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Farm credit rollout slows

SAJJADUR RAHMAN

Farm credit disbursement lost momentum as private and foreign banks are lagging sharply behind the target, Bangladesh Bank statistics show.

Banks have achieved less than one-third of the farm credit disbursement target in the five months through November, which is nearly 6 percentage points lower than in the same period a year ago.

In absolute terms, the disbursement went down by nearly Tk 200 crore to Tk 4,350 crore in July-November from Tk 4,721 crore in the same period a year ago.

Bankers, however, blamed the ambitious target set by the central bank and soaring cost of funds and interest rates for this year's poor performances.

"We disbursed around Tk 30 crore last fiscal year, but the BB gave us a target of nearly Tk 130 crore this fiscal year. Isn't it impossible for any bank?" said a chief executive officer of a private bank.

The CEO also criticised a BB move that said unutilised funds of the target should be kept with the central bank and disbursed by microfinance institutions.

Khandker Ibrahim Khaled, chairman of Bangladesh Krishi Bank and a former deputy governor of the central bank, however, blamed private banks' least interest in agri loan.

"The private banks are a bit shy to give farm credit," Khaled said. "There are credit demands in rural areas," he said, quoting the government banks' disbursement trend.

The agriculture sector employs more than 50 percent of Bangladesh's workforce and contributes more than 20 percent to the country's gross domestic product.

Nine foreign banks disbursed only Tk 87 crore during July-November of the current fiscal year against a target of Tk 547 crore. Two of these banks -- State Bank of India and Habib Bank of Pakistan -- failed to disburse a single penny in five months.

Citibank NA disbursed only Tk 6 crore in five months against a fiscal year target of Tk 200 crore. National Bank of Pakistan gave only Tk 53 lakh so far against its annual target of Tk 19 crore.

Of the local private banks, Premier loaned only Tk 25 lakh or 0.26 percent of its target. Bangladesh Commerce Bank, Dhaka Bank, First Security Bank, Jamuna Bank, NCC Bank, Shahjalal Islami Bank,

Southeast Bank, Trust Bank and Standard Bank failed to disburse even one-tenth of their annual target in five months.

State-owned Rupali disbursed only Tk 8.59 crore against the target of Tk 130 crore.

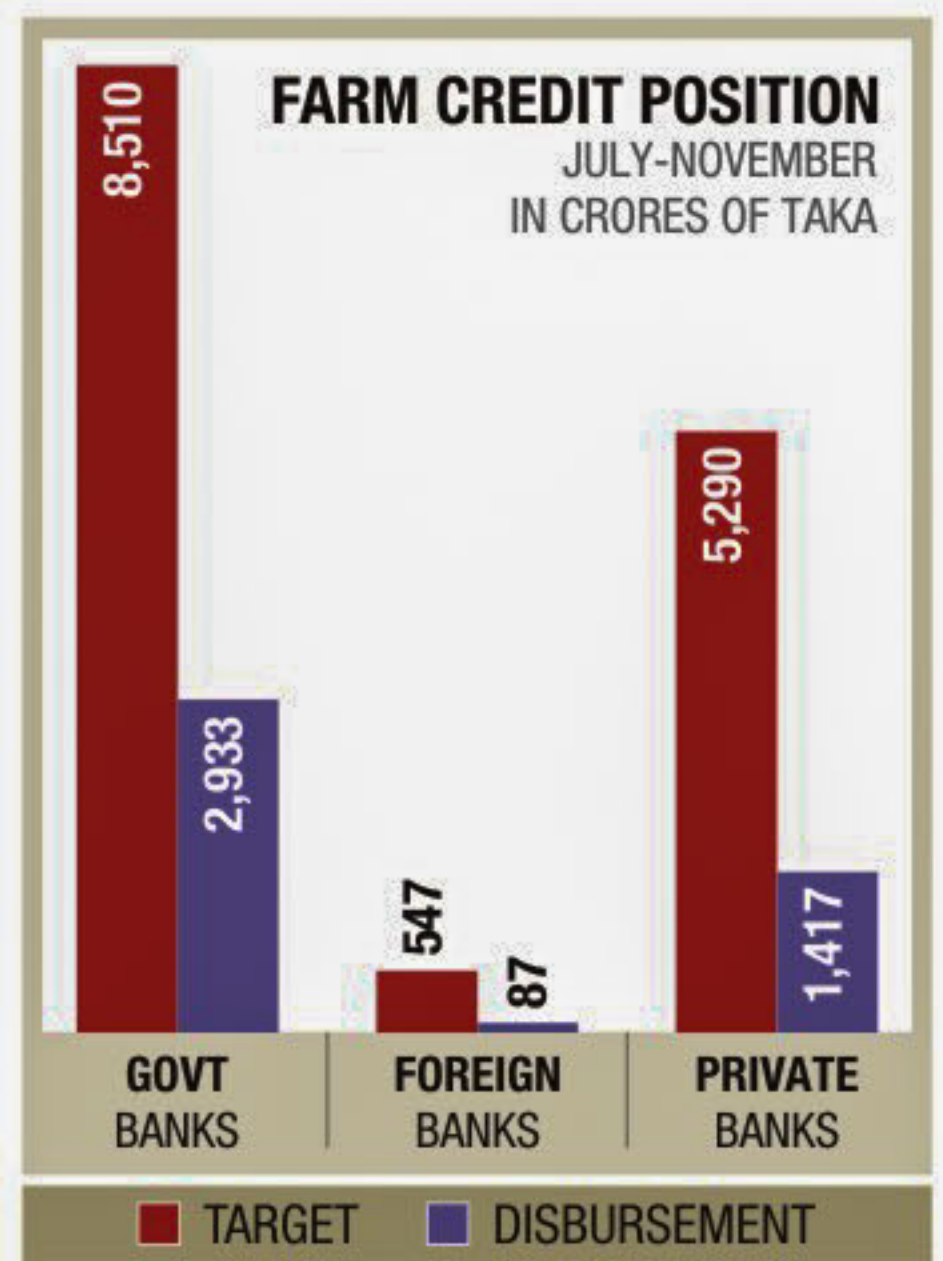
BASIC Bank, EXIM Bank and Pubali Bank loaned around 15 percent of their target so far, BB data shows.

BRAC Bank topped the list with more than 82 percent or Tk 141 crore credit disbursement during the period. Bank Asia gave nearly 63 percent or Tk 95 crore, AB 41 percent or Tk 70 crore, IFIC 48 percent or nearly Tk 47 crore and Islami Bank 41 percent or Tk 411 crore.

State-owned banks, which account for more than two-third of farm credit, disbursed nearly Tk 700 crore less so far this year than the same period last year.

Nurul Amin, managing director of NCC Bank and chairman of Association of Bankers Bangladesh, hoped the situation would improve in the second half of the fiscal year.

"We're trying to be linked with the



NGOs to boost disbursement," said Amin. "But rising interest rate, now at 13-14 percent, is a factor," he added.

Khaled of Krishi Bank also hoped this year's disbursement would exceed Tk 12,000 crore against a target of Tk 13,800 crore. All the banks gave Tk 12,617 crore farm credit last fiscal year.

sajjad@thedailystar.net



Annisul Huq, centre, president of Saarc Chamber of Commerce and Industry, announces a South Asian youth convention, LEAD2012, in a press conference at Sonargaon Hotel in Dhaka yesterday. The Saarc Chamber and FBCCI will jointly organise the event. AK Azad, FBCCI president, is also seen.

Youth to take centre stage at South Asian convention

STAR BUSINESS REPORT

A convention of the youth in South Asia will take place in Dhaka on Saturday with an objective to inspire and motivate the young generation to be the pioneer in socio-economic transformation of the region.

Some 2,000 youths, including students, are expected to join the two-day gathering at Bangabandhu International Conference Centre (BICC).

President Md Zillur Rahman is expected to inaugurate the event, which will also be attended by young entrepreneurs, executives, social activists, intellectuals, political leaders and renowned media personnel from Saarc nations, organisers said at a press briefing yesterday.

"The convention aims at encouraging the young generation to be the pioneers in bringing changes in the economic and social arena," said Annisul Huq, president of Saarc Chamber of Commerce and Industry, at the briefing at Sonargaon Hotel.

The Saarc Chamber and the Federation of Bangladesh Cham-

bers of Commerce and Industry (FBCCI) will jointly organise the event -- LEAD2012 -- with the theme of "Youth of rising South Asia: promises and dreams".

The first day sessions will be held at BICC, while the rest at Sonargaon Hotel.

The convention with a focus on youths in eight Saarc states takes places at a time when South Asia, home of about 1.5 billion people, emerges as a global economic power thanks to steady economic growth over the past years.

Huq said youths account for 40 percent of the population in Saarc states and they are building the nation in various ways.

FBCCI President AK Azad said the event will show some ways to strengthen trade and economic ties in the Saarc region by narrowing down political distances among the close neighbours.

"No notable improvement in trade took place since the inception of Saarc. The main reason for it is politics," said Azad, citing that intra-regional trade is only 5 percent of total trade of the Saarc states.

The youth can change the society, economy and politics, he said,

adding: "We hope this youth convention will be a step forward to improve political, economic and trade relations among the nations in South Asia."

He said the region could not tap the potential of hydro-electricity in Nepal and Bhutan in full due to politics.

The convention will have five discussion sessions, including one that focuses on young entrepreneurs in South Asia.

World's youngest chief executive Suhas Gopinath, president and chief executive of Globals Inc India, and Korvi Rakshand, another young social activist and founder of Jaago Foundation of Bangladesh, will attend the programme to share their experiences.

Rajat Sharma, chairman and editor in chief of India TV and host of one of the longest running programme on Indian television -- Aap Ki Adalat; Vandana Luthra, founder and chairperson of wellness care firm VLCC of India; Vani Kola, managing director of Indo-US Venture Partners; Zarine Aziz, former president of First Women Bank of Pakistan, will also attend the event.

Biman lowers airfare on its 40th anniversary



STAFF CORRESPONDENT

Biman Bangladesh Airlines yesterday announced its plan to provide 20 percent discount on 13 international and regional routes to celebrate its 40th anniversary.

The offer will remain valid until January 15 on Biman's flights to London, Rome, Manchester, Milan, Kuwait, Doha, Kuala Lumpur, Kolkata, Delhi, Kathmandu, Bangkok, Singapore and Hong Kong, Biman said in a statement yesterday.

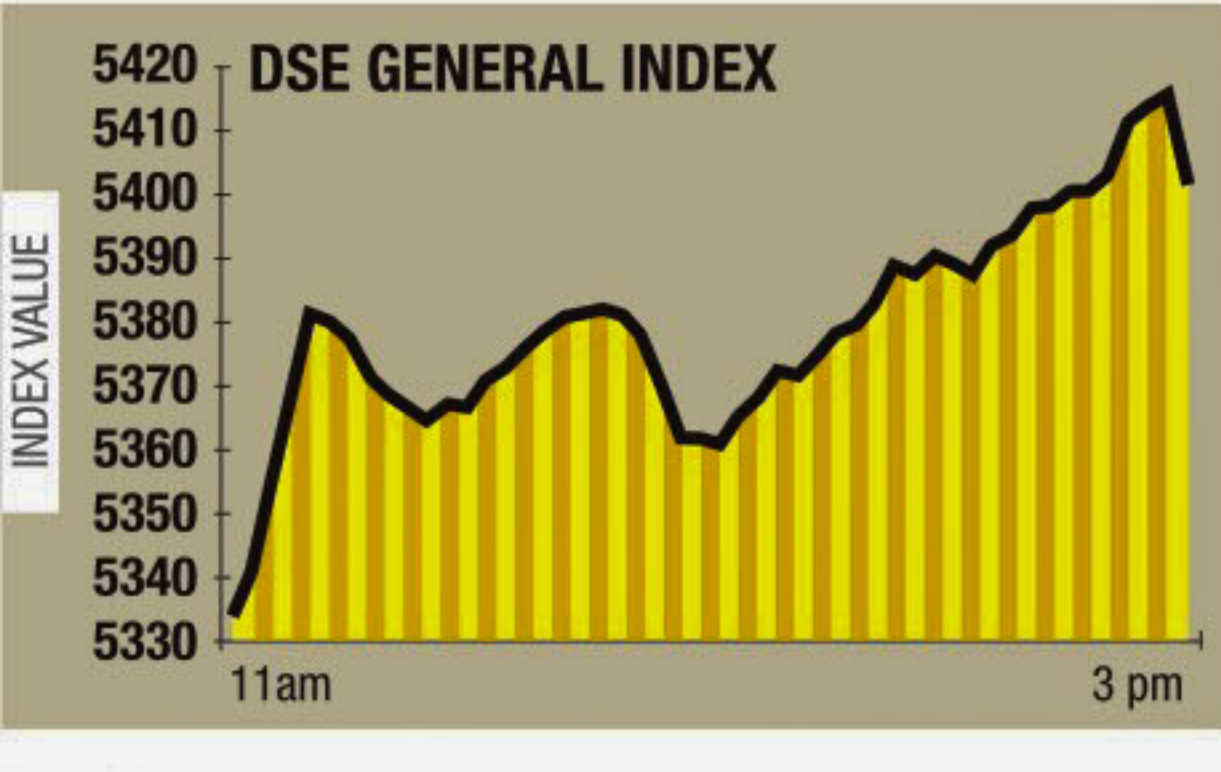
The tickets will be available with Biman counters only, and the desired journey has to be completed within March 31, the statement added.

"To felicitate the millions of its loyal customers, the airlines, in a bid to reciprocate, made it convenient to announce a programme of the kind on the eve of this historic milestone," the airliner said.

The national carrier starts operations on January 4, 1972 with a gift of a DC-3 aircraft from Bangladesh Air Force.

Biman is now serving eighteen cities of the world across two continents -- Asia and Europe -- and it has a fleet of two B777-300 ER, two B737, four wide-bodied DC-10 30, two A310-300 and three F28 aircraft.

Stocks return from losses



STAR BUSINESS REPORT

Stocks returned to the black yesterday, with turnover soaring to a six-week high.

The benchmark General Index, the yardstick of Dhaka Stock Exchange, went up 67.60 points or 1.27 percent, to 5,401.03 at the 3pm close.

The market opened with usual buoyancy and gained more than 45 points in the first trading session.

"The prime index of the DSE continued to rally ahead as investors were actively participating in the day's session," Green Delta LR Holdings said in its market analysis.

The Chittagong Stock Exchange gained yesterday with the Selective Categories Index going up 113.58 points or 1.17 percent, to end the day at 9,818.94.

Washington to review GSP for Bangladesh

REFAYET ULLAH MIRDHA

Duty-free exports of Bangladeshi goods to the US could face trouble if Washington withdraws tariff reductions, known as generalised system of preferences (GSP), from exports from Bangladesh after a trade hearing on January 24.

Bangladesh will have to face the hearing as the American Federation of Labour and Congress of Industrial Organisations earlier lodged complaints to the United States Trade Representatives (USTR) regarding the issues of labour rights, trade unionism

and child labour in the factories of Bangladesh.

The Obama administration has already removed Bangladeshi sleeping bags, which were enjoying duty-free facility under the GSP scheme, on December 29 after US-based sleeping bag maker Exxel Outdoors lodged a complaint on a different issue.

However, a delegation from Bangladesh led by Commerce Secretary Ghulam Hussian will attend the hearing to convince the US to continue the GSP.

"We will submit our answers

to the USTR on January 10 and the government delegation will attend the hearing on January 24 in Washington," said Monoj Kumar Roy, joint secretary (export) to the commerce ministry.

He said the ministry holds a meeting today with other stakeholders to prepare the answers for the hearing.

This will be the third hearing of Bangladesh to the USTR as the country earlier attended two such hearings in 2007 and 2009.

Officials from the home ministry, fisheries and livestock ministry, labour and employment

ministry and non-government organisations, and a few leaders of Bangladesh Garment Manufacturers and Exporters Association will attend the hearing.

Being a least developed country, Bangladesh has been enjoying the duty-free facility for exporting some non-traditional items under the renewed GSP since September last year.

The US did not include main export item readymade garment in the GSP scheme.

Some non-traditional items such as furniture, fertiliser, ceramics, carpets, raw hides and special woven fabrics are now enjoying the duty-free facility.

The US agreed to grant duty free and quota-free facility for 97 percent products originated from the LDCs at a WTO meeting in 2005.

But major export items, such as garments, leather goods and footwear, were not included in the list. As a result, Bangladesh is doing business with the US by paying a 17 percent duty on an average and the highest 32 percent on man-made fibre clothes.

reefat@thedailystar.net

SEC cuts settlement time for investors

STAR BUSINESS REPORT

The settlement period of trading on the twin bourses will be three days instead of four, which will quicken payment in share transactions, an official of the Securities and Exchange Commission said yesterday.

The commission modified the settlement rules on December 27, he said.

The Dhaka Stock Exchange will reduce its trading settlement time, in line with the latest modification of transactions rules, said Shakil Rizvi, president of DSE.

From now, the bourses will follow the so-called T+2 settlement period, which means buyers will receive shares and sellers will get money two days after a trade is made. Earlier, it was T+3.

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