

Rice imports by traders soar

SOHEL PARVEZ

Rice imports in just five months this year crossed last year's total as businessmen found foreign produce, mainly from India, cheaper than local output.

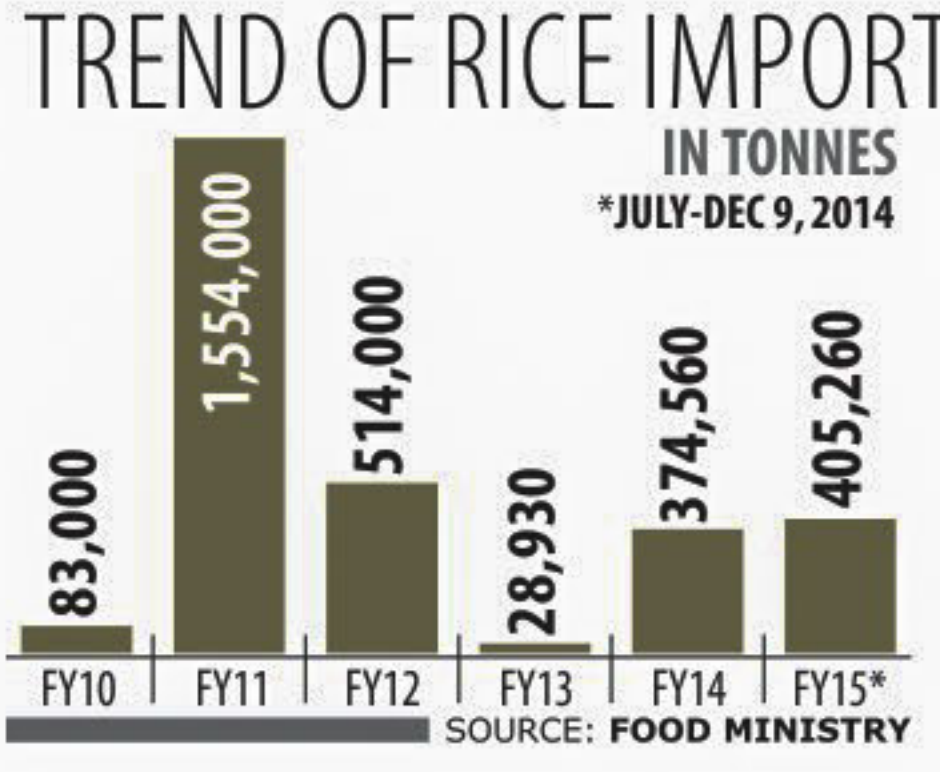
Bangladesh's private importers brought in 4.05 lakh tonnes of rice from July to December 9, which is 8 percent higher than in the same period last fiscal year, according to food ministry data.

Surging rice imports supported by the absence of duty and the aman harvest, the year's second largest rice crop, have lowered prices in the domestic market, affecting both farmers and local millers.

"Many millers are avoiding milling due to stiff competition from imports," said Md Abdur Rashid, president of Bangladesh Auto, Major and Husking Mills Association.

During the aman harvest season, farmers usually sell a part of their produce while millers increase processing.

But the large-scale arrival of low quality and cheaper rice put local millers and farmers in a tight corner, Rashid said.



Prices of parboiled rice (5-percent broken) were \$385 a tonne in India, compared to \$422 in wholesale prices for coarse rice in Dhaka.

Imports are likely to fall in January due to the weakening of the taka against the dollar, as witnessed by a smaller number of new LCs, said Sarwar Alam Kazol, a rice importer.

Retail prices of all types of rice fell in Dhaka over the last month, according to the Trading Corporation of Bangladesh.

"Farmers will be discouraged from growing rice if the import continues," said Rashid, also managing director of Rashid Agro and Food Products, a leading rice miller.

"We have long urged the government to impose duty on rice imports. Rice imports should be discouraged for the sake of farmers and local millers."

The soaring imports came after Bangladesh harvested a record crop last fiscal year, and the government is set to export 50,000 tonnes of rice to Sri Lanka.

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GP serves notice on Citycell for dues

ABDULLAH MAMUN

Grameenphone served notice on Citycell on Sunday asking the latter to pay its outstanding amount of Tk 10.16 crore in two weeks.

The amount that includes 15 percent interests is the interconnection charge outstanding since October 2011, according to the notice.

When a call or message moves from one operator to another, the sender pays interconnection charge to the receiver for each minute of call or message.

"We had written several letters to Citycell to pay the outstanding amount, but they did not pay."

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BB to ease financing for green projects

Governor Atiur Rahman announces steps

STAR BUSINESS REPORT

The central bank will extend the tenure for loan repayment in the renewable energy sector and slash the interest rate, in a move to encourage green financing, Governor Atiur Rahman said yesterday.

"The loan repayment tenure can be extended from an existing three years to eight years," said Rahman, responding to proposals on promoting green financing at the inaugural session of a conference.

NeoStar Innovation, in partnership with German cooperation agency GIZ, Rahimafrooz Solar, Energypac, NCC Bank, IFIC Bank and NRB Global Bank, organised the conference -- Green Finance for Sustainable Development -- at the CIRDAP auditorium in Dhaka.

It will be easy for farmers or other ordinary people, who adopt green projects like solar home and solar irrigation systems, to repay their credit amount, Rahman said. The move will also increase the use of the

central bank's refinancing scheme, he added.

"We can also arrange refinancing schemes at lower interest rates from the finance ministry for green projects," he said, asking the central bank officials to take necessary steps to this effect.

Rahman also instructed an official to form an advisory committee by the end of the year comprising all stakeholders, including banks, association leaders and entrepreneurs in the green energy sector, to resolve problems through consultation.

Referring to a cold store that was set up with the central bank's corporate social responsibility fund in Rajshahi recently, Rahman urged all banks to establish at least one cold store each with their CSR funds to help farmers preserve their produce at low costs.

He however asked the banks to remain cautious in green financing as 'red' projects, in the name of green, will try to take advantage.

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Govt to build 'knitwear village' in Narayanganj: Tofail

STAR BUSINESS REPORT

The government will build a "knitwear village" in Narayanganj, Commerce Minister Tofail Ahmed said yesterday, although work on a similar project taken a few years ago for woven garment makers is yet to start.

The government will allocate 1,000 acres of land for the new project, the minister said, but did not mention when its construction work will begin.

Ahmed spoke at a press meet on the outcomes of last week's Dhaka Apparel Summit. Bangladesh Garment Manufacturers and Exporters Association, the organiser of the summit, called the press briefing at its office in the city.

However, BGMEA Vice-president Shahidullah Azim told The Daily Star that the government has already allocated 482 acres at Bausia in Munshiganj for the woven garment makers' project.

The BGMEA and a Chinese firm have jointly been working for the last few months to develop the site, Azim said.

"For land acquisition, we will complete paying \$120 million to landowners in Bausia by June next year," he said.

The minister said Bangladesh will be able to reach the target of earning \$50 billion from garment exports by 2021.

The foreign delegates who came to the summit praised the country's economic achievements over the

years, Ahmed said. "The foreign delegates said Bangladesh is a miracle."

BGMEA President Atiqul Islam said: "With the responses from foreign delegates at the summit, we have become more optimistic about meeting the export target by the stipulated time."

Islam said around 6,000 people took part in the summit and around 15,000 visited the expo on fire fighting equipment, which was held on the sidelines of the summit.

Local and foreign firms showcased fire fighting equipment at 92 stalls.

Eighty-five speakers from Bangladesh, the European Union, the USA and other countries shared their views at nine sessions at the summit, he said.

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Demand for export fund on the rise

SAJJADUR RAHMAN

The demand for low-cost "export development fund" has been so high that the central bank raised the amount of the fund twice this year.

Bangladesh Bank increased the fund to \$1.2 billion in April and to \$1.5 billion in June to help exporters get foreign currency loans at almost one-third the rates commercial banks charge.

"I want to increase the fund further to help our exporters become competitive and green," BB Governor Atiur Rahman said yesterday.

The revolving fund was introduced at just \$100 million in 2006. Its size rose to the present level from only \$200 million five years ago, riding on demand and swelling foreign exchange reserves, now more than \$21 billion.

The demand did not come down even after the end of an offer of special interest rates.

The BB in December last year reset the interest rate at 1.5 percent plus LIBOR (London Interbank Offered Rate), in stead of 2.5 percent plus LIBOR, to help exporters offset the losses caused by political unrest.

The reduced rate of interest expired in November, according to BB officials.

Banking on the buoyant reserves, the central bank has also raised the limit for a borrower to \$15 million from \$12 million.

The areas have recently been expanded to ceramics, packaging and plastic goods from textile and some other non-traditional products.

"We have disbursed \$2.5 billion loans from the EDF so far this fiscal year," said Kazi Sayedur Rahman, general manager of BB's foreign exchange reserve and treasury management department.

The fund remains available to finance an exporter's continuing oper-

ations without any fiscal year limitation. An exporter replenishes the fund by repaying money used from the account.

"The EDF is helping us. The fund with around 5 percent interest is lucrative," said Lutful Bari, director (operations) of Meghna Group that exports bicycle.

However, some exporters said the process for getting the loan is cumbersome and all exporters are not entitled to the fund.

Exporters have to have bonded warehousing facilities, ensure a minimum value addition of 20 percent and take export credit insurance to enjoy the benefits.

A one-off utilisation of \$800 million in EDF within the next one year would lead to an estimated cost savings of \$60 million for exporters, according to rough estimates by Business Initiative Leading Development.

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