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Stocks

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Asian Markets

MUMBAI	▼ 0.88%	17,486.06
TOKYO	▼ 0.83%	10,764.09
SINGAPORE	Flat	2,912.92
SHANGHAI	▲ 0.03%	3,246.87

Currencies

	Buy Tk	Sell Tk
USD	68.55	69.55
EUR	97.27	101.49
GBP	111.14	115.56
JPY	0.74	0.79

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold	▲	\$1,138.00 (per ounce)
Oil	▲	\$78.22 (per barrel) (Midday Trade)

SOURCE: AFP

News in Brief

Apparel sector leaders demand uninterrupted gas

UNB, Dhaka

Leaders from the garments and textile sectors yesterday urged the government to ensure uninterrupted gas supply to avoid disruption in production.

Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh Textile Mills Association (BTMA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) made the demand at a joint meeting at the BKMEA office.

The meeting expressed concerns about the disrupted production in export-oriented factories in Dhaka, Narayanganj, Chittagong, Gazipur, Ashulia and Savar due to poor gas supply.

BGMEA President Abdus Salam Murshedi, BKMEA President Fazlul Hoque and BTMA President Abdul Hai Sarker, were present at the meeting.

SEC designs new system for refund warrant

STAR BUSINESS REPORT

The stock market regulator has rearranged the refund warrant system for unsuccessful IPO applicants.

From now on, they can receive refund warrant money either through bank accounts or by cheque.

The Securities and Exchange Commission has decided to put in place the same system to distribute cash dividends paid by listed companies.

The commission's move came from a meeting yesterday following indiscipline by the issue manager of Golden Son's repeat IPO (initial public offering) in refunding warrant money, SEC officials said.

The unsuccessful IPO applicants of Golden Son's repeat IPO faced troubles in refund warrant.

In line with the new system, the IPO applicants must choose between the two options and mention it in the IPO application form - how they intend to get back the refund warrant money.

Prior to the new rules, the refund warrant money had been distributed through online banking.

BB to propel investment, put inflation on leash

Monetary policy announced, GDP growth projected at 5.5-6pc

STAR BUSINESS REPORT

Bangladesh Bank (BB) yesterday announced a supportive monetary policy for the second half of the current fiscal year, aiming to increase investment in the productive sector but control inflation.

"While the buildup of price pressure will be on constant watch, the prevailing supportive monetary condition will be continued to facilitate recovery in exports and new investments taking firmer roots," said BB Governor Atiur Rahman at a press conference.

To reach the two goals, the central bank has taken a strategy to drastically cut credit to government but support the private sector for productive purposes.

According to the Monetary Policy Statement, the government credit growth will be reduced in June 2010 to 13.80 percent, down about 9.44 percentage points, compared to June 2009. Public sector credit growth was 23.24 percent in June 2009.

The growth of credit to private sector in June 2010 will be increased to 16.70 percent by pushing it up by 2.08 percentage points compared to June 2009. Private sector credit growth was 14.62 percent in June 2009.

In making the monetary policy this time, Rahman said, views were taken for the first time from all stakeholders, including people at grassroots level, government, different professional and trade bodies.

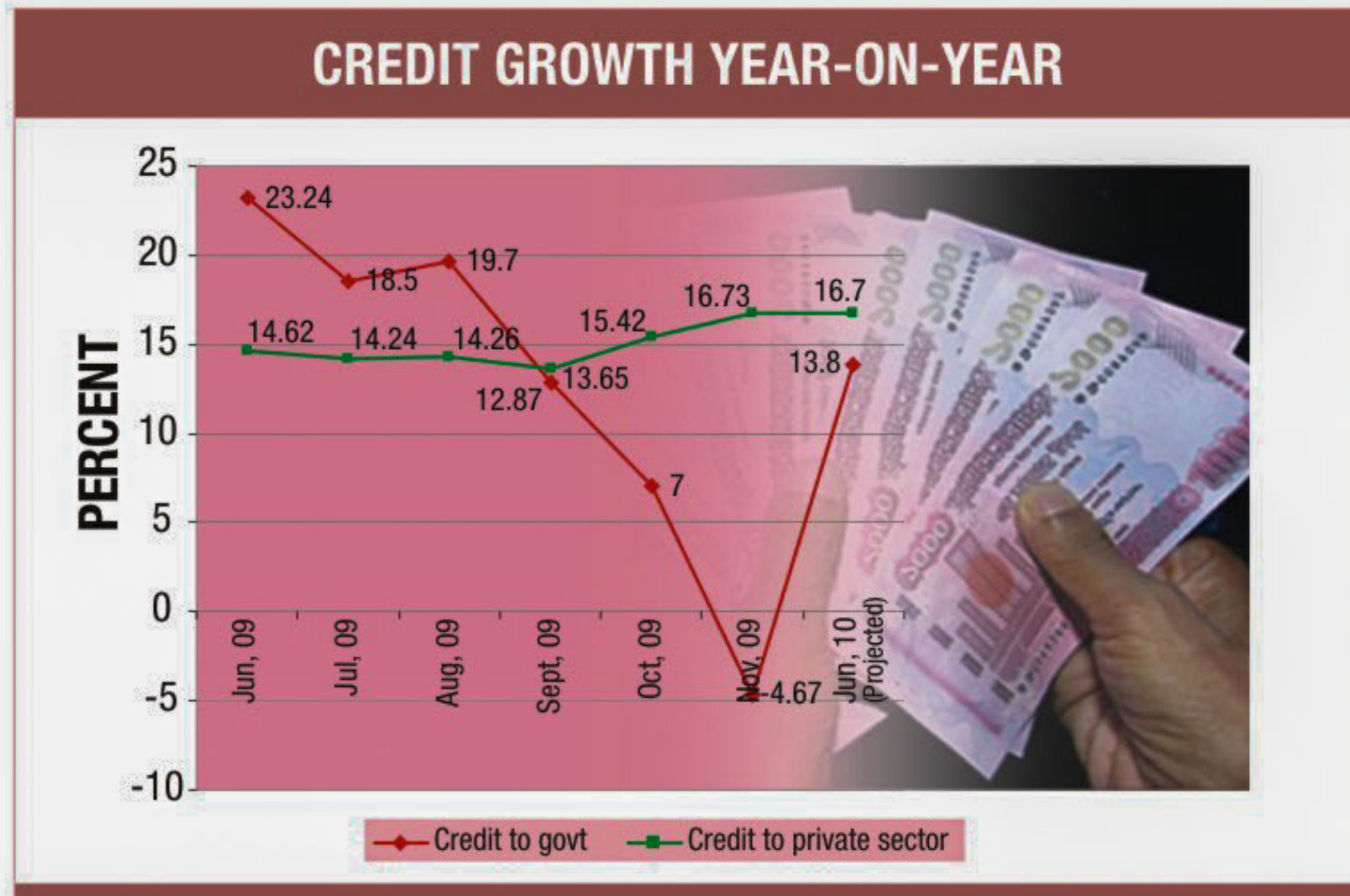
"The broad consensus emerging from stakeholder consultation is that supportive monetary stance and stimulatory fiscal stance need to continue till fuller restoration of investment confidence in the domestic economy, with firmer demand recovery in export markets emerging out of global recession," the BB governor said.

The central bank stressed "due caution on inflation risks on the path ahead".

Although the inflation rate was low in the beginning of the current fiscal year, it started rising in recent times. In the coming days, the inflation rate will continue to increase, it added.

Prices of food and non-food commodities have firmed up on the international markets, with many of these on an up-trend. Domestic prices of rice are holding firm even in the post-aman harvest season, presumably because of a much higher price prevailing in India.

The monetary policy said given the current trends in internal and external prices, both food



and non-food inflation in Bangladesh looks set to continue over the coming months on the fluctuating trend, with some upward bias.

In the monetary policy announced in last July, the average inflation target was 6.5 percent and the policy stance taken by BB will keep the inflation confined within this target, the central bank governor said.

BB governor also said in the first monetary policy at the beginning of the current fiscal year, the target to increase investment and ensure sustainable growth has been achieved. The overall GDP growth may be from 5.5 percent to 6 percent at the end of this fiscal year.

There is already a turnaround in the economy, he said. Private sector credit has increased. L/C openings for capital machinery and industrial goods have also gone up. These indicators prove that investment is growing.

He said surplus liquidity since the beginning of the fiscal year has already been largely used up in private sector credit and import growth driven by a pick-up in output and investment activities from the second quarter of fiscal 2010 onwards. As a result, concerns that liquidity surplus could largely end up in speculative uses, stoking inflation could be allayed.

With the increase in the demand for investment, the call money rate that was below 1 per-

cent in July last is now above 4 percent.

BB Deputy Governor Ziaul Hasan Siddiqui said in six months from July to December, the L/C opening for the import of capital machinery increased by 28.04 percent and 22.3 percent for industrial raw materials imports.

The monetary policy said though export growth was negative in the beginning of the fiscal year, it is expected to regain enough momentum in the coming months for fiscal 2009-10 export growth to be double digits, as in fiscal 2008-09.

Given robust domestic demand, growing recovery momentum in export demand and buoyancy in construction sector activities, the overall growth outlook for industrial sector output in fiscal 2009-10 appears quite encouraging, BB said.

Although Aus production was not so good, aman production was better. In the next boro season, the BB said: "The recent rise in the price of rice has acted as a strong incentive, spurring farmers to expand acreage of their boro rice crop, reportedly being shown even in the shallower riverbeds, canal beds seasonally drying up in the winter, with extensive use of higher yield hybrid seeds."

The policy statement hopes that agricultural sector growth this fiscal year will be as good as last fiscal year.

LDCs urge rich countries to stem market barriers



AMA Muhith, finance minister, chairs a plenary session on 'Enhancing the share of LDCs in global trade, aid and financial flows and promoting their productive capacity' at high-level Asia-Pacific policy dialogue for the LDCs at Pan Pacific Sonargaon Hotel in Dhaka yesterday.

STAR BUSINESS REPORT

Least developed countries (LDCs) should raise their voice to remove non-tariff barriers (NTBs) and gain universal market access in trading with developed nations, said speakers at a high level policy dialogue in Dhaka yesterday.

They also pointed out that global recession made the LDCs more vulnerable, as trade is more prone to external shocks. Reduction in official development assistance (ODA) disbursement due to recession in developed countries could hamper the development process of the LDCs.

"Non-tariff barriers is a major issue for LDCs in the global trading system. LDCs should think about how to deal with that," said Lakshmi

Puri, director of OHRLLS, New York.

The LDCs demand for ODA sometimes creates problems, she said. LDCs can think about a thematic fund, like climate change fund, as an alternative to ODA, she added.

"Preference of erosion is the major challenge in getting market access for LDCs," said Mustafizur Rahman, executive director of Centre for Policy Dialogue (CPD).

This issue should be addressed by the LDCs in the next Turkey meeting in 2011.

They were speaking at a plenary session on 'Enhancing the share of LDCs in global trade, aid and financial flows and promoting their productive capacity' at the high-level Asia-Pacific policy dialogue for LDCs at Sonargaon Hotel. Finance Minister AMA Muhith

chaired the session. Bangladesh, Nepal and Solomon Islands presented their country papers at the dialogue.

Dr Debapriya Bhattacharya, special adviser to the Unctad secretary general, said the LDC representatives have analysed data from all 14 Asia-Pacific LDCs over the last two decades from the Paris document of 1991 and Brussels documents of 2001.

It shows there has been mixed progress in various areas. "It is a structural handicap that makes a country an LDC," he said.

"In that case, we identified three ideas that should be developed -- capability, specialisation and equitable poverty alleviation."

On the basis of that, among the 14 countries, two countries the



Equitable global financial order is the need of the time

Top Escap official tells The Daily Star

REFAYET ULLAH MIRDHA

Raising LDC voices is a must to gain greater pie of the global trade, which could help come out of a least developed country status, Escap's top official has observed.

"We need an equitable global financial order to provide similar economic benefits to the mankind," said Dr Noeleen Heyzer, United Nation's under secretary general and executive secretary of Economic and Social Commission for Asia and the Pacific.

She was talking to The Daily Star in an exclusive interview at Sonargaon Hotel in Dhaka on Monday on the sidelines of a high level Asia-Pacific dialogue on least developed countries.

The three-day long discussion on Brussels Programme of Action for LDCs concludes today.

The Escap boss also pointed out that no LDC was responsible for the financial tsunami or global recession.

Heyzer dwelt on latest financial crisis worldwide and issues like climate change, investment, poverty reduction, LDCs' zero tariff benefits from the rich world and their capacity building.

Advocating a strong inter-dependent world, she urged the developed countries to play a more accountable role for an equitable global financial system, so that no country is badly affected by any financial firestorm.

Development partners should increase need-based and target-oriented financing to the LDCs for their development, she said, pointing her finger at the 'still-not-enough' funds to address problems in the countries belonging to low-income group.

"We must complete the Doha Round to resolve many unsettled issues to gain benefits from the developed countries for the LDCs," she said.

If the Doha Round concludes successfully, LDCs' claims for duty- and quota-free rich world market accesses for their products will be ensured, the Escap executive secretary said.

Lauding Bangladesh's strong capacity of tackling natural disasters, Heyzer suggested the country adopt more green growth to remain immune from the negative impacts of climate change.

"You should build more resilience to come out of an LDC status, as you've a lot of potentials," she said.

She identified non-tariff barriers from the developed countries as a major problem for the LDCs seeking greater market access.

LDCs should continue to be vocal to protect their interests, and simultaneously they should do some home works like raising productivity and diversifying exports, she suggested.

"Least developed countries should attend some important meetings of the developed countries like G-20 to raise their voices strongly to gain greater global market shares," she said.

While talking about investments, Heyzer suggested developing infrastructure by the LDCs to attract more foreign direct investment.

Despite some challenges, there are reasons for hope for the LDCs, she said. "First, the global financial crisis, which hopefully comes to an end soon, has pinpointed the limitations of 'manufactured in Asia, consumed in the West' model," Heyzer points out, suggesting rebalancing Asian economies to find new engine of growth.

She went on, "Second, other aspect of such rebalancing relates to exploiting the potential of regional economic cooperation in Asia and the Pacific."

Regional economic integration could help LDCs gain access to larger markets and build their supply capacities by linking those to the regional production value chains, Heyzer further said elaborating LDC hopes.

She said, "Third, the G-20 London Summit in 2009 came up with a six-point plan, three of which are of particular interest to the LDCs and fourth, South-South cooperation and sub-regional cooperation have great promises in sustaining growth and development for the LDCs in the region. reefat@thedailystar.net

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