrease in the price of rice has been less than is the case for wheat and maize. This, obviously, is a cause of concern for food security in this region."

She said a regional regulatory system and pooled foreign currency reserves should also be introduced to manage the crisis.

The World Economic Situation and Prospects 2009 report predicts global economic growth of just one percent in 2009, with East Asia's growth decelerating further to 6.0 percent, down from 6.9 percent in 2008 and 9.0 percent in 2007.

But a more pessimistic scenario puts growth as low as 4.6 percent, it

said.

In South Asia, economic growth was strong in 2008 at 7.0 percent, but with commodity prices now low and falling, regional growth there will probably slow to 6.4 percent and possibly as low as 4.0 percent in 2009, the report said.

The Association of Southeast Asian Nations (ASEAN) is expected to meet with key economic partners Japan, China and South Korea in April in Bangkok to begin setting up an Asian monetary fund for a common response to economic hardships.

ASEAN countries also agreed this week to pursue a region-wide campaign to attract more tourists.

On Thursday, Thailand's finance minister Korn Chatikavanij said also that he hoped to combine the kingdom's stock market with other ASEAN stock markets to attract global investors.

The UN report singled out China as the key locomotive of regional growth, once it has dealt with its own problems, Kumar said.



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

Price Sensitive Information

ACI 20% Convertible Zero Coupon Bonds

The Board of Directors of Advanced Chemical Industries Limited (ACI) in its Board Meeting held on 15 January 2009 has decided that subject to the approval of Securities and Exchange Commission (SEC) to issue 20% Convertible Zero Coupon Bonds worth Taka 1.3 billion. The bonds will be traded in both Dhaka and Chittagong Stock Exchanges. The salient features of the bonds are as follows:

The bond name	: ACI 20% Convertible Zero Coupon Bonds
Issuer	: ACI Limited
Face value	: Taka 1.3 billion
Discount rate	: 10.5%
Maturity	: 5 years with yearly redemption.
Issue Manager	: Alliance Financial Services Limited
Facility Manager	: Industrial and Infrastructure Development Finance Company Limited.
Mode of issue	: Private and IPO.

By Order of the Board
Company Secretary
Dated : 15 January 2009
Advanced Chemical Industries Ltd