

# Garment exporters hit by euro slide

REFAYET ULLAH MIRDHA

The steep fall of the euro along with political crisis at home has dealt a twofold setback to garment exporters, who are losing money both ways.

"It's a double whammy for us," said Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association.

"On one hand, we are losing business for the ongoing political impasse inside the country and on the other hand, we are losing money due to currency devaluation in our main market."

The eurozone is the largest export destination for Bangladesh, with 60 percent, or more than \$14 billion, of garment items being shipped to the region every year.

The taka is getting stronger against the euro

EXPORTERS' WOES

▼ Euro devalued by 21% in six months

▼ Exporters are losing out on Tk 23 every euro

▼ Political crisis warding off retailers

▼ Exporters are hit by extra transport cost

▼ 60% of garment items are destined to EU

and the dollar, he said. The euro has been sliding in recent times for the financial crisis in Greece, a member of the EU.

For instance, in September last year, each euro traded for Tk 110, but now it is trading at Tk 87, which is almost a 21 percent decline in value.

With the recent devaluation of the euro, the exporters are receiving less after currency conversion for the goods they shipped a few months ago, said Mustafizur Rahman, executive director of Centre for Policy Dialogue.

Bangladesh needs to look whether the exchange rates of the currencies of some other competing countries like Vietnam, Pakistan and Cambodia are also falling equivalent to Bangladesh or not, he said.

## IFC, Green Delta stand by farmers

STAR BUSINESS REPORT

International Finance Corporation (IFC) and Green Delta Insurance Company Ltd yesterday entered into an agreement to develop insurance products for farmers to protect them from weather-related losses.

Advisory support will be provided for distributing the products, increasing lending to farmers and improving their risk profile.

Kyle F Kelhofer, country manager of IFC, and Farzana Chowdhury, managing director of Green Delta, signed the agreement on behalf of their respective organisations, according to a statement.

"Crop insurance will protect rural economy. Weather-index insurance will help regulate farmers' income and infuse reliability to this uncertain sector," Chowdhury said.

# NBR shy of 7-month target

STAR BUSINESS REPORT

The National Board of Revenue logged Tk 69,465 crore in the first seven months of this fiscal year, falling 3.28 percent short of the target for the period.

The revenue target for July-January of fiscal 2014-15 was Tk 71,825 crore, while it is Tk 149,720 crore for the entire year.

The NBR is hopeful about reaching the yearly target, despite the shortfall in the first seven months. The national tax collector meets 83 percent of the country's total budget.

"It's a slight fall from the target, and many are assuming that we cannot achieve the revenue target. But we are hopeful that we will achieve the target," Nojibur Rahman, NBR chairman, said at the monthly press briefing at its headquarters in Dhaka yesterday.

They are planning to hold income tax fairs at the upazila level to create awareness on tax payment and boost revenue collection, he added.

"The Dhaka Chamber of Commerce and Industry will help us organise the event."

The tax authority has also decided

to prepare a tax rebate guideline on philanthropic activities, in consultation with ministries, non-government organisations (NGOs) and other stakeholders.

"We took the decision after giving tax rebate on a donation to Hope Worldwide Bangladesh," he said, adding that the tax rebate guideline will encourage donor agencies and foreign NGOs to spend more on philanthropic activities in Bangladesh and also protect the misuse of donations.

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## Govt to start talks with WB soon on budget support

STAR BUSINESS REPORT

The government will begin negotiations with the World Bank soon to receive budgetary support, Finance Minister AMA Muhiht said yesterday.

"I have informed the WB about the policy reforms we will undertake," he told reporters after a meeting with Annette Dixon, vice president of the World Bank for its South Asia region, at the secretariat.

The finance ministry has already sent a set of policy reforms to the Washington-based multilateral lender.

# Loan rescheduling rules relaxed for unrest-hit farmers

STAR BUSINESS REPORT

The central bank has relaxed the agriculture loan rescheduling policy as farmers are failing to repay loans because of the falling prices of their produce caused by the ongoing blockade and strikes.

"The conditions for down payment for short-term farm loans can be relaxed based on banker-borrower relationship. Even, loans can be rescheduled without any down payments," Bangladesh Bank said in a notice, which was issued on Monday.

The BB also directed the banks to disburse fresh loans to farmers after rescheduling their existing loans.

Defaulted loans in the farm sector

increased to Tk 7,218.66 crore in January this year, up by 14.42 percent from Tk 6,308.95 crore in June of last year, according to data from the central bank.

"Many farmers have failed to pay back their loans in January as they could not sell their produce at fair prices due to the non-stop blockade and strikes," a BB official told The Daily Star yesterday.

Six state banks -- Sonali, Janata, Agrani, Rupali, Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank -- held the majority of the defaulted farm loans. The defaulted loans at these banks stood at Tk 7,131.63 crore in January, while the amount at private and foreign commercial banks was Tk 87.03 crore.

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