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# Star BUSINESS

DHAKA WEDNESDAY JULY 10, 2013, e-mail: business@thedailystar.net

## Garment exports cross \$20b mark

Overall exports rise 11pc

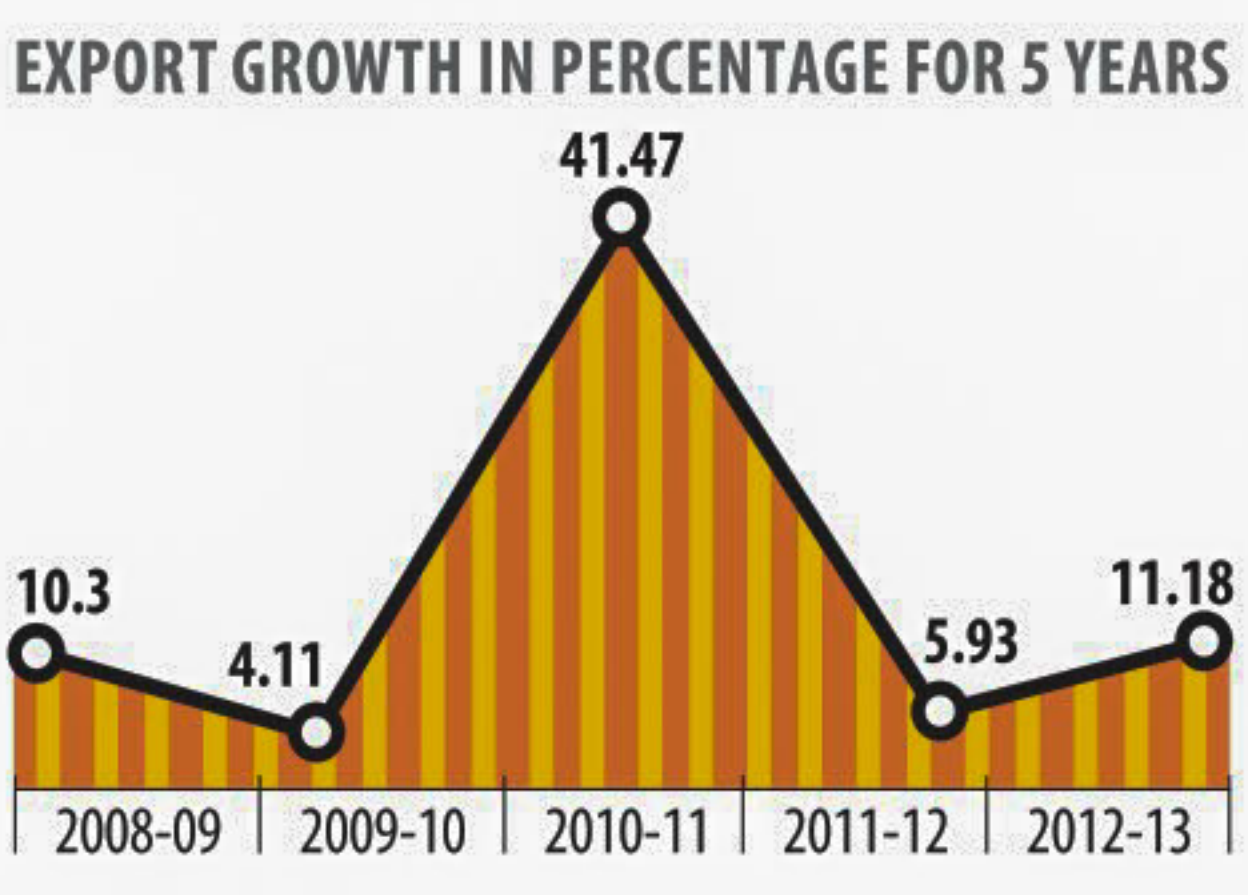
REFAYET ULLAH MIRDHA

The country earned \$27.02 billion from exports in the just concluded fiscal year on the back of a strong demand for garment products.

The figure, which is 11.18 percent higher than the previous year, however, missed fiscal 2012-13's export target of \$28 billion, according to the data from Export Promotion Bureau (EPB).

Readymade garment once again contributed to a lion's share of the export earnings at 79.63 percent, bringing in \$21.52 billion alone, the highest in the country's history.

Although it represented a growth of 12.71 percent over fiscal 2011-12, the figure narrowly



missed the year's target of \$21.54 billion.

Between the July-June period of fiscal 2012-13, the country exported knitwear products worth \$10.47 billion and woven garments of \$11.03 billion.

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## Govt tightens rules for hard-term borrowing

REJAUL KARIM BYRON

The government has revised its policy for non-concessional borrowing from external sources, to avert running into a debt overhang.

Going forward, the government's outstanding debt stock would have to be kept within 10 percent of the GDP and the debt servicing costs to 10 percent of export earning. In fiscal 2011-12, 7.01 percent of export earning was used for debt servicing and 4.94 percent in fiscal 2010-11.

The move came last week after the International Monetary Fund (IMF) raised concerns about the amount of hard-term loans: the multilateral donor agency set an annual ceiling but the government failed to stick to it.

The IMF, therefore, stipulated that the government revises its non-concessional borrowing policy before the next instalment of Extended Credit Facility loan is released.

The government's earlier policy stated that total debt servicing liability exclusive to IMF repayments should stay within 18 percent of export earning.

The country's non-concessional borrowing has been on the rise in recent times due to global recession, which has left the source of soft loans dry, as per a finance ministry report.

But in reality, hard loans from external sources have been increasing due to various infrastructural needs, servicing of power plants, defence purchase and expansion of Biman Bangladesh Airlines' fleet.

What constitutes as non-concessional borrowing, too, has been drafted in by the Economic Relations Division (ERD): if the quantity of grant element in a loan is below 25 percent, it would be considered as hard loans. Previously, there was no such distinction.

The grant element will be determined on the basis of the rate of interest, repayment period, grace period and commitment charge, etc.

The revised policy, approved by the cabinet committee on economic affairs, also states that loans commanding down payment should strictly be discouraged.

## Dhaka bourse turnover hits 23-month high

STAR BUSINESS REPORT

The Dhaka Stock Exchange witnessed a record turnover yesterday, as strong liquidity inflow, supported by optimistic investors, pulled the market up to a 23-month high.

Turnover advanced Tk 1,295 crore or 30.52 percent compared to the previous day.

DSEX, the benchmark general index of the Dhaka bourse, closed the day at 4,321.32 points, after gaining 58.07 points or 1.36 percent.

The market saw extreme bullishness, putting the bears in a limbo, said LankaBangla Securities in its analysis.

Power sector saw robust turnover of Tk 302 crore, equivalent to 23.3 percent of the total turnover. The top 20 traded companies occupied 55.60 percent of the total turnover.

"These companies continued to be the key attraction of the market," the stockbroker said.

## Telenor again requests govt not to act on GP

STAR BUSINESS REPORT

Telenor has again requested the government not to go ahead with the much-talked recommendations of Grameen Bank Inquiry Commission about Grameenphone.

The Norwegian state-run company, which owns 55.8 percent of the leading mobile operator of Bangladesh, made the plea in a letter to the finance ministry recently, a ministry source said yesterday.

However, the recommendations made by the government-sponsored commission in its interim report in February this year are not final.

The commission will submit the final report by July 20, Finance Minister AMA Muhith said last week.

The commission on Grameen Bank and 48 other independent companies has recommended that the licence of Grameenphone be suspended immediately, as the country's largest mobile operator was not a party to the 1996 licence agreement.

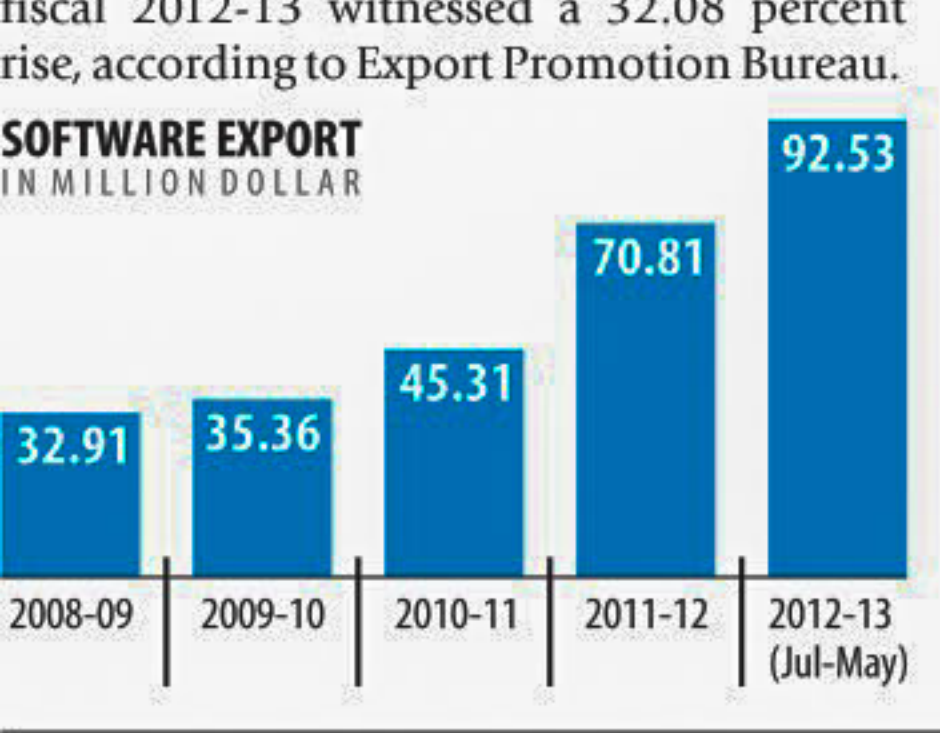
"But as this is an ongoing enterprise it should not be allowed to cease operation," it said.

The commission also said if the government wants to let GP continue operation it might consider doing so only if Telenor agrees to transfer 16 percent of its shares immediately and unconditionally to either Grameen Telecom or Grameen Bank.

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## Software exports go up 32pc

ABDULLAH MAMUN



Export earnings stood at \$92.53 million in the period, rising from \$70.81 million in the same time a year ago.

Russell T Ahmed, secretary general of Bangladesh Association of Software and Information Services, said, "It was our prediction that exports would hit the \$100 million mark last fiscal year, which has been reflected in the figures."

In addition, freelancers exported IT products worth around \$25 million, which does not come in the government's records, he added.

There are more than 20,000 active freelancers who work from home and earn foreign currency, Ahmed said.

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