

# BB chief stresses inclusive economic growth

UNB, Dhaka

Bangladesh Bank Governor Atiur Rahman has said sustained inclusive economic growth with advancement opportunity open to all will be the key to strengthening domestic demand by reducing poverty as a defence against a future financial crisis.

"The root cause of weaker domestic demand in our region is poverty and low income of large part of the population," he said.

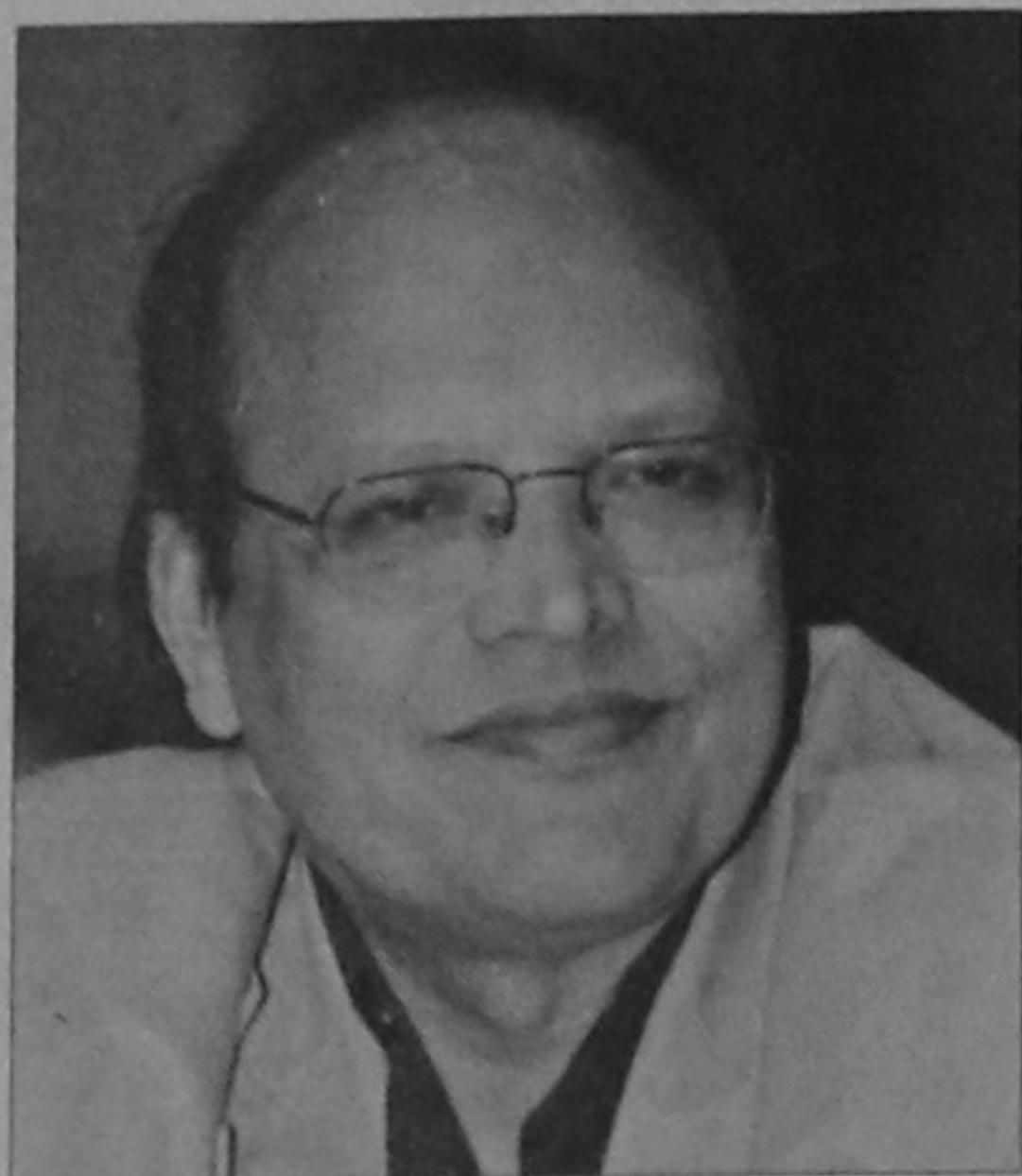
"In fostering inclusive economic growth, central banks in the region will need to be proactive in promoting financial inclusion, with action programmes for bridging the market gaps and failures in reaching out to the excluded and under-served population segments and economic sectors."

The governor made the remarks in a keynote speech on "responses to the global financial and economic crisis -- lessons in bolstering resilience and preventive defences" at ESCAP in Bangkok yesterday.

Calling for a global dialogue on substantive reforms of the existing monetary order, Rahman said: "If this is delayed indefinitely to be forgotten as the world recovers from the current crisis, it may not be very long before another episode of global imbalances cause surging global liquidity to inflate another round of credit bubbles and price bubbles, eventually collapsing to precipitate the next global crisis."

He said sustained inclusive economic growth should provide the increased revenues needed to finance expansion of the social safety networks; but richer advanced economies, multilateral development banks and private philanthropies will have important supportive roles to play, particularly at times of crisis and emergency.

The central bank chief said the vast majority of workforce in developing countries like Bangladesh being employed in the informal sector, promotion of well-managed pension funds will be important in underpinning consumption



Atiur Rahman

demand from senior citizens as they retire from working life.

He noted that the pension funds would also be important financing sources for infrastructure and other longer gestation investment projects.

On promoting intraregional trade and investment, Rahman said since financial markets in the region failed to be proactive in channelling the mounting regional reserves in infrastructure and other growth supportive real sector investments in the region, stronger direction and guiding hand from intergovernmental forums like the ESCAP may be a need of this hour.

He said an added momentum to the Asian Bond Fund initiative may merit consideration, with increased equity contributions from the huge pile of regional reserves, and broader mandate including underwriting and market making in bonds issued by existing corporates and new investment projects in the region.

Rahman said governments in the region can consider establishing individual or collective

sovereign wealth funds, using part of their foreign exchange reserve resources as equity, for infrastructure and other real sector investments in the region.

"There is no reason why returns from such investments would be inferior to those from placements of the reserves in financial markets in the west," Rahman said. In promoting intraregional exports of capital goods, strengthening of export credit guarantee outfits by capital goods producing countries in the region may be helpful, he added.

The governor said the financial crisis did not impact Bangladesh economy severely because of its limited, regulated openness to short-term external capital flows. Despite some demand weakening in markets abroad, exports held on to double-digit growth rate in FY 09, with real GDP growth slowing modestly to 5.9 percent against 6.2 percent of FY 08.

He said GDP growth slowdown from the crisis has been much milder for Bangladesh than those suffered by larger, faster growing regional neighbours. Remittance inflows from migrant Bangladeshi workers continued on up trend.

Rahman said uncertainties associated with the global slowdown weakened new investment activities however, with a decline in capital goods imports. Low outflows for imports from the growing export receipts and workers' remittance inflows kept local financial markets awash with liquidity.

He said the government made ample allocations in the FY 09 and FY 10 national budgets to uphold domestic demand by expanding the social safety net for the weak and vulnerable population segments, and to provide temporary support to economic sectors hurt in the global crisis.

The BB governor said the emergency stimulus packages for temporary upholding of domestic demand will need to be substituted by longer-term policy initiatives towards continuing strengthening of domestic demand and intraregional trade.

**\$3.411m**  
RMG unit in  
Ctg EPZ soon

UNB, Dhaka

Bangladeshi company Pitam Garments Limited will set up a garments and garments/accessories manufacturing industry in Chittagong EPZ investing US\$3,411 million.

This cent percent locally owned company will produce garments items. The company will also create employment opportunity for 4661 Bangladeshi nationals.

An agreement to this effect was signed between Bangladesh Export Processing Zones Authority (Bepza) the Pitam Garments in Bepza Complex here yesterday.

Moyjuddin Ahmed, member of (Investment Promotion) of Bepza, and Md Khondoker Mahbubur Rob, director of Pitam Garments, signed the agreement on behalf of their respective organisations.

**Alif Assets**  
gets AMC  
licence

STAR BUSINESS DESK

Alif Assets Management Limited has received licence from the Securities and Exchange Commission as asset management company (AMC).

As the sixth private sector AMC, Alif Assets Management will now act as fund manager and float mutual funds in the capital market, said a press release.

Alif Assets, a member of Alif Group, was initiated by a group of experienced investment and wealth management professionals.

The company believes in disciplined investment philosophy. It expects to play a significant role in capital market development through professional management of mutual fund.



Khurshid Irfan Chowdhury, general manager of Transcom Beverages Ltd, hands over a 32-inch LCD TV to the officials of Prince Bakery in Mirpur as part of the Pepsi Eid Foorti Offer recently.

## Economists suggest redesigning employment scheme

SAR BUSINESS REPORT

Economists yesterday suggested the government redesign the safety net employment scheme targeting the slack unemployment seasons to help the poor in rural areas in fighting food insecurity.

They observed that poor people in rural areas suffer from food insecurity during two certain periods in a year -- September-October (Bangla calendar months Ashwin and Kartik) and February-March-April (Chaitra) -- due to lack of employment.

According to the survey findings, Rushidan said, people in the rural areas suffer from food shortages in Bangla calendar months Ashwin, Kartik and Chaitra (February-March) on average 10.6, 12.9 and 13.3 days respectively.

Duration of food shortages were much higher in these months compared to other months, she said, "Highest duration of underemployment has been observed during these months."

In contrast, in Baishakh, Jaiash, Agrahan and Poush average food insecurity experience was 7.5 to 7.9 days," she said, recommending a redesign of safety net employment schemes during the slack underemployment seasons.

Noting the seasonality of employment, Mahabub said the government should implement its employment guarantee scheme mainly

targeting the March-April period.

He said during this period underemployment becomes high and employment schemes such as earth works for building rural infrastructure would be helpful to reduce the impact of food insecurity among the poor.

It's a dry season when carrying out earth works will be easier for government. It will offer employment to poor people and at the same time allow development of rural infrastructure," he said.

FAO (Food and Agriculture Organisation) Representative in Bangladesh Ad Spijkers said priority should be given on employment generation for ensuring food security of poor people.

Chaired by BIDS Director General Dr Mustafa K Mujeri, former director general Dr Quazi Shahabuddin and Food Planning and Monitoring Unit (FPMU) Director General Ruhul Amin also spoke.



SM Akbar, managing director of UAE-Bangladesh Investment Company Ltd (Ubico), hands over a cheque for Tk 2 crore to Shafiq-ul-Azam, managing director (current charge) of MIDAS Financing Ltd (MFL), after signing an investment agreement in Dhaka recently. Under the deal, Ubico will finance MFL to issue loans among small entrepreneurs. Rokia A Rahman, middle, chairperson of MIDAS Financing, is also seen.

## Tannery owners seek to extend relocation deadline

STAR BUSINESS REPORT

Leather sector leaders urge the government to take legal measures to extend the deadline for shifting tanneries from Hazaribagh in the capital to Savar.

In June, the High Court ordered relocation of the tanneries by February 28, 2010 and asked the government to shut down the factories in case of failing the deadline.

At a press conference in Dhaka yesterday, the sector leaders said they had sat in talks with the industries minister and government officials, who assured them of legal steps to extend the relocation deadline.

"We (businessmen) have already filed a writ petition for deadline extension," said

Rezaul Karim Ansari, chairman of Bangladesh Finished Leather, Leather Goods, and Footwear Exporters' Association.

At the press conference co-organised by the exporters' association and Bangladesh Tanners Association (BTA), the sector leaders said the government's failure to set up a common effluent treatment plant was to be blamed for the long delay to shift tanneries to Savar.

Concerned by the release of toxic liquid waste into the Buriganga river, the government in 2003 decided to shift tanneries from Hazaribagh to Savar. The project was inaugurated in 2005, but has not been implemented yet.

At first, the government had pledged to set up the

effluent plant at its own cost but later shifted from its position saying stakeholders should bear the cost, which the leather industry people did not agree with.

"As per its deal with us, the government is bound to finance the effluent plant for us. We will relocate our factories as soon as the plant is in place," said Shaheen Ahmed, president of BTA.

The cost of the effluent treatment project inaugurated in 2005 was initially estimated at Tk 83 crore, which was later revised higher at Tk 434 crore.

Sector leaders fear around 65,000 people will lose their jobs if around 200 tanneries at Hazaribagh are shut down by February 28.

The tanneries of the country process around 220

million square feet of leather every year, of which 40 percent is collected during Eid-ul-Azha.

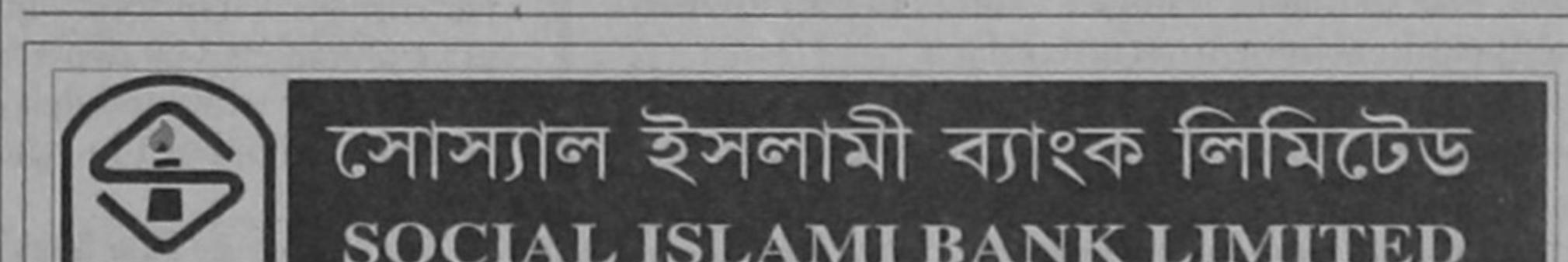
"If tanneries are shut down in February, leather processing during the season will be hampered and deteriorate the situation of the recession-hit leather sector," Ansari told reporters.

On environmentalists' allegation that tannery owners are intentionally delaying the shifting process, he said industry people were not against the relocation.

Nearly 22,000 cubic metres of untreated and highly toxic liquid waste flow through different canals into the Buriganga from the tanneries every day, according to the Department of Environment.



Naushad Chowdhury, brand director of Unilever Bangladesh Ltd, and Aly Zaker, chief executive officer and managing director of Asiatic Marketing Communications Ltd, hand over a Tk 1 lakh cheque to the team IBA-1, as they stood first in the BRANDWITZ 2009 in Dhaka recently. Feroz Rahim, group managing director of Rahimafrooz Bangladesh Ltd, is also seen. BRANDWITZ is an inter-business school marketing competition organised by IBA Communication Club.



Share Department, Head Office: 15, Dilkusha C/A, Dhaka-1000

## PRICE SENSITIVE INFORMATION

This is for kind information of all concerned that the Board of Directors of the Bank in its 208th meeting(emergency) held on Tuesday, the 24th November, 2009 has taken the following Price Sensitive decisions:

- That the Board unanimously decided to change the denomination of shares of the Bank from Tk.100/- to Tk.10/- each and determined the market lot of shares from 50 to 250 shares per lot subject to approval of the Securities and Exchange Commission (SEC) & Bangladesh Bank;
- That the 6th Extra-Ordinary General Meeting (EGM) of the Bank shall be held on 17th January, 2010 at 11.00 a.m. to adopt special resolution to amend the related Clause of the Memorandum & Articles of the Articles of Association of the Bank;
- That the 'Record Date' for attending the Extra-Ordinary General Meeting (EGM) by the shareholders shall be on Thursday, the 17th December, 2009;
- That owing to change of the denomination of shares, the face value of the existing 2,69,17,259 fully paid-up shares of Tk.100/- each be and is hereby sub-divided into 26,91,72,590 shares of Tk.10/- each without reducing the paid-up capital of the Bank and the balance 1,30,82,741 un-issued shares of Tk.100/- be and is hereby sub-divided into 13,08,27,410 shares of Tk.10/- each.

For Social Islami Bank Ltd.  
Sd/-  
(Md. Akhtar Hussain)  
EVP & Company Secretary(CC)



Dilip Barua, industries minister, and Shamsul Huda, managing director of Great Wall Ceramic Industries Ltd, attend the launch of the company's new tiles product in Dhaka recently.

November 24, 2009