

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
Week on week		As on Friday		Friday closing				As on Thursday				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
0.64%	0.74%	\$1,410.10	\$64.74	39,394.64	21,275.92	3,321.61	2,978.88	83.50	93.88	105.07	0.76	
5,430.05	10,086.14	(per ounce)	(per barrel)					BUY TK	84.50	97.68	108.87	0.79
								SELL TK				

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৩ বছর	৫ বছর	১০ বছর
৯.২৫%	৯.৫০%	১০%

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Agriculture remains in neglect

Economists and agriculturalists raise alarm over poor allocation



SOURCE: FINANCE MINISTRY DATA COMPILED BY CPD

SOHEL PARVEZ
The government's expenditure on the agriculture sector is shrinking consistently as percentage of total budget although the sector needs more attention to develop new technologies to ensure food security of the nation, said economists and agricultural scientists.

proposed budget for fiscal 2019-20, down from 5.7 percent in the outgoing fiscal year.

In fiscal 2017-18, the sector's share was 6.1 percent of the budget. In terms of gross national product, financing to the sector with the biggest share of employment has been falling for the past five years at a time when the sector is registering slowing growth.

Agriculture has relation with poverty reduction, said Akhter Ahmed, country representative of the International Food Policy Research Institute (IFPRI).

"The pace of poverty reduction has slowed because of falling



BUDGET 2019-20

agricultural growth. It is alarming as agricultural growth is linked to poverty reduction," he said.

Over the last one and a half decades, the scope for expanding production has narrowed thanks to antiquated technology.

Annual average growth of agricultural GDP reduced to 2.45 percent between fiscal 2014-15 and

2018-19 from 3.62 percent in the previous five years, according to the Bangladesh Bureau of Statistics.

The annual rate of poverty alleviation also declined during the period.

Under the circumstances, higher investment is required in the farm sector, especially on research and development of new crop varieties that give higher yields, said Akhter, also the chief of party of USAID-funded Bangladesh Policy Research and Strategy Support Programme.

"Huge investment is also required for extension. These are the two most critical aspects for agricultural development."

Some 110 rice varieties have been developed by state-sponsored research institutes and yet farmers mainly grow two varieties that were developed 24 years ago.

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Islami Bank's default loans double in three months

AKM ZAMIR UDDIN

Despite rescheduling huge amount of loans, the default loans of Islami Bank Bangladesh Ltd (IBBL) more than doubled to Tk 6,916 crore between the months of January and March, raising concerns about the financial health of the country's biggest private bank.

In 2018, the bank rescheduled default loans worth Tk 4,813 crore -- the highest among all banks -- 55 percent more than it did a year earlier, according to data from the central bank.

The bank managed at least 600 special approvals from the central bank to reschedule default loans on relaxed conditions such as waiver from the required down payment of at least 10 percent of outstanding amount.

Some clients who earlier enjoyed rescheduling facility have become defaulter between January and March, which has pushed up the bank's default loans, said Abu Reza Mohd Yeahia, deputy managing director and spokesperson of IBBL.

Notwithstanding, the bank is aggressively pushing to lend more.

As of last year, the bank's loans stood at Tk 75,885 crore, up 15 percent year-on-year. In contrast, its deposit base expanded only 8 percent.

"Corporate governance of the bank is on the decline after its ownership and management started to change in 2016," said Ahsan H Mansur, executive director of the Policy Research Institute.

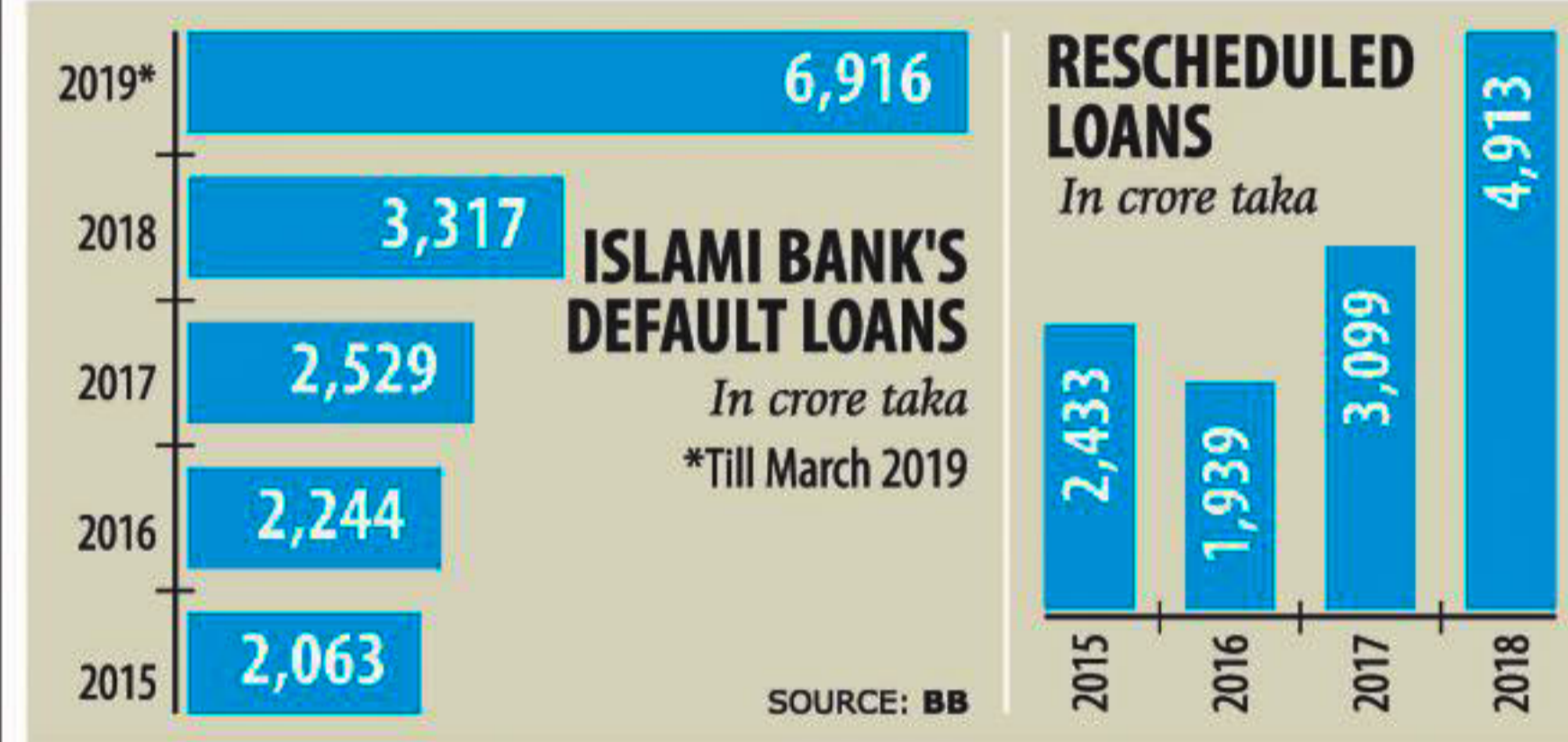
A Chattogram-based business group bought more than 16 percent stakes in the bank under different names, unheard of in Bangladesh.

On January 5 in 2017, in a sudden change, IBBL's chairman, several directors, managing director and heads of different committees resigned and new people took charge.

"IBBL is a case study on how a well-run bank can lose steam all on a sudden."

If not handled properly the bank may go the same way as BASIC Bank, which is saddled with default loans of more than half of its total outstanding loans because of scams.

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Yarn exports hold potential

Receipts from yarn, fabrics rise 20pc in July-May

REHAYET ULLAH MIRDHA

Yarn and fabrics export rose 20.46 percent year-on-year to \$141.12 million between July and May, an indication that Bangladesh can become a major source for the raw materials if higher production is facilitated.

Currently, local spinners are able to meet 85 percent of the demand for the raw materials for the knitwear sector and 40 percent for the woven sector.

Bangladesh imports yarn from China and India to meet the local demand. However, the export of yarn, especially cotton yarn, has grown recently.

At least six large spinning mills have started exporting specialised cotton yarn, which is very fine, to Indonesia, Sri Lanka and Turkey, said Monsoor Ahmed, secretary to Bangladesh Textile Mills Association, a platform for spinners, weavers and cotton millers.

"Bangladesh has a lot of potential to export yarn and fabrics to some other countries," said MA Jabbar, managing director of DBL Group, a leading spinner and garment exporter.

His company has been exporting yarn and fabrics to Sri Lanka for the last couple years. Foreign companies are coming to Bangladesh to buy yarn because the

country is very strong in production of cotton yarn and many other countries have started manufacturing mixed yarn. In case of the mixed yarn, millers use other ingredients with cotton.

Ahmed said Turkey is strong in manufacturing knitwear with finer yarn and has become a good destination for the Bangladeshi item.

However, Bangladesh faces higher duty on the export of apparel and apparel-related raw materials to Turkey as the two have not yet signed any free trade agreement or preferential trade deal, exporters said.

Bangladesh also faces higher duty on yarn export to other potential countries.

Jabbar said although there is a lot of demand for yarn and fabrics abroad, the local consumption is also growing to feed rising garment exports.

If local spinners and weavers produce more yarn and fabrics, Bangladesh will have more export potential, he said.

The entrepreneur said the yarn price in Bangladesh is less than in India. "So, Bangladesh can be a good source for other countries for yarn and fabrics."

According to Jabbar, apart from Sri Lanka, Indonesia and Turkey, emerging garment producing countries such as Ethiopia, Myanmar and Cambodia could



STAR/FILE

At least six spinning mills have started exporting specialised cotton yarn to Indonesia, Sri Lanka and Turkey.

be good export destinations for the Bangladeshi yarn and fabrics producers.

For the higher production of yarn and fabrics, the local industry needs more investment in the primary textile sector,

industry insiders say. Nearly \$8 billion has been invested in the primary textile sector.

There are 450 spinning mills and nearly 1,300 small and medium weaving mills in Bangladesh.

WB gives \$100m to boost public service delivery

STAR BUSINESS REPORT

The World Bank will provide Bangladesh with a \$100 million fund to help improve public service delivery through an effective, efficient and transparent public financial management system.

The Strengthening Public Financial Management (PFM) programme will improve fiscal forecasting and public budget preparation and execution and enhance financial reporting and transparency in education and health ministries and finance and local government divisions.

Having improved its PFM systems with prudent fiscal management in the past two decades, Bangladesh still has a few bottlenecks in public resource allocation, availability and use for social service delivery, the WB said.

The programme will help Bangladesh use its own systems to address these bottlenecks. It will help strengthen the capacity of budget management committees in the line ministries, including the timely release of budgetary allocations, it said.

"It would reduce the time in releasing funds from departments to frontline service delivery units by more than half."

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Beach Hatchery to set up plant for koral farming

AHSAN HABIB

The farming of a sea bass variety—popularly known as koral or vetki—is set to begin in Bangladesh as Beach Hatchery Ltd plans to establish a Tk 250 crore plant to grow the fish locally.

The local company will establish the farm on 24 bighas of land in Teknaf.

The plant will have a capacity to grow 2,400 tonnes of the fish annually. Initially, it will produce 1,200 tonnes, according to Md Shariful Islam, chairman of Beach Hatchery.

The produce will be sold both in the local and foreign markets.

Islam said the plant would use the recirculating aquaculture system (RAS), a greenhouse technology, and



the water from the Bay of Bengal.

The businessman is going to open the letter of credit (LC) within three months to bring in the technology and all necessary equipment.

"The farming may start within eight to nine months of the LC opening," he added.

Beach Hatchery has signed an agreement with AquaOptima, a Norwegian company, to bring in the technology.

In the first year, the Norwegian company's technicians will look after the farming and train local people so that the latter can run the operations of the farm on their own.

The feed and medicine for sea bass will also be imported from Norway.

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BB needs full autonomy

Analysts say at a seminar

STAR BUSINESS REPORT

The government should give full autonomy to the central bank to perk up the ailing banking sector or else the industry may collapse, analysts said yesterday.

For instance, the central bank does not have any executive power to dissolve the board of state-run banks, said Khondker Ibrahim Khaled, a former deputy governor of the Bangladesh Bank.

"Once BASIC was one of the good banks in the country but the financial health of the lender has started deteriorating since 2010."

But the central bank failed to dissolve the bank's board despite being informed of wide-ranging corruption.

Khaled's comments came at a seminar on the role of bankers in implementing the proposed budget for fiscal 2019-20, organised by the Association of Bank Officers Bangladesh at the National Press Club auditorium in Dhaka.

The government should amend the respective acts to give full autonomy to the central bank.

"If the ongoing situation continues, the banking sector may collapse in the days ahead," Khaled added.

Finance Minister AHM Mustafa Kamal did not give any clear direction in the proposed budget for fiscal 2019-20 on how to mitigate the existing crisis in the banking sector, said Toufic Ahmad Choudhury, a former director general of the Bangladesh Institute of Bank Management.

"The government said it would take punitive measures against the habitual defaulters. But there has been no explanation in the proposed budget about who the wilful defaulters are," he added.

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Correction

In a report titled "Stop harassment over VAT collection" published on June 28, it was mentioned that the FBCCI demanded withdrawal of advance income tax and 15 percent tax on retained earnings for listed companies.

Actually, the apex trade body sought withdrawal of advance tax on industrial raw materials and capital machinery. We regret the error.

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