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Commodities	
Gold	▼ \$1,130.25 (per ounce)
Oil	▼ \$82.22 (per barrel) (As of Friday)

SOURCE: AFP

Indian market must open up to Bangladesh

Suggest analysts

OUR CORRESPONDENT, New Delhi

Prime Minister Sheikh Hasina's visit to India is an opportunity to qualitatively transform bilateral ties by resolving all outstanding issues and New Delhi should make substantive concessions to allow more goods from Dhaka to Indian market, leading foreign policy analysts say.

New and positive dynamics characterise relations between the two countries and the main reason for that is the shared values between the two governments, former Indian High Commissioner to Bangladesh Veena Sikri told The Daily Star.

"Both countries are looking at issues jointly, seeking a common perspective that is the first step to win-win solutions," she said.

The qualitative improvement in ties between Bangladesh and India has potential to revitalise relationships throughout South Asia, which in turn will make Saarc and Bimstec more effective, Sikri said.

"I wholeheartedly support substantive concession to access for goods from Bangladesh to Indian market together with a work-plan for connectivity through the entire sub-region of Bangladesh, Northeast India, Nepal and Bhutan," says Sikri, now a professor of Third World Studies in Jamia Milia University.

Sikri says water resources and trade sectors are expected to see major announcements during Hasina's visit.

Strategic affairs analyst Dr C Raja Mohan also asks India "to open its market more generously to products from Bangladesh".

As Hasina reaches Delhi today, a big moment is at hand for one of India's "most important but difficult bilateral relationships" and India and Bangladesh "now seem poised to construct a positive partnership", he says.

Both Sikri and Mohan agree the Hasina government has proceeded in the right manner in putting ties with India on a stronger path by addressing New Delhi's security concerns and agreeing to cross-border trade in electricity.

Sikri suggested that India should allow transit facility to Nepal and Bhutan to use Bangladesh's Mongla Port by incorporating Bhutan and Nepal in a bilateral multi-modal trade and transport agreement.

"Through such an agreement, Bangladesh can emerge as the transport hub to service the entire sub-region comprising Northeast India (and West Bengal), Nepal, Bhutan and Bangladesh", she suggests, adding "a four-country transport logistics company can be established in Bangladesh to move goods within this sub-region".

The resultant benefit to Bangladesh from trade in services is the best way to compensate for any deficit in trade in commodities, Sikri says.



A visitor takes a look at a Bangla Car on display at Bangladesh International Industrial and Engineering Tradeshow 2010 at Bangabandhu International Conference Centre in Dhaka yesterday. The locally built battery-run car (price: Tk 2 lakh) comes from Bogra-based light engineering company -- Rahim Engineering Works.

SK ENAMUL HAQ

BB rolls out monetary policy Jan 19

BSS, Dhaka

Bangladesh Bank is set to announce the monetary policy for the second half of current fiscal year on January 19.

The central bank has already finalised the half-yearly policy in discussions with different groups, including economists, business leaders and former governors, a BB official said.

BB Governor Atiur Rahman will announce the policy at a programme at the central bank's headquarters in the city.

The BB chief earlier indicated that the policy would have some specific directions to keep inflation within the fiscal target of 6.5 percent.

Experts have recently raised concern about the increasing food prices on both the domestic and the internal markets, which would eventually create high inflationary pressure on the economy.

Banking goes aggressive

Credit-deposit ratio crosses 100pc

SAJJADUR RAHMAN

Banks' credit-deposit ratio continued to remain over 100 percent until the first four months of this fiscal year, much higher than Bangladesh Bank's norms of 82 percent.

The ratio was above 100 percent in the first 11 months of last fiscal year, with 98.69 percent in June. The trend indicates higher utilisation of loan-assets from deposits despite a sluggish investment demand amid the global crisis in 2009.

"Recession impacts are slowing down. Demand for trade loan and prices of goods are also showing an upward trend in recent months," said Helal Ahmed Chowdhury, managing director of Pubali Bank. Pubali's credit-deposit ratio hovers around 84 percent.

The banker however pointed out that the ratio should be within 82 percent as per the central bank's guideline. The remaining 18 percent deposits should be kept with the central bank.

BB's October 2009 statistics show average credit per bank branch at Tk 42 crore,

while the figures were 41.15 crore, Tk 40.42 crore and Tk 40.14 crore in September, August and July.

During the time, average deposits per branch were Tk 41.54 crore, Tk 41.25 crore, Tk 40.58 crore and Tk 39.86 crore respectively.

As of June 30, 2009, the loan book of the banking industry showed that trade financing alone accounts over 35 percent of the total loans to the private sector worth Tk 209,050 crore, followed by industry (except working capital) 21.59 percent and working capital 17 percent.

Construction, transport and communication and housing are other major sectors that went for bank borrowing.

Anis A Khan, managing director of Mutual Trust Bank, termed it 'aggressive banking' and feared an inflationary pressure on the economy.

"Loan-deposit ratio should not be over 100 percent," Khan said. He pointed to the recent rise in financing for industry and commodity imports.

sajjad@thedailystar.net

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Correction

In our report headlined "Light engineering in lime-light," published on Jan 8, it was wrongly mentioned that Mohammad Harun-or-Rashid Raju is the chairman of Rahim Engineering Workshop that innovated Bangla Car, a battery-run car with a capacity of 60 kilometres per hour.

Actually, the owner of Rahim Engineering Workshop is Mohammad Amir Hossen.

We regret the mistake.

Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

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