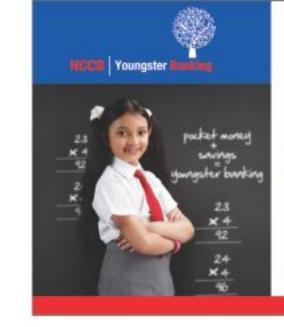
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Appetite for loans ebbs

DHAKA WEDNESDAY JUNE 19, 2013, e-mail:business@thedailystar.net

COMMODITIES

Excess funds swell 52pc in banks in 10 months; lending rate slightly declines

REJAUL KARIM BYRON

STOCKS

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Excess liquidity in the banks is still high as investors are still disinterested in taking bank loans even though the interest rate dropped. Banks' excess liquidity swelled by 52

percent between July and April this fiscal vear to Tk 69,499 crore, according to data from Bangladesh Bank. Businessmen often cite the high rate of interest as a reason for not taking loans but

in recent times, the rate has gradually been decreasing by the month. The average lending rate in April was 13.64 percent, which was 13.77 percent in July. The lending rate decreased by 0.13 percentage points on average in the last 10

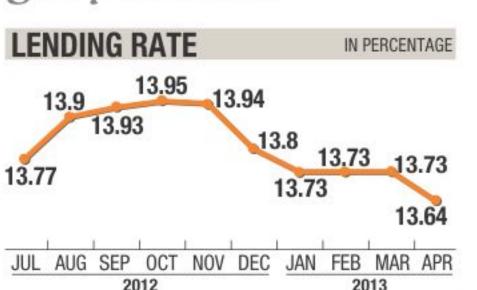
months. But the private sector credit growth has been decreasing every month and was 12.68 percent in April, which was 18.22 percent a

year ago. In January, Bangladesh Bank kept enough provision in its monetary policy so that private sector credit growth may expand further by June. But investors are not eager about borrowing funds. As a result, excess

liquidity swelled. Zahid Hussain, lead economist of The World Bank, said there is no demand for loans and credit growth has fallen because of uncertainty in the investment climate.

Zahid described the situation as a "mood of hesitancy". Investors are pursuing a waitand-see policy to know what happens in the political arena in the next seven to eight months, he said.

He said investors are taking a cautious



policy as shutdowns have greatly hampered the economy too. With the recent scam in the banking

sector, bankers are also following a cautious policy in granting loans. The economist said the central bank has

tightened monitoring that may have

decreased credit growth. A mid-level official of United Commercial Bank Ltd said bankers are shaky about giving loans after the Hall-Mark scam and Anti-corruption

Bank management becomes suspicious when a branch sends a loan proposal, the official said.

An official of Agrani Bank said even though credit activity will remain sluggish for now, activity is expected to pick up when a new government will take office, as the confidence level among investors may increase.

However, a slight increase in investment is visible, according to the central bank's letters of credit settlement statistics. Imports of capital machinery and raw materials fell in the first 10 months of the current fiscal year. LC opening in the same period increased slightly, which indicates that investment may pick up in future.



From left, Rupali Chowdhury, managing director of Berger Paints BD Ltd; Sabrina Islam, president of Women Entrepreneurs' Association, Bangladesh; Freda Miriklis, president of International Federation of Business and Professional Women; Norlin Binti Othman, Malaysian high commissioner; Rokia A Rahman, president of MCCI; Heather Cruden, Canadian high commissioner; Arif Zaman, adviser to the Commonwealth Business Council, attend a discussion on women entrepreneurship, at Ruposhi Bangla Hotel in Dhaka yesterday.

More focus on women to yield economic dividends

Analysts speak on women entrepreneurs

STAR BUSINESS REPORT

The government must focus more on the development of women entrepreneurs to speed up economic growth, analysts said yesterday.

.....

If women are empowered properly, it will definitely leave a positive impact on the country's gross domestic product, said Arif Zaman, adviser

to the Commonwealth Business Council for corporate governance and South Asia.

"So every government should promote women entrepreneurship."

Zaman spoke in a discussion on women leadership for enterprise, organised on the sidelines of the 10th Women's Affairs Ministers Meeting, at Ruposhi Bangla Hotel in Dhaka yesterday.

The discussion was co-organised by the Metropolitan Chamber of Commerce and Industry (MCCI) and the women and children affairs ministry.

Bangladeshi women have progressed significantly over the years and are playing a vital role in business, said Rokia A Rahman, president of MCCI.

READ MORE ON B3

US okays bill on military garment purchase from Bangladesh

STAR BUSINESS REPORT

The US House of Representatives adopted a defence authorisation bill on June 14 for which the US military-branded garment importers will have to comply with the fire and building safety accord for Bangladesh.

The base retail stores owned by the Department of Defense will also have to comply with the accord that will improve conditions in Bangladesh garment factories.

"We thank Chairman Buck McKeon and Ranking Member Adam Smith of Armed Services Committee for working with us to ensure that it was considered by the full House of Representatives," Reps Jan Schakowsky and George Miller said in a statement.

"Military-branded garments made for sale at base retail stores operated by the Department of Defence should uphold our nation's core values and meet international labour standards."

A number of garments and documents with Marine insignias were found in the rubble of the November 2012 Bangla desh Tazreen Fashions fire that killed 112 workers, according to the statement.

READ MORE ON B3

Top court directs NBR to resolve SIM tax dispute

Commission drive.

ABDULLAH MAMUN

The High Court has directed the tax authority to solve the ongoing legal dispute with the four mobile operators over unpaid dues for replacement SIM cards amounting to Tk 3, 100 crore.

The HC has ordered the National Board of Revenue to resolve the issue within 120 days of receipt of the judgement, Sunil Kanti Bose, chairman of Bangladesh Telecommunication Regulatory Commission, told The Daily Star yesterday. The directive was given out on June 6.

The NBR in early 2012 claimed around Tk 1,580 crore from Grameenphone, Tk 774 crore from Banglalink, Tk 654 crore from Robi and Tk 82 crore from Airtel, as taxes on

the replacement SIM cards issued.

The tax authority conducted a sting operation in November 2011, where some of its officials purchased 5 SIM cards from each of the operators. They later sought for replacement SIMs, but the details they put in were different from the ones they used when acquiring the original SIM card.

Using the logic, the NBR concluded that the mobile operators were selling new SIM cards under the guise of replacement ones, so they must pay the full SIM tax on them.

A replacement SIM card is issued by an operator when subscribers report their original SIM cards to be lost, stolen or damaged. The old SIM card is written off, while the mobile number

And, as per current rules, formulated on June 13, 2005, operators are not obliged to pay taxes on SIM cards issued as replacements. Accordingly, the four mobile operators took the matter to court in May last year.

"Actually, the operators pay tax for the number and not for the SIM card. The replacement SIM cards bear the same number as the original SIM card, so the NBR cannot tax us for that," said Mahmud Hossain, chief corporate officer of Grameenphone.

"Plus, it is impossible to have two SIM cards bearing the same mobile number to be in operation at any one time," he said.

READ MORE ON B3

CHINA-SOUTH ASIA EXPO

FBCCI opens probe into stall-rent scam

REFAYET ULLAH MIRDHA

The country's apex trade body on Monday sought explanations from two of its officials on how designated stalls for Bangladesh ended up showcasing Chinese and Burmese wares at the recently held China-South Asia Expo in Kunming.

"Someone may have taken a hefty sum for giving those stalls to exhibitors from other countries," said Mir Shahabuddin Mohammad, secretary general of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

"We have taken the matter seriously as the country's image was tainted.

The FBCCI served notices on the two officials as they were assigned with the management of the stalls on behalf of the trade body. Shahabuddin, however, did not

disclose the names of the officials. They have been asked to submit their reports by today.

Other than the show-cause notices, the association will form a highpowered committee today to investigate the matter, he said.

The committee will seek information from the Export Promotion Bureau (EPB), commercial unit of the Bangladesh Embassy in China, Dhaka Chamber of Commerce and Industry

(DCCI) and submit a report in 10

days' time.

From preliminary investigation, it is understood that a person who rented out at least 60 of the 120 stalls allocated to Bangladesh, the theme country of the exposition. The man is said to be neither a member of the FBCCI or the DCCI,

Shahabuddin said. The first China-South Asia Expo took place in Kunming, China

between June 6 and June 10. Some 120 stalls at premium location of the venue were allocated for a small charge to the EPB, FBCCI, DCCI

and some textile entrepreneurs. READ MORE ON B3

Fruit, vegetable exports on the rise

Fruits and vegetables exporters are eyeing increased earnings on the back of rising demand in the traditional markets and emerging markets alike.

"The demand for fresh fruits and vegetable has gradually increased globally as many have switched to a vegetarian diet," said SM Jahangir Hossain, president of Bangladesh Fruits, Vegetables and Allied Products Exporters Association.

Bangladesh exported vegetables, including bitter gourd, brinjal, okra, bean, green chilli, cauliflower, worth over Tk 750 crore between July and May, which is 42.48 percent higher than in the same period a year ago, according to Export Promotion Bureau.

In that period, fresh fruit exports rose 35.91 percent year-on-year to Tk 547 crore.

Allied products such as betel leaf and coriander leaf are also exported.

exports 450 tonnes of fruits and vegetables a week against the offseason shipments of about 180 tonnes, sector leaders said.

In peak season, Bangladesh

Expatriates from Bangladesh,

India, Pakistan, Sri Lanka and

the country's produces. The country charges \$2-\$2.2 for

per kg of vegetable for Middle Eastern markets and \$2.80-\$3 a kg for European markets, Hossain For fruits, \$3.50-\$5 is charged

Vegetable exports rise, backed by demand in the Middle East.

for each kg to Europe and \$2.50-

\$3.5 for each kg to Middle East, he Although the country exports to

over 20 countries, Middle Eastern

countries account for more than 55

Nepal are the main consumers of percent of the exports, according to the exporters. New markets have opened up

in Malaysia, Sweden and Canada this year, said Mohammed Monsur, general secretary of the association.

Mahmud, owner of Abdullah

Trading.

Due to lower production in

Thailand, Malaysian buyers have been procuring an increasing amount of green chilli from Bangladesh, said Abdullah Al

Around 100 tonnes of green chilli worth Tk 1.3 crore is shipped a week to Malaysia, with his company accounting for 25-30 tonnes at a price range of \$1,700-\$1,800 a tonne, he said.

But the sector has to battle a

number of bottlenecks such as

lack of cold chain facility, limited number of warehouses and frequent changes in air cargo fares, Hossain said. Maintaining proper temperature is a must for exporting fruits and

vegetables to developed countries such as Canada, Sweden and the UK, Hossain said. "Besides, cold chain facility is

needed for entry to superstores in **STAR** Europe and Middle East," he said. Hossain called for more cold

> chains as the value addition of such perishable items are much higher than any other exports. The recent hikes in Biman's

cargo fares have also affected the business, as exporters and importers of perishable goods usually ink business deals and set prices at the beginning of a year, he said. "Exports of vegetables and fruits

will be raised three times if all the bottlenecks are resolved in a year," said the association chief.

suman.saha@thedailystar.net

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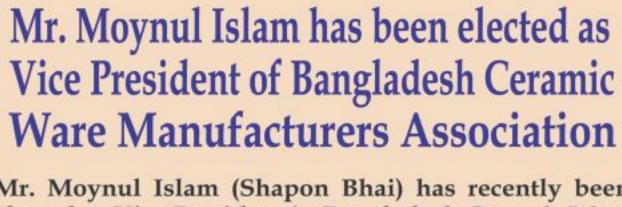


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Mr. Moynul Islam (Shapon Bhai) has recently been elected as Vice President in Bangladesh Ceramic Ware Manufacturers Association 2013-15. He has contributed relentless efforts towards the

development and manufacturing of world class quality table wares in Bangladesh. His 25 years of inquisitiveness towards new techniques and implementation of ISOSTATIC techlogy help to boost the business of Monno Ceramic & Bone China tableware. He is considered as GURU in

tableware sector. Mr. Islam is also the Vice Chairman of Monno Group of Industries and proud father of 3 youngmen.

We the members of the Association congratulate his appointment as Vice-President of the Association and hope that, under his dynamic leadership and devotion we will be expanding our business in near future.

Bangladesh Ceramic Wares Manufacturers' Association (BCWMA) (Ceramic Tableware, Tiles & Sanitaryware Manufacturer & Exporter)