

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
▲ 1.41%	▲ 1.87%	\$1,701.90 (per ounce)	\$106.90 (per barrel)	Closed	▲ 2.01%	▲ 1.96%	▲ 1.06%	BUY TK 81.25	105.15	125.69	0.99
4,345.01	8,045.33				9,768.96	2,970.38	2,420.28	SELL TK 82.25	109.12	129.64	1.05

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# star BUSINESS

DHAKA FRIDAY MARCH 9, 2012, e-mail: business@thedailystar.net

## Eurozone crisis cuts into exports

### Overseas sales fall 8pc to \$1.98b in Feb as financial crisis dampens demand for garment

Exports fell 8 percent to \$1.98 billion in February from the previous month, as demand for apparel, the main export item, dropped in the Eurozone due to an economic crisis.

Exports fell short of the monthly target by 7.97 percent, according to data released by state-owned Export Promotion Bureau yesterday. The monthly target for February was \$2.14 billion.

The economic crisis in the Eurozone is mainly to blame for the decline in exports, said Monoj Kumar Roy, additional secretary (export) of the commerce ministry. The gas crisis and higher bank interest rates accelerated the decline, he said.

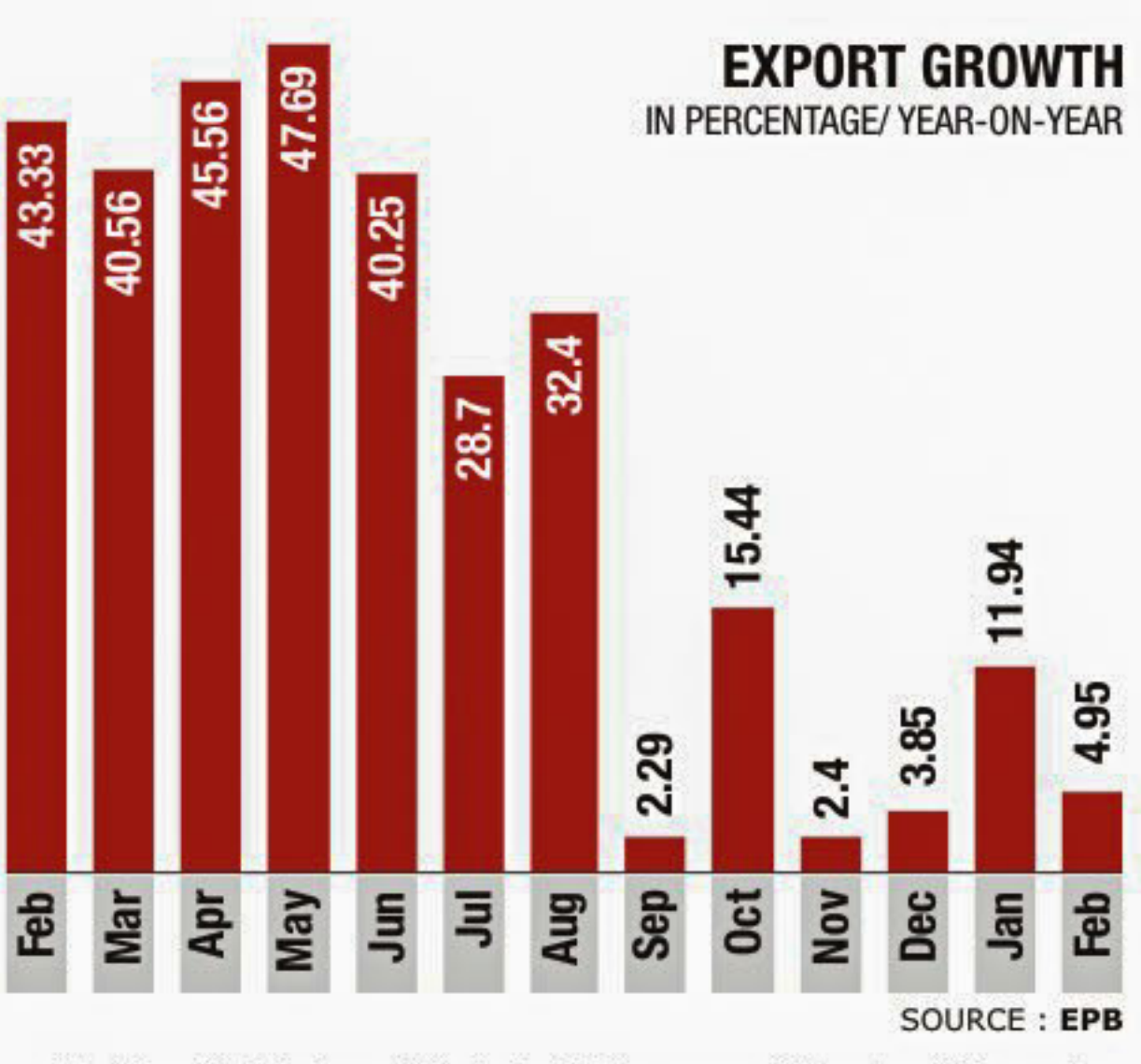
"But, at the end of the year, we will be able to achieve the export growth at 15 percent or higher," Roy said.

Earnings grew by 4.95 percent in February, compared to the same month a year ago.

Exports in July-February registered 13.03 percent growth to reach \$15.9 billion compared to the same time last fiscal year, the data shows.

Bangladesh's knitwear exports rose by 8.73 percent to \$6.30 billion and woven garment exports by 22.2 percent to \$6.27 billion in July-February from the same period a year ago. In July-January, the knitwear export growth was 9.71 percent and woven garment shipments grew 22.84 percent.

Export growth is declining for two reasons: a drop in demand in the EU in the wake of the economic crisis and for a fall in prices per unit of garment items although the cost of production increased,



said Shafiqul Islam Mohiuddin, president of Bangladesh Garment Manufacturers and Exporters Association.

"We are trying to increase exports to the non-traditional markets, but if demand in the conventional markets including Eurozone, US and Canada does not pick up, exports will slow," he said.

AKM Salim Osman, president of Bangladesh Knitwear Manufacturers and Exporters Association, said exports are declining mainly for a financial crisis in the Eurozone. He said exports are still growing at a good rate for rising shipments to new destinations.

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## Stocks return from losses

STAR BUSINESS REPORT

Stocks returned to the black yesterday as institutional investors used low prices as a buying opportunity.

The benchmark General Index, DGEN, the indicator of Dhaka Stock Exchange, closed at 4,345.01 points, after gaining 60.49 points or 1.41 percent.

Market analysts said institutional investors pulled up the market.

The market started on a negative note as some companies declared less-than-expected dividends, LankaBangla said in its daily market commentary.

Sponsors and directors also continued to declare their intention to buy shares, the stockbroker said.

Turnover gained 2.9 percent, compared to the previous day. A total of 0.69 lakh trades were executed, generating a turnover of Tk 185 crore with 4.46 crore shares and mutual fund units changing hands on Dhaka bourse.

Prime Islami Life Insurance was the biggest gainer of the day, as it posted a 6.66 percent rise, while Prime Finance and Investment was the worst loser, slumping by 32.59 percent.

The Selective Categories Index of Chittagong Stock Exchange gained 114.86 points, to end the week at 8,045.34.

## DBL to take foreign loans for expansion

SAJJADUR RAHMAN

DBL Group, a local apparel giant, is set to get a \$20 million low-cost loan from DEG, a leading German investment and development company, to expand its business.

"We hope to get the fund by next month," said MA Jabbar, managing director of DBL.

This will be the first foreign loan taken by a Bangladeshi apparel manufacturing company.

The German loan will cost less than a third of local loans. DBL has to pay LIBOR (London inter-bank offered rate) plus four percent interest rate for the loan. Presently, LIBOR is around 0.5 percent only.

"This fund will make us more competitive and efficient," said Jabbar.

The apparel company is also holding talks with International Finance Corporation (IFC), the private sector arm of the World Bank Group, for another \$20 million in loans to be disbursed by the year-end.

DBL has set an ambitious plan of doubling its present turnover of \$220 million in just three years. The group will inject \$300 million in fresh funds to achieve the target.

Presently, DBL has 16 concerns -- from woven to knitwear, spinning, printing and packaging. The group also manufactures ceramics and pharmaceuticals. DBL employs 14,800 people in total.

High bank interest rates in recent months forced DBL to look for alter-

native funds, otherwise its expansion plans would be delayed, according to company officials.

"Banks here charge no less than 15.5 percent and it is tough for an apparel maker to remain competitive with such high costs of funds," said Jabbar.

For the funding DBL has finally got DEG, a member of KfW Banking Group.

"But it is not easy to get the loan," said Syed Abu Naser Bukhtear Ahmed, adviser of DBL.

Ahmed, a former managing director of Agrani Bank, said DBL had to fulfil certain criteria set by DEG for the loan.

"Besides transparency and accountability tests, DEG has conducted a socio-environmental audit of DBL for the loan," he said.

According to Jabbar, he is bringing in double benefits for his country.

"We will get much needed foreign currency and the banks here will look for new borrowers to develop entrepreneurship," he said.

According to its website, DEG has been financing and structuring the investments of private companies in developing and transition countries for 50 years. To date, it has worked together with more than 1,600 companies and its current portfolio of more than 5.6 billion euros has contributed to an overall investment volume of 39 billion euros.

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## BB warns banks' chairmen

STAR BUSINESS REPORT

Bangladesh Bank asked the chairmen of commercial banks to refrain from interfering in the day-to-day operations of the banks.

The central bank yesterday issued a warning letter to all private and public commercial banks.

## Sri Lanka seeks investment in pharmaceuticals

STAR BUSINESS REPORT

The Sri Lankan minister for industries and commerce yesterday invited Bangladeshi entrepreneurs to invest in the pharmaceuticals sector as the latter is performing well in medicinal products.

Rishad Bathiudeen said they will even dedicate a special zone for Bangladeshi pharmaceutical entrepreneurs who want to establish factories in Sri Lanka.

"Sri Lanka has taken some big projects like constructing a new airport, roads and highways and new sea ports after 30 years of struggle against terrorism, which came to an end in 2009. We have taken such projects to facilitate the growth of businesses as well," he said.

Moreover, Bangladesh can also invest in garments and textiles, tourism and agriculture as the country is also performing well in those areas, the minister said.

Sri Lanka is ready to facilitate Bangladeshi businessmen to use the new sea port as bilateral ties between the two countries is

strengthening after Sri Lanka President Mahinda Rajapaksa's visit in April last year.

Bathiudeen was speaking at a joint press conference after a two-day meeting of the 4th session of Sri Lanka-Bangladesh joint economic commission at Planning Commission in Dhaka. The 3rd joint economic commission meeting between the two countries was held in 1993.

The meeting came to an end yesterday, where government officials of both countries took part to accelerate bilateral trade and commerce.

At the media briefing, Finance Minister AMA Muhith said Bangladesh's investment in Sri Lanka is almost zero, although bilateral trade between the two countries is increasing.

"We have the opportunity to increase bilateral trade as both the countries have some commonality in culture," he said.

He said both sides expressed satisfaction over the excellent level of cooperation existing between the two countries at present.

Both sides discussed trade opportunities in the fields of trade and commerce, industry, agriculture, shipping, civil aviation and tourism, ICT and education.

The fifth joint economic commission meeting between the two countries will take place in Colombo.

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