ASIAN MARKETS

TOKY0

0.81%

MUMBAI

0.18%

As of Friday

\$97.46

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COMMODITIES

\$1,229.14

Political turmoil puts stress on economy: Muhith

STAR BUSINESS REPORT

STOCKS

CSCX

△ 0.69%

DSEX

Finance Minister AMA Muhith yesterday said the economy is under serious pressure due to the continuous shutdowns and blockades called by the opposition.

He said the economic activities, including the development work, have come to a halt. "You can't ask a man to come and join work. He might be hit by a bullet or might be burnt. The situation is similar to that in 1971." At the request of the Pakistan government a World

Bank mission had visited Bangladesh and submitted a report to the headquarters on the situation prevailing at that time, said Muhith, who was a public servant during the Liberation War.

Quoting the report, Muhith said the mission had found deserted cities and a feeling of fear among people with no economic activities.

Based on the World Bank report, the US government had stopped aid to Bangladesh, the finance minister said.

"If the blockades can't be resisted, a similar situation will be created in Bangladesh," Muhith said when he was asked whether foreign aid to Bangladesh will stop.

He said the aid flow would not stop completely but would slow down. The minister said Jamaat-e-Islami has been trying to

destroy the country to save the war criminals. "It is very sad that BNP chief Khaleda Zia is acting like the ameer of Jamaat." Muhith also hinted that the government is thinking of

tougher actions to stop the destructive activities by the opposition activists. The minister said he would issue a statement about the

dire straits of the economy in the cabinet meeting today. The government is still tolerant although the opposi-

tion has been carrying out destructive activities, he said. "I wonder whether the government can continue this stance for long."

READ MORE ON B3

Standard Group secures \$50m loan after arson

V 0.33%

The fire-ravaged garment maker will also get some waivers to make a comeback

HIGHLIGHTS

\$25m loan at LIBOR+ 1.5%

\$25m low-cost loan from

3 foreign banks

5 years' loan rescheduling

facility with a one-year

grace period

STAR BUSINESS REPORT

Standard Group has secured \$50 million or Tk 400 crore low-cost loans from Bangladesh Bank and commercial banks to resume production at its burnt-out factory complex. Of the loan amount, \$25 million will meeting with Standard Group, five banks

......

come at LIBOR (London Inter Bank Offer Rate) plus 1.5 percent interest rate

from the central bank's export development fund. Bangladesh Bank will charge LIBOR plus 0.5 percent, instead of existing 1 percent, to commercial

banks, which will charge

LIBOR plus 1 percent, in

stead of 1.5 percent, to give the loan to with a one-year grace period. Standard Group.

Three foreign commercial banks will provide the rest \$25 million by converting local currency into foreign currency at low interest. Standard Group has loan accounts with Standard Chartered Bank, HSBC and Citibank in local currency.

Enraged by a rumour that police killed two factory staff, garment workers torched a 10-storey factory building of Standard Group in Gazipur last month. Four other

buildings in the complex were reportedly damaged, along with 22 trucks loaded with garments. The company estimated the losses at Tk 1,200 crore.

CURRENCIES

SHANGHAI

V 0.44%

SK Sur Chowdhury, BB deputy governor, disclosed the initiatives of the central bank at a press briefing yesterday after a

> Garment Manufacturers and Exporters Association at the BB premises.

> and leaders of Bangladesh

Governor Atiur Rahman presided over the meeting.

Standard Group will also get a five-year loan rescheduling facility without down payment

According to central bank statistics, Standard Group's outstanding loans were \$31.84 million as of December 4.

Of the amount, the outstanding loans of its nine subsidiaries that were devastated by the fire were \$27.39 million, while 10 other subsidiaries owed the rest \$4.45 million.

"All the facilities will be applicable only for Standard Group for a limited time," the BB deputy governor said.



Officials of a mobile court visit a depot at Khatunganj in Chittagong yesterday as onion prices rose as high as 17 percent over the last two days. **Blockades and hartals** enforced by the opposition have disrupted the supply of onion to the wholesale market. Cashing in on short supply, retailers are now selling onions at Tk 140 a kg.

ANURUP KANTI DAS

Growth to slow if Europe scraps trade privileges: IMF

GDP growth may slip 1.8 percentage points

REJAUL KARIM BYRON and MD FAZLUR RAHMAN

......

Bangladesh's economic growth, exports, exchange rate and foreign currency reserves will come under pressure if the European Union cancels the trade benefits for the country's failure to improve labour standards, the IMF has said.

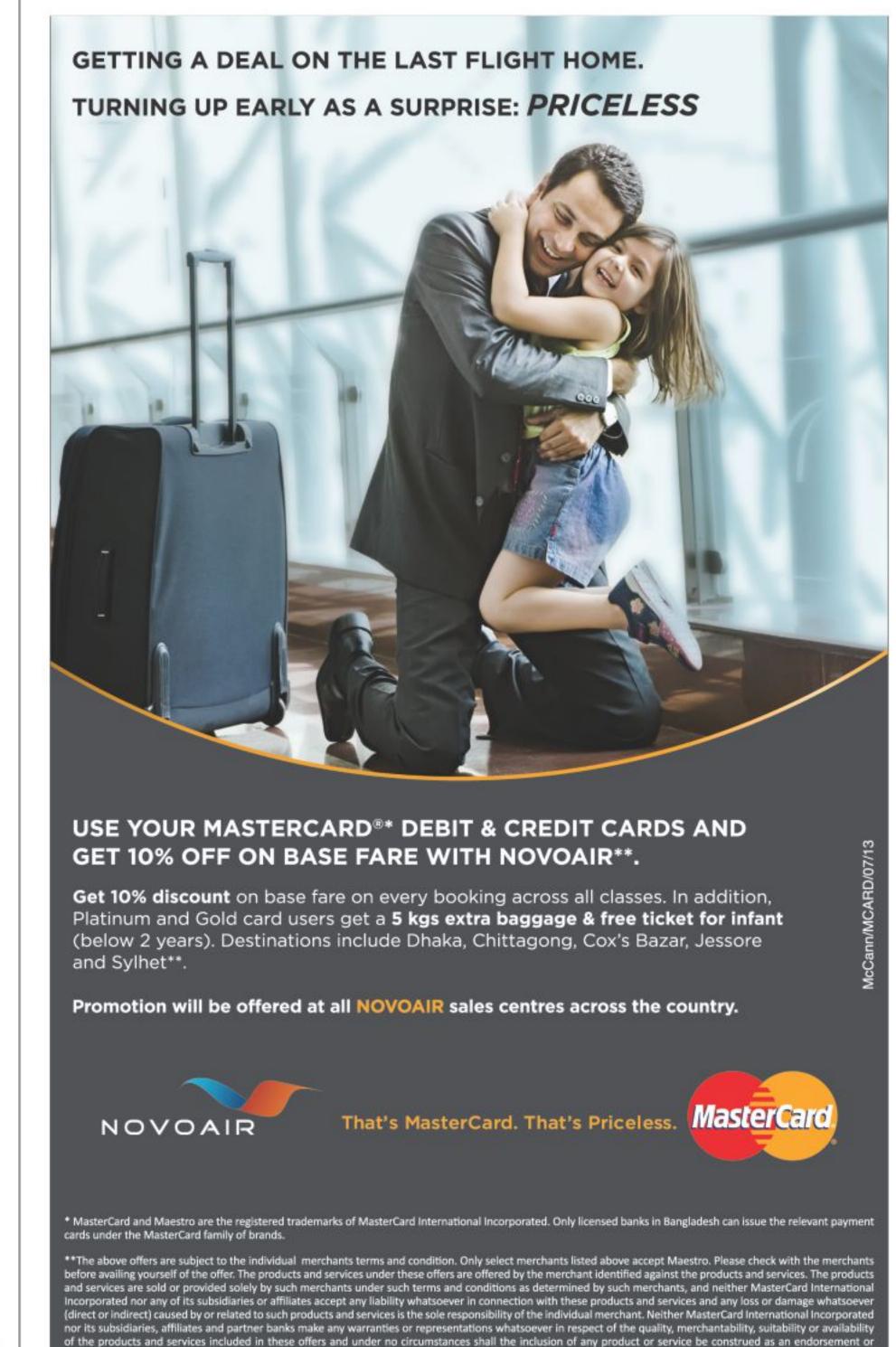
International Monetary Fund said the shock in the form of preferential access to the EU market through Generalised System of tion."

impact on economic growth through lower exports of garments. It said balance of payments would come

Preferences (GSP) could have a sizable

under pressure as exports will slump, destabilising the exchange rate and putting a strain on reserves. "A loss of market access would have

In its latest analysis on Bangladesh, the significant downsides for the external position and inclusive growth, potentially stalling important gains in poverty reduc-



Blockades, shutdowns depress vegetable prices

SUMAN SAHA

It was over 24 hours, but Md Amin Islam, a farmer from Chapainawabganj, was still sitting on a huge pile of tomatoes at the Karwan Bazar kitchen market yesterday afternoon.

Islam, who cultivates the winter vegetable on an acre of land, usually hires an entire truck and drives to Dhaka to sell the produce himself. He gets in around 10 at night with a truck full of

seasonal vegetables and by early morning he manages to offload the entire lot to traders at Karwan Bazar and drives back to Chapainawabganj. But this time it has been different. He got in on Saturday afternoon with 15 tonnes of tomato and until

3:30pm yesterday he managed to sell only half of it. He

even dropped the price to Tk 28-30 a kg from his usual Tk 35-40, but still it is not helping. READ MORE ON B3

Biman resumes flights to Yangon today

STAR BUSINESS REPORT

Biman Bangladesh Airlines resumes Dhaka-Yangon flights today on a route that remained suspended since October 2006.

A 162-seater Boeing 737-800 aircraft is scheduled to leave for Yangon at 4:15pm from Shahjalal International Airport, while the return flight will leave Yangon 7:30pm local time, Biman officials said.

The fare for a return ticket has been fixed at Tk 45,296, inclusive of all taxes in economy class, while a business class ticket will cost Tk 71,612.

Biman will operate two flights a week, said Khan Musharraf

Hussein, Biman's general manager for public relations. The national carrier initially planned to re-start the flight in November, but it had to defer the date to

December 9 as it has failed to lease aircraft.



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