

সমৃদ্ধির (খোপান) দ্বিগুণ আয়ের শ্রেষ্ঠ উপায়

মুদারাবা দ্বিগুণ বৃদ্ধি ডিপোজিট দ্বিগুণ

সর্বাধুনিক প্রযুক্তি ও সমৃদ্ধ ব্যাংকিং সেবায় আমানত দ্বিগুণ করুন স্বল্পসময়ে

ইসলামী শরী'আহ মুদারাবা নীতির ভিত্তিতে পরিচালিত

যে কোন প্রয়োজনে ০৯৬১২০০১১২২

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BUSINESS

DHAKA WEDNESDAY AUGUST 6, 2014, e-mail:business@thedailystar.net

# EU ban looms on vegetables, fruits exports

SOHEL PARVEZ

The European Union has warned that it will restrict shipments of vegetables and fruits from Bangladesh if the country fails to ensure pest-free exports.

The warning comes in the face of rising incidents of pest detection in export consignment from Bangladesh, and fraudulence in phytosanitary certificates that confirm shipments have met certain requirements of importers.

The EU countries have found such certificates were fake or missing in a number of consignments, according to a letter sent to the government by the European Commission's Health and Consumers Directorate-General.

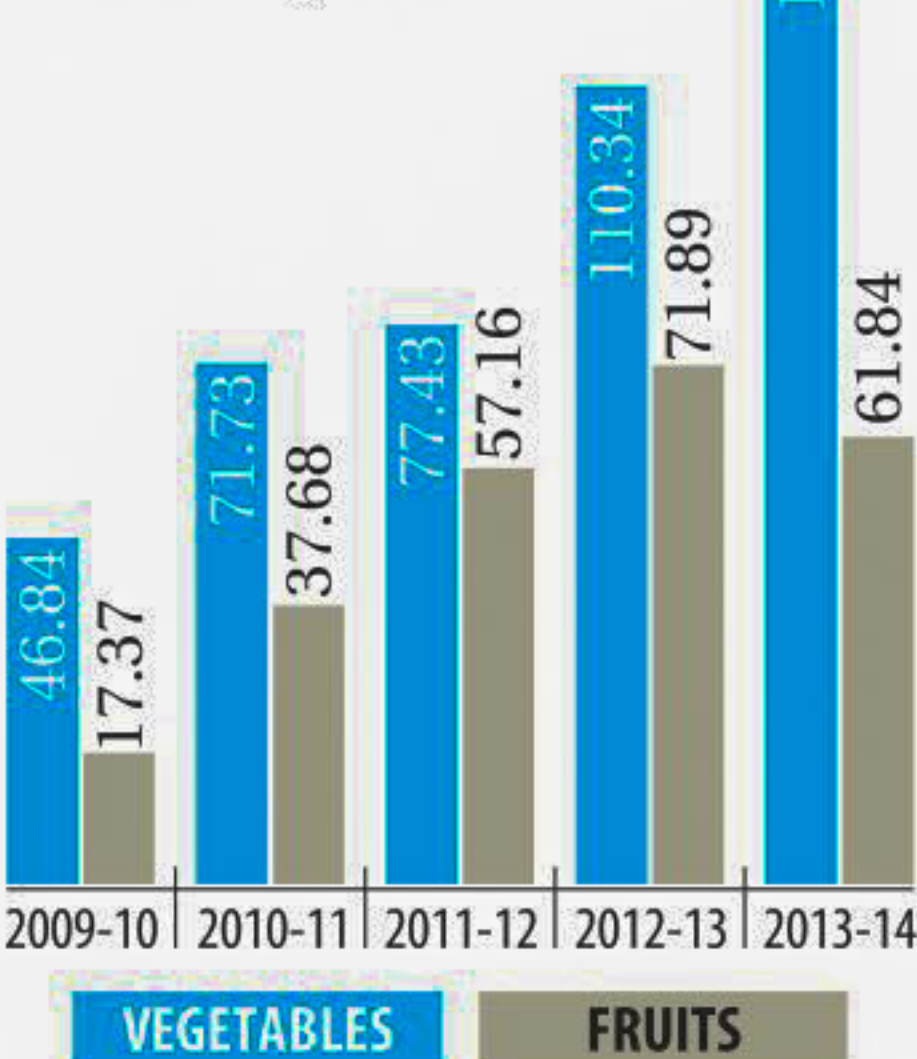
The EC said a ban will be imposed if corrective measures are not taken before September 30.

The bloc considers gourds, eggplants, citruses and amaranthus as critical commodities that contained harmful organisms.

"I fully understand that any restriction of trade may affect the economy of your country but exports of plants and plant products shall be done without compromising the health of European plants and agricultural sector," said Martin Seychell, deputy director general at the office of the Health and Consumers Directorate-General.

## EXPORT

In millions of dollars



The EC sent the letter to Bangladesh mission in Brussels in June, seeking an action plan from the government to ensure compliance with the EU requirements.

The European bloc earlier in February this year suspended imports of betel leaves from Bangladesh for bacterial contamination. The ban has recently been extended to June next year.

Export receipts from vegetables and fruits rose 15 percent year-on-year to \$209 million in fiscal 2013-14, according to Export Promotion Bureau.

More than half of the exports are meant for the EU, mainly the United Kingdom, targeting the Bangladeshis living there. The Middle East is the second largest destination, according to an audit report by EU's food and veterinary office in 2013.

The EU countries detected harmful organisms in vegetables and fruits in 270 consignments between 2011 and 2014.

Some 211 consignments were detected with fake or no phytosanitary certificates during the period, according to the EC.

In response to the warning, the agriculture ministry has sent an action plan to the European authority, citing that it will make contract farming mandatory for the exporters.

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# Padma bridge episode is a learning experience for WB: Muhith

STAR BUSINESS REPORT

The World Bank will be more cautious in cancelling financing when allegations of corruption surfaces in future after the Padma bridge episode, Finance Minister AMA Muhith said yesterday.

"The WB has now admitted that the cancellation of financing for the Padma bridge project on mere accusations of corruption was wrong. Now, the bank has realised its mistake," he told reporters after a meeting with WB Country Director Johannes Zutt at the planning ministry.

Muhith said the WB's acknowledgement that the disengagement from the bridge project was not right has been good for both the multilateral lender and developing countries.

"The bank will be cautious in future in dealing with such cases."

His comments come a day after The Daily Star reported that the WB has realigned its approach to tackling corruption in projects after it found that in Bangladesh its project implementation has suffered following withdrawal of its \$1.2 billion funding commitment for the country's largest ever infrastructure project.

When evidence of corruption comes to light, its response should not be to disengage, but to engage differently, the bank said in its Country Assistance Strategy Progress Report.

The Independent Evaluation Group of the WB found that decisions to disengage have affected its relationship with clients, resulted in losses of knowledge and momentum and left important development objectives unaddressed.

Meanwhile, Zutt yesterday said the bank should not distance itself from any project after corruption allegations come to light.

"Upon discovery of incidence of corruption in Bangladesh, as in any other country in the world, we should not cease to engage with that country to help it to address its development problems, but we should engage differently."

"In other words, we should help the government of the country to understand what is driving this type of corrupt practices, to deal with them in a professional way and to create an environment in which the very important development investments that the country needs to make can continue."

The WB cancelled its financing for the Padma bridge project in June 2012 after corruption allegations were brought up against some public servants.

Although talks had revived, Bangladesh ultimately withdrew its request for funds in January 2013, just before the expert panel of the WB reported that the government did not carry out a full and fair corruption investigation that it had promised.

# Hasina wants explanation on unused foreign aid

STAR BUSINESS REPORT

Prime Minister Sheikh Hasina has enquired about the huge sum of unused foreign aid in the pipeline at yesterday's meeting of the Executive Committee of the National Economic Council.

She directed the relevant ministry to inform her of the actual amount of unused aid and why it was sitting in the pipeline, planning ministry officials said.

Foreign aid disbursement stood at a record \$3 billion last fiscal year, but \$19.06 billion of aid still remained unused in the pipeline, according to the Economic Relations Division.

When asked by reporters after the Ecne meeting about the figure, Finance Minister AMA Muhith said: "It is not correct. It will be much less than that quoted in the media."

He further said the ERD would prepare a report on how much foreign aid was left unused last fiscal year within the next week.

In fiscal 2013-14, \$5.84 billion of fresh commitments were made, and \$16.62 billion of unused aid was carried over into the fiscal year.

The Daily Star in its report yesterday mistakenly mentioned that on June 30, 2013 the amount of foreign aid in the pipeline was \$18.47 billion as opposed to \$16.62 billion.

When the disbursed amount of \$3 billion is deducted from \$16.62 billion and the fresh commitment of \$5.84 billion is added, aid in the pipeline at the beginning of this fiscal year comes to \$19.06 billion.

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Workers of Tuba Group campaigning for unpaid dues along with activists from left-leaning political groups under the banner of Tuba Group Sramik Sangram Committee, a platform of 15 labour organisations, engage in a scuffle with the police while attempting to surround the BGMEA office in Dhaka yesterday. The worker strikes for due wages of three months, Eid bonuses and overtime payments marked its 9th day yesterday.

# Tax income from stocks plunges 47pc in July

STAR BUSINESS REPORT

The government's tax earnings from the stockmarket dropped around 47 percent month-on-month in July due mainly to a declining trend in turnover.

The government earned Tk 4.11 crore in taxes in the first month of this fiscal year, down from Tk 7.73 crore in June, according to data from Dhaka Stock Exchange.

The daily average turnover on the premier bourse fell 14.16 percent to Tk 288.65 crore last month from Tk 336.30 crore in June.

The cut in trading period by one hour during the month of Ramadan, which began on June 30, also pulled down turnover.

In addition, due to Eid-ul-Fitr holidays, trading took place on 18 days last month compared to 22 days in the previous month.

The DSE, on behalf of the government, collects the tax as brokerage commission at 0.05 percent and deposits the amount to the state coffers.

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# Stocks end flat amid profit-booking

*Most banks close positive on higher income in first half of this year*

STAR BUSINESS REPORT

Stocks ended flat yesterday as investors sold large cap securities to pocket profits.

DSEX, the benchmark general index of the Dhaka Stock Exchange, closed the day at 4,472 points, having gained 5.17 points or 0.12 percent.

DSES, the shariah index of the Dhaka bourse, fell 1.80 points or 0.18 percent, to close at 1,020.

Choppy trading comes on the heels of profit-booking that was observed throughout the day, LankaBangla Securities said.

"Buying interest was mostly generated by the news that net profit of nearly 80

percent of the listed private banks increased in the first half of this year due mainly to higher income from treasury bonds and improved import situation."

Bankers said loan rescheduling against non-performing loans (NPL) also helped increase net profit, but NPL is still a headache as it will have to be adjusted at the end of the year, the stockbroker added.

"The bullish beginning couldn't sustain ahead of profit-booking in large cap shares. Eventually, remaining meticulous, investors were searching for investment-worthy spread in mini and small caps securities," IDLC Investments said.

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# Banks cut deposit rates as loan demand wanes

SAJJADUR RAHMAN

Most banks have cut interest rates on deposits responding to low demand for loans.

Industry analysts found that interest rates on deposits have gone down to as low as 7 percent this month from 11-12 percent a year ago. But most banks are still offering between 8 percent and 9.5 percent rates for deposits of different terms.

"There is hardly any business, so demand for credit is very low. We are discouraging deposit collections," said an officer of Dutch-Bangla Bank's branch in Motijheel.

Dutch-Bangla slashed interest rates on deposits by over 2 percentage points in one year, and currently offers only 7 percent interest for deposits of 3- to 12-month tenures.

Mercantile Bank reduced the rates by 50 basis points this month and now offers only 8.75 percent for deposits of three months to one year. Rates go up slightly for bulk deposits.

The banks appear to be in a race to reduce deposit rates in the wake of piling funds. Excess liquidity in the banking sector reached a record high of Tk 120,000 crore, as of March, according to Bangladesh Bank.

Treasury officials at different banks are flummoxed on how to handle their money as demand for credit has been waning for over a year.

"We will further slash our deposit rates as we have huge surplus money," said Shafiqul Alam, managing director of Jamuna Bank that offers a 9.5 percent rate for three-month-tenure deposit.

Alam linked the reason of rate cuts to poor demand for money from businesses.

Private sector credit growth was just 11.39 percent against a target of 16.5 percent, as of May.

The call money rate, at which banks borrow to meet short-term needs, rose to only 6.5 percent during the recent past Eid-ul-Fitr when people were on a spending spree.

Pubali Bank gives 9.25 percent rates for deposits of 3 month, but it is mulling to further down the rates.

Helal Ahmed Chowdhury, managing director of the bank, hinted that his bank would cut the rates further this month.

Even, the nine new banks that were believed to be in a struggle to collect deposits have also slashed their rates.

"We offer only a 9 percent interest rate for fixed deposits of three months because of availability of money in the market," said Mukhlesur Rahman, managing director of NRB Bank Bangladesh.

Though the rate cut is disadvantageous for depositors, it is a boon for the businesses who can borrow from the banking sector at lower costs, bankers said.

"Declining deposit rates are a good sign for the economy as it will drive down the lending rates," Rahman said.

Lending rates have already been reduced to 12-13 percent now from over 15 percent a year ago, according to bankers.

"But lending rates must be cut down further if we want to help the country expand its industrial activities and make it vibrant," said Chowdhury of Pubali Bank.



**Advanced Chemical Industries Limited**  
ACI Centre, 245 Tejgaon Industrial Area, Dhaka-1208

## Half Yearly Report - 2014

Based on the BSEC directives, this is notified for general information that the statement of un-audited half yearly results of the Company as on 30<sup>th</sup> June 2014 has duly been despatched to all our shareowners and also to the BSEC, DSE and CSE within the stipulated time.

6 August 2014

By Order of the Board  
**Pradip Kar Chowdhury**  
Chief Financial Officer