

## Stocks

DGEN	0.85%
	4,414.34
CSCX	0.88%
	8,296.85

(Tuesday closings)

## Asian Markets

MUMBAI	0.21%
	16,912.77
TOKYO	0.93%
	10,177.41
SINGAPORE	0.54%
	2,813.93
SHANGHAI	0.59%
	3,255.21

## Commodities

 Gold	\$1,134.00 (per ounce)
 Oil	\$70.69 (per barrel)

(Midday Trade)  
SOURCE: AFP

## Private EPZs asked to set up effluent treatment plants

STAR BUSINESS REPORT

The government has made it mandatory for private export processing zones (EPZs) to set up effluent treatment plants (ETPs) and hostels for working women in those industrial areas.

The obligation came in a separate policy for setting up private EPZs.

The Private EPZ Board of Governors issued a gazette on November 15, suggesting a specific guideline on how the private sector investors will set up EPZs.

The policy has also tagged for the investors a go-ahead from the authorities concerned, which the experts say may create bureaucratic tangles in the process of setting up industrial units.

In line with the policy, 14 categories of industries will come within the purview of private EPZs.

These include electrical and electronics items, software development, IT and research and development industries, scientific instruments and precision tools, jewellery industries and cutting, engineering products and equipments, leather products and sports goods, toys and footwear.

Entrepreneurs will also be able to invest in backward linkage industries for textile, pharmaceuticals, gas-based industries, and petrochemical products.

However arms and ammunition, nuclear energy, security printing and the mint have been barred from the private EPZs.

The policy has directed entrepreneurs and investors to take permission from the private EPZ authorities before setting up industrial units.

"We welcome the initiative. But the policy may not help attract the investors if a separate permission is required," said Md Shahjahan, general manager of Korean EPZ (KEPZ).

He said energy crisis is another issue, which the government should address to encourage the prospective private EPZ entrepreneurs.

South Korean Youngone Corporation developed the country's first private EPZ in Karnaphuli, Chittagong in 1999. However the EPZ is yet to attract investors due to a lack of power and gas supply.

Currently the government operates eight EPZs in Chittagong, Dhaka, Mongla, Ishwardi, Comilla, Uttara, Adamjee and Karnaphuli. The cumulative investment in these EPZs was \$1.61 billion as of August 2009.



Farmers sort coriander leaves in Chapinawabganj before sending the item to different parts of the country for sale. The herb had earlier been cultivated only on small plots around homes for family consumption and sale in local markets. Now it has grown into profitable business. (Story on B3)

RABIUL HASAN DOLLAR

# BB's watch over farm credit pays off

Defaults down 2 points in July-Nov; private banks widen disbursement

REJAUL KARIM BYRON

The central bank's strict monitoring of loans to farmers has helped minimise defaults in the agricultural sector.

In the first five months of the current fiscal year, such defaults decreased 2 percentage points as Bangladesh Bank tried to ensure loans to real farmers -- mostly willing to pay back in time.

Agriculture default loans stood at Tk 4,964 crore or 25 percent of the sector's total outstanding loans of Tk 19,647 crore up to November 30.

Meanwhile, with a good recovery, the credit flow to the farm sector -- the highest contributor to the gross domestic product -- marked a 26 percent rise in the period.

A food crisis experience over the last two years prompted Bangladesh Bank to take extra care in farm credit disbursement, officials said.

Data show private and state banks disbursed 37 percent of such loans in the July-November period against a Tk 11,512 crore target, fixed by the central bank for the entire financial year.

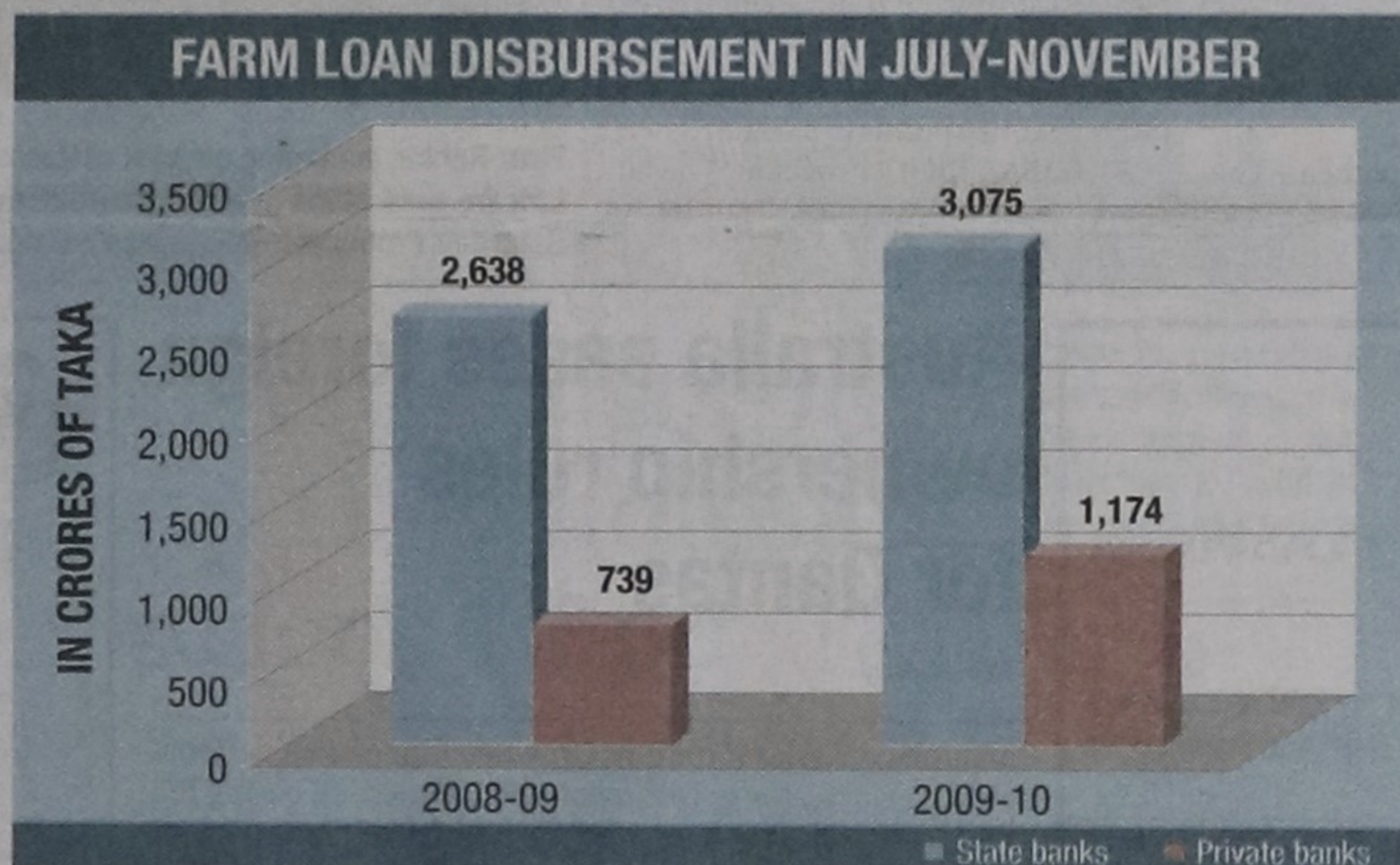
"The agriculture loan disbursement and recovery showed an upward trend mainly because of Bangladesh Bank's strong move to encourage banks to provide such loans," said Khondkar Ibrahim Khaled, chairman of Bangladesh Krishi Bank.

The five-month farm credit disbursement is Tk 4,249 crore, up from Tk 3,378 crore in the same period a year ago.

Private banks' share in the period is Tk 1,174 crore, a figure that shows a 59 percent increase in disbursement of farm credit during the time. It also shows that these banks have opened up to farm loans.

Meanwhile, state banks disbursed Tk 3,075 crore loans, which is a 17 percent rise over the amount given in the same period of fiscal 2008-09.

In the five months of fiscal 2008-09, farm



loan defaults were 27 percent or Tk 4,975 crore against the sector's outstanding loans.

However, default loans in January-September increased 4 percent to Tk 23,904 crore in the banking system.

Khaled, also a former central bank deputy governor, said farmers have a good tendency to pay back loans -- a practice sometimes missing among rich borrowers.

Referring to the newly introduced loan disbursement system by setting up camps in villages, he said farmers take loans in a transparent process and are willing to repay in time.

Krishi Bank has recently introduced the camping system where farmers and bankers gathered in a specific place to disburse and recover loans.

Managing directors and general managers have been asked to monitor the loan disbursement and recovery outside Dhaka. Even bank directors have been assigned to secretly moni-

tor loan disbursement at grassroots level.

The central bank also directed all banks to preserve phone numbers of agriculture loan borrowers to ensure proper disbursement by banks.

The central bank also gave directives to all banks to provide monthly update statements on agriculture loan disbursement to Bangladesh Bank through a prescribed format.

Also, more than 100 newly appointed assistant directors have been sent by the central bank to grassroots level to have feedback from farmers of any irregularities in credit disbursement.

Based on reports from these assistant directors, the central bank will take necessary actions.

"The governor is also very active," a Bangladesh Bank high official said, pointing to his frequent visits to farmers to know for himself how the main drivers of the economy get loan when they need it most.

## High household costs blight basic services

BB says in monetary policy review

SAJJADUR RAHMAN

Food, housing and utilities account for a major portion of household consumption expenditure in Bangladesh, depriving people of getting other basic services like healthcare and education.

In fiscal 2008-09, total household consumption expenditure soared to 77.52 percent of gross domestic product (GDP) from 74 percent three years ago, according to a Bangladesh Bank monetary policy review released recently.

Of the total expenditure, 41.20 percent was used for food and non-alcoholic beverages, over 13 percent for housing and utilities and nearly 4 percent for transportation and communication.

Expenditure for food was 38.4 percent of GDP in fiscal 2005-06 and 12.38 percent for housing and utilities. "Household consumption expenditure increased in fiscal 2008-09 mainly for food, housing, energy and utilities," the review said.

The review found increased disposable income by way of remittance inflows from expatriates supported the expenditure rise.

However an economist said people will not be able to come out of the poverty cycle if they have to spend a lot of their income on food and housing.

He called upon the government and policymakers to facilitate investment to spur employment and income generation.

"The situation will not improve without a significant increase in investment," said Zaid Bakht, research director at Bangladesh Institute of Development Studies (BIDS).

Investment as a percentage of GDP has been static at around 24 percent for several years.

Savings should increase to meet investment demands, Bakht said. But gross domestic savings (GDS) showed a declining trend in the year that ended in June 2009. Government data shows that GDS as a share of GDP declined to 20.02 percent in fiscal 2008-09 from 20.31 percent a year ago.

"A rise in savings alone cannot help people come out of poverty if savings are not invested properly," Bakht said. sajjad@thedailystar.net

# Rice bran oil eyes market

SOHEL PARVEZ

A new avenue is set to open up on the edible oil market as Rashid Oil Mills Ltd has moved to extract oil from rice bran. Company officials expect that the product will attract a wide spectrum of consumers.

The company said it set up a plant in Baharpur area of Ishwardi in Pabna by investing about Tk 20 crore.

The new entrant with a daily capacity of producing between 60-84 tonnes oil from the extraction of about 300 tonnes of rice bran, is expected to supply between 18,000-25,200 tonnes of rice bran oil a year to market.

"We have been inspired by the popularity of rice bran oil in India. It's a vegetable oil and has various health benefits," said Abdur Rashid, managing director of Rashid Oil, a concern of Rashid Group, known for marketing fine rice such as miniket in bulk quantity.

Rice bran oil is the oil extracted from the germ and inner husk of rice. It is suitable for high-temperature cooking methods such as stir frying and deep-frying. It is popular as cooking oil in

several Asian countries, including Japan and China.

Traditionally, potato chips, rice crackers, and even French fries have been fried in rice bran oil in parts of Asia. In the US, rice bran oil is currently being used in upscale snack food production and restaurants.

Rashid Oil attempts to make rice bran oil at a time when Bangladesh consumes about 13 lakh tonnes of edible oil a year -- mostly imported by private refiners.

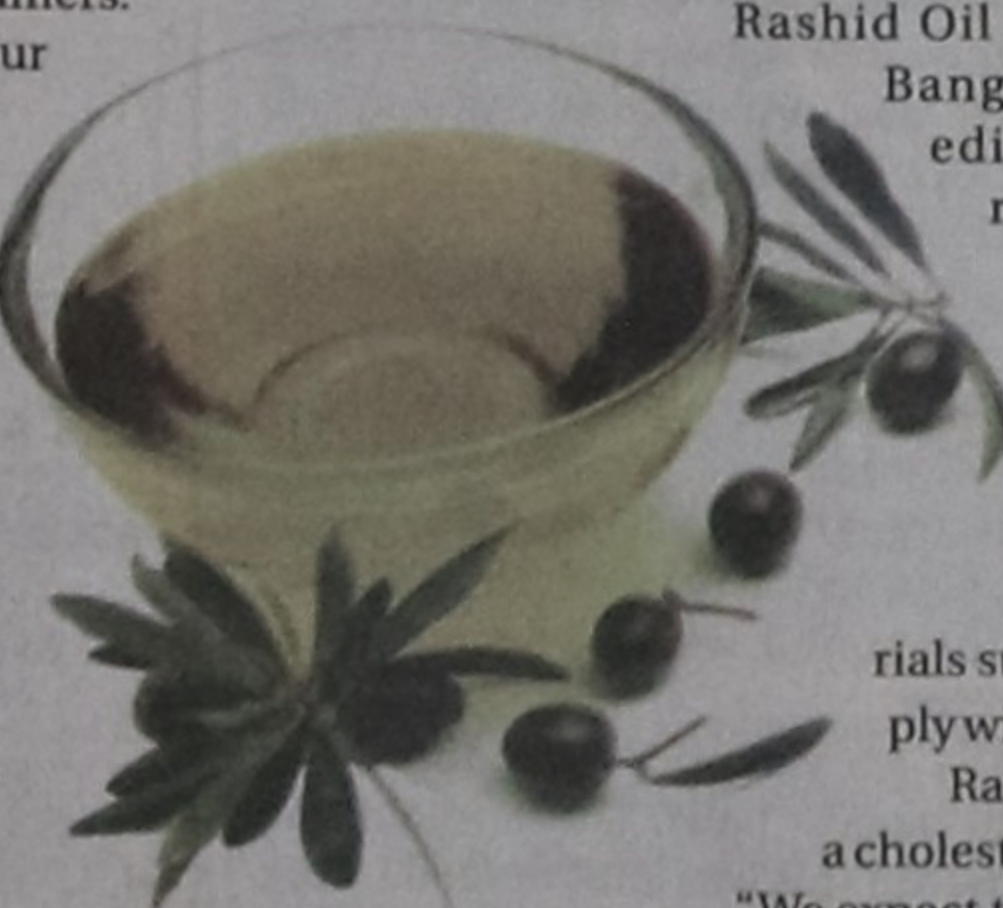
In Bangladesh, rice bran is used mainly for preparing feed for poultry, fish and cattle. Rashid got the idea of producing oil from rice bran after he had witnessed demand from Indian buyers for bran produced in his rice mill.

He said his rice mill would meet part of the raw materials supply required for oil production. The rest of the supply will come from local market.

Rashid said rice bran oil could be used in foodstuffs. "It's a cholesterol-free oil."

"We expect to put our rice bran oil up for sale by August next year. The prices of our rice bran oil will be almost equal to the prices of soybean oil."

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US Federal Reserve Bank Chairman Ben Bernanke was named Time magazine's "Person of the Year" yesterday. He is a renowned expert on the Great Depression of the 1930s and is driven to avoid a repeat of such devastation.

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