

Stocks

DGEN	▼ 0.35%	2,740.77
CSCX	▲ 0.19%	6,086.38

Asian Markets

MUMBAI	▲ 3.14%	15,127.00
TOKYO	▼ 0.80%	9,786.82
SINGAPORE	▲ 0.69%	2,349.87
SHANGHAI	▲ 0.71%	2,787.89

Currencies

	Buy Tk	Sell Tk
USD	68.45	69.45
EUR	92.79	98.35
GBP	107.41	113.18
JPY	0.68	0.76

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold	▲	\$954.00	(per ounce)
Oil	▲	\$68.95	(per barrel)

SOURCE: AFP

(Midday Trade)

More News

Price fall rattles farmers



Mansur Ali comes to the village bazaar late. The regular crowds seeking to get daily groceries have already left. Small vendors stacking vegetables, snacks and other essential commodities are still lazing in the midday sun. Instead of checking with the stores at the bazaar, Ali crosses the busy Bogra-Natore Highway and approaches a shop, in front of which stands a pair of wooden scales.

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International

EU finance chiefs eye budget tightening

European finance ministers were looking on Tuesday to ease the flow of billions of euros they are pumping into their withered economies to limit the damage to their public finances. "I will certainly support a return to gradual fiscal consolidation. It is essential for everyone," Czech Finance Minister Eduard Janota said as he arrived to chair a meeting with his EU counterparts in Luxembourg.

Fiat vows to stick with Chrysler deal

Italian auto maker Fiat vowed on Tuesday to stick with plans to forge an alliance with distressed US group Chrysler after a US Supreme Court decision put a temporary freeze on the transaction.

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Banks awash with cash as industrial lending plunges

SAJJADUR RAHMAN

Commercial banks are awash with cash following a sharp decline in demand for industrial term lending, a major indicator for industrial development of a country.

Many of these banks are now counting on leasing and finance companies as a safe place for their investments.

Bangladesh Bank (BB) data shows the industrial term lending during the first nine months (July-March) of the outgoing fiscal year shrank by around 10 percent compared to the same period of the previous year.

The banks had Tk 23,737 crore excess liquidity at the end of March 2009, while the figure was Tk 21,752 crore a month ago, according to a recent BB report.

The amount of the excess liquidity was less than Tk 13,000 crore at the end of fiscal 2007-08.

"Currently we are lacking investment proposals," said Anis

A Khan, managing director of Mutual Trust Bank.

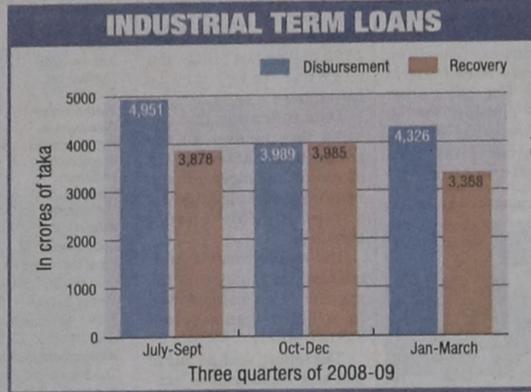
He said many of the banks' existing clients are demanding time extension for repayment of their loans they took earlier as they are going through a slack business in the face of global financial crisis.

"We didn't get any good investment proposal in the last several months," said a senior official of Prime Bank, one of the fastest growing private banks in the country.

The bank arranged many large-scale loans for big projects under syndication deals during the last decade. The official of the bank admitted that they are now facing a shortage of investment proposals.

Shahjahan Bhuiyan, managing director of United Commercial Bank, also vented the same concern, saying virtually there is 'no' investment proposal with the bank.

The country's banking sector is comprised of 48 banks, of which 30 are private, nine foreign,



four state-owned commercial banks and five are specialised government banks.

These banks, especially the private ones, did a huge business during the last decade riding on booming readymade garment and textile sectors.

But the ongoing global recession originated in Western countries, the main consumers of products of such countries as Bangladesh, has caused a slowdown in industrial growth.

Disbursement of private sector credit also reflects the declin-

ing trend of investment in the country.

Growth of the private sector credit disbursement was only 10.55 percent during the July-March period of the current fiscal year, which was around 17 percent in the same period of the previous year, which is often dubbed as the worst time for business confidence.

Now many of the banks are lending to the leasing and finance companies rather than keeping their cash idle, top bankers said.

Pubali Bank has lent leasing and financing companies over Tk 300 crore and very recently Mutual Trust Bank Tk 200 crore.

Over whether the recent BB move of bringing down interest rate would encourage investments or not, bankers said it would depend largely on the government's stimulus package to be announced in the proposed budget tomorrow.

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Clock ticking on budget

STAR BUSINESS REPORT

Finance Minister AMA Muhith is set to propose the national budget for fiscal 2009-10 in parliament tomorrow.

The government has moved to ensure wide participation of people in discussions, by encouraging them to come up with feedback.

Anyone from home and abroad can post suggestions or opinions on different websites. The budget text and other related documents could be downloaded from www.mof.gov.bd, the Press Information Department said in a statement yesterday.

The budget text will also be available at

www.nbr-bd.org, www.plancomm.gov.bd, www.imed.gov.bd, www.bdpressinform.org, www.pmo.gov.bd, www.bangladesh.gov.bd, and www.bdnews24.com.

The size of the total national budget for the next fiscal year may be Tk 113,815 crore. The figure was Tk 94,140 crore in the revised budget of the current fiscal year.



AMRAN HOSSAIN

The picture shows rolls of yarn made of cotton at a textile mill in Gazipur. Raw cotton consumption has remained static in Bangladesh this year, influenced by global recession, erratic gas and power supply to industries. Businessmen also complain of increased import of yarn from other countries, which they say is hurting the local industry.

Raw cotton consumption static in recession

REFAYET ULLAH MIRDHA

Raw cotton consumption in Bangladesh remained static this year following the global recession, erratic gas and power supply to industries and increased import of yarn from other countries, industry insiders said.

Such consumption indicates the strength of backward linkage industries in a country.

BTMA (Bangladesh Textile Mills Association) statistics projected that the total import of raw cotton would remain the same as last year's 4 million bales at the end of the current fiscal year this month.

However, the country maintained a 10-15 percent growth in cotton imports over the last few years, as it is import-dependent.

Raw cotton consumption in some competing countries like India increased to 18.3 million bales in the last ten years, China consumption jumped to 52 million bales in 2007-08 from 19.159 million bales ten years back and Pakistan posted a rise to 12.4

million bales from 7.187 million bales.

Meanwhile, US domestic cotton consumption, which was 11.349 million bales in 1997-98, has reduced to 3.5 million bales in 2008-09, while cotton imports by 27 countries of the European Union declined to 1.4 million bales during the period from over 6 million bales in 1997-98. This slump is because of the shift of textile business to South Asian region from the West (particularly US and EU countries).

Pointing to Bangladesh's raw cotton consumption scenario, BTMA President Abdul Hai Sarker said, "Many spinning mills are failing to utilise their full production capacity because of erratic power and gas supply, recession fallout and the increase in import of yarn from other countries."

He feared a fall in raw cotton consumption in case the full production capacity could not be utilised.

Many spinning mills now run at least 25 percent below their capac-

ity, Sarker said, adding: "As a result, raw cotton consumption remained static this time."

However, Ashraf Hossain Bakaul, managing director of AHB Cotton, an importer, pointed to the other side of the coin. He said the increase in demand for raw cotton in the last month has pushed its prices up in international market on the back of a slight improvement in global crisis.

He said currently cotton is selling at 68-70 cents per pound. The item was sold at 62-64 cents a pound in early May.

K M Rezaul Hasanat, managing director of Viyellatex Group, a leading textile maker, said cotton consumption in his factory increased to some extent, but not at the previous year level.

Bangladesh imports 70 percent of cotton from Uzbekistan. The remaining import demand is met by USA, West Africa, Turkmenistan and some Commonwealth Independent States (CIS).

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Aila, tidal surge cost shrimp farmers Tk 40cr in Cox's Bazar

Say businessmen

A CORRESPONDENT, Cox's Bazar

Fish and shrimp worth around Tk 40 crore have been washed away from more than 400 shrimp enclosures and ponds in seven upazilas of Cox's Bazar district by cyclone Aila and the recent tidal surge, businessmen said yesterday.

The affected upazilas are Teknaf, Ukhia, Moheshkhali, Kutubdia, Cox's Bazar Sadar, Chakoria and Pekua.

Some more shrimp enclosures are on the verge of destruction as most of the coastal embankments were broken by Aila, and the water level during the high tide is increasing under the impact of full moon.

Kabir Ahmed Chowdhury, a shrimp farmer of Ukhia, said shrimp worth around Tk 25 lakh was washed away by a tidal surge from his five-acre enclosure in Sunday morning.

He is one of the hundreds in the district. President of Cox's Bazar Shrimp Farm Owners' Group Abdullah Khan estimated the total loss by Aila and subsequent tidal surge at around Tk 40 crore.

President of Cox's Bazar Southern Region Shrimp Production and Suppliers Association Hamid Ershad said the tidal surge in the last three days destroyed shrimp worth around Tk 1.5 crore from at least 10 enclosures in Badshadia, Hawsher Dwp, Ulubunia and Hoaikkong areas.

As the water level during the high tide increases because of the impact of full moon, more than 100 other shrimp enclosures are reeling under threat.

In the current season around 70,000 acres of land for around 1,800 enclosures have been brought under shrimp cultivation in the district.

Sadar upazila Fisheries Officer Mizanur Rahman said water level of the sea during

high tide is increasing above normal as the sea remains rough in the inclement weather and under the impact of the full moon.

Most of the shrimp enclosures were washed away as coastal embankments have already been broken, he said, adding that it is difficult to reconstruct or repair the embankments and the enclosures before the dry season.

Assistant Fisheries Officer Moqsud Hossain said 128 shrimp enclosures of a total 269 in Khurushkhul, Choufaldondi, Pokkhali, Eidgaon, Islamabad and Napitkhali under Sadar upazila have been destroyed.

He said as the embankments were broken, fish worth around Tk 1.34 crore from 128 enclosures have been washed away.

Sadar upazila apart, at least 300 enclosures were affected in Teknaf, Ukhia, Moheshkhali, Kutubdia, Chakoria and Pekua, and the amount of losses in these upazilas stands at around Tk 30 crore, said district fisheries department officials.

Most of the shrimp enclosures were destroyed as the protection embankments constructed by Water Development Board (WDB) were washed away. The enclosures cannot be restored if the broken embankments are not constructed again.

WDB Cox's Bazar Executive Engineer Shamsul Karim said 154-kilometre embankments in eight upazilas of the district have been affected by cyclone Aila and recent tidal surge.

Around 10-kilometre embankments have been completely destroyed, while 58-kilometre embankments are under threat. Efforts are on to repair the 58-km embankments on an emergency basis, he said.

However at least 22 villages of the upazilas are still reeling under the threat of being affected by the tidal surge.



Water rushes through a breached embankment in Cox's Bazar, submerging shrimp farms. Businessmen are counting losses from damaged enclosures.

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