

Plastic money keeps growing

MD FAZLUR RAHMAN

The use of plastic money rose 5.5 percent in the third quarter of fiscal 2014-15 from the previous quarter as local consumers continue to embrace cashless transactions.

The development is in line with the expectations of policymakers, central bank officials and foreign experts, all of whom are bullish about the country's potential in digital payments.

"The country can create a cashless society by familiarising its large population with the digital payment system," TR Ramachandran, group country manager of Visa Inc for India and South Asia, told The Daily Star recently.

He particularly pointed out the potential of the debit card, saying the number of debit card holders should be 4 crore in Bangladesh.

At the end of the January-March quarter, there were 88.93 lakh credit, debit and pre-

BY THE NUMBERS

Jan-Mar

Credit, debit and pre-paid cardholders

88.93 lakh

Internet banking customers

20.91 lakh

Internet banking transactions

Tk 4,929cr

Mobile banking transactions

Tk 34,556cr

Mobile banking customers

2.69cr

Agent banking transactions

Tk 75.5cr

paid card holders in Bangladesh in contrast to 84.29 lakh in the quarter that ended in December 2014, according to data from the central bank.

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Budget passed with small tweaks

Local govt division gets highest allocation

STAR BUSINESS REPORT

The parliament yesterday passed the budget of Tk 295,100 crore for fiscal 2015-16, with the highest allocation given to the local government division.

The local government division got Tk 18,872 crore, followed by the defence ministry at Tk 18,377 crore.

Among other significant ministries and divisions, the education ministry received Tk 17,113 crore, power division Tk 16,503 crore, and the primary and mass education ministry Tk 14,504 crore.

Both Prime Minister Sheikh Hasina and Opposition Leader of the Parliament Rowshan Ershad were present at the passage of the budget proposal. The session was chaired by Shirin Sharmin Chaudhury, speaker of the parliament.

Finance Minister AMA Muhith brought in some changes to the budget he proposed on June 4 in his concluding remarks on Monday.

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DEFENCE

18,377

BRIDGES

8,953

ELECTRICITY

16,504

FOOD

11,219

AGRICULTURE

12,704

HOME AFFAIRS

12,404

PRIMARY & MASS EDUCATION

14,504

EDUCATION

17,114

HEALTH AND FAMILY WELFARE

12,726

LOCAL GOVERNMENT

18,872

TOP 10 FUND RECIPIENTS

In crores of taka

EU extends ban on betel leaves from Bangladesh

SOHEL PARVEZ

The European Union has extended a ban on import of betel leaves from Bangladesh by one year, officials said.

The restriction was first imposed in February last year for a period till June 30 this year as health hazardous bacteria was found in several consignments.

Zillul Hye Razi, trade adviser of the EU in Bangladesh, confirmed the extension of the ban.

The government in May sent an action plan to the EU, a major market for Bangladesh's vegetables and fruits, promising reforms to ensure export of bacteria-free betel leaves.

The government decided to enforce contract farming arrangement and selected nine districts and 100 farmers to grow betel leaves.

Insiders, however, said the EU authorities were not satisfied with the action plan.

Repeated detection of fake phytosanitary or plant health certificates for exporting vegetables and fruits is another reason behind the extension of the ban on betel leaves, officials of the agriculture ministry said.

Such certificates were fake or missing in a number of consignments, according to a letter sent to the government by the European Commission in June last year.

Tapan Kanti Ghosh, minister (commerce) at the Bangladesh embassy in Brussels, told the government on Monday that an official decision on the extension of the ban will come within a few days.

"It seems that the EC likes to see further progress in the phytosanitary control system of Bangladesh's export of plant and vegetable products before it withdraws the import restrictive measures," he said in a letter.

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 an EC report.

Shipment of vegetables and fruits without such certificates is still rampant, said a senior official of the agriculture ministry, asking not to be named.

"Our control system to ensure export of safe plants and fruits still remains weak. So, it appears that the EU authorities are not happy with the action plan. They want improvement in implementation," the official said.

Anwar Faruque, director general of the seed wing under the agriculture ministry, said they have taken steps to execute the action plan.

The ministry has started training the growers on safe cultivation, he said, adding that implementation of the action plan will require time.

The government is also in the process to print phytosanitary certificates through security printing press to stop fraudulence, he said.

Exports of betel leaves raked in \$56 million in 2012 and Bangladesh's main markets include the UK, Italy and Saudi Arabia.

The country earns more than \$200 million a year from fruit and vegetable exports. Bangladesh fetched \$147.92 million from exports of vegetables, cut flowers, foliage and fruits during July-May of fiscal 2014-15, down 32 percent year-on-year, according to Export Promotion Bureau.

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

WB gives \$473m for financial sector, disaster resilience

STAR BUSINESS REPORT

Bangladesh will get \$473 million from the World Bank to build a strong financial sector and develop long-term disaster resilience in the urban areas of Dhaka and Sylhet.

The long-term loan will come under two projects -- \$300 million for financial sector support project and \$173 million for urban resilience project, the lender said in a statement.

The government yesterday signed two financing agreements with the International Development Association, the World Bank's concessional arm that helps the world's poorest countries, at the Economic Relations Division in Dhaka.

The financial sector support project will enable the participating financial institutions to provide long-term financing to manufacturing and export-oriented firms, according to the statement.

The financing institutions will lend at commercially determined rates and also offer Shariah-compliant financial products.

The project will strengthen Bangladesh Bank's supervisory and oversight functions and help build financial infrastructure.

READ MORE ON B3

HC stays suspension order against Standard Insurance

STAR BUSINESS REPORT

The High Court on Monday stayed the insurance regulator's decision to suspend the licence of Standard Insurance, clearing the way for the company to operate.

The six-month stay order came after Standard Insurance filed an appeal challenging the order of the Insurance Development and Regulatory Authority that suspended the insurer's licence for three months.

The IDRA found that Standard failed to reinsure its policies worth Tk 46.33 crore. The private insurer claimed that the reinsurance was optional, not mandatory.

"Now there is no bar to running our business," Amar Krishna Saha, managing director of Standard Insurance, told The Daily Star reacting to the court order.

The court order came as a sigh of relief to more than 400 employees of the company as they will get salaries and bonuses ahead of the Eid-ul-Fitr, he said.

The IDRA had instructed the private insurer not to issue cover notes or insurance certificates. The company was also banned from getting involved in new business activities during the suspension period effective on June 21.

The regulator asked the company to explain within 30 days why its licence should not be revoked. Standard Insurance can seek an appearance before the IDRA if it wishes, the regulator said.

"We are working to respond to the IDRA's letter," Saha said.

But the regulator will not let the insurer go easily, according to a senior official at IDRA.

"We will appeal against the stay order, but we are yet to get the details of the order," an IDRA official said.

Standard was incorporated as a public limited company in November 1999 under the Companies Act 1994 and was registered under the Controller of Insurance in December 1999 under the Insurance Act 1938.

Standard Insurance is listed on the Dhaka and Chittagong stock exchanges, and its shares traded at Tk 18 in Dhaka on June 21, which went down to Tk 16 yesterday.

Eurozone inflation slows

AFP, Brussels

Inflation in the eurozone slowed to 0.2 percent in June, official data showed on Tuesday, with consumer prices rising just slightly in Europe despite unprecedented stimulus measures by the European Central Bank.

The eurozone suffered four months of deflation earlier this year and a slowing of inflation will damage hopes that the currency bloc is safely back on solid economic footing, despite the huge problems in Greece.

Developments in the eurozone's economy are being overshadowed by the worsening Greek debt crisis.

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