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EUR	87.31 / 91.40
GBP	103.84 / 108.17
JPY	0.78 / 0.84
SOURCE: STANDARD CHARTERED BANK	
Commodities	
Gold	▼ \$1,192.05 (per ounce)
Oil	▼ \$75.95 (per barrel) (Midday Trade)
SOURCE: AFP	

BB tightens control on credit



Governor Atiur Rahman speaks on the monetary policy.

STAR BUSINESS REPORT

The new monetary policy announced yesterday continued its dual objectives of maintaining inflationary pressure and supporting the economic growth, but left rates unchanged.

Bangladesh Bank (BB) has taken a slightly tight monetary policy for the current fiscal year to cut loan flow into the unproductive sector.

Announcing the monetary policy for the first six months of the current fiscal year, BB Governor Atiur Rahman said: "The monetary policy emphasised keeping the price level stable."

"BB's monetary policies will continue pursuing the dual objectives of maintaining price stability and supporting faster economic growth and poverty reduction," said the central bank's Monetary Policy Statement (MPS) for July-December 2010.

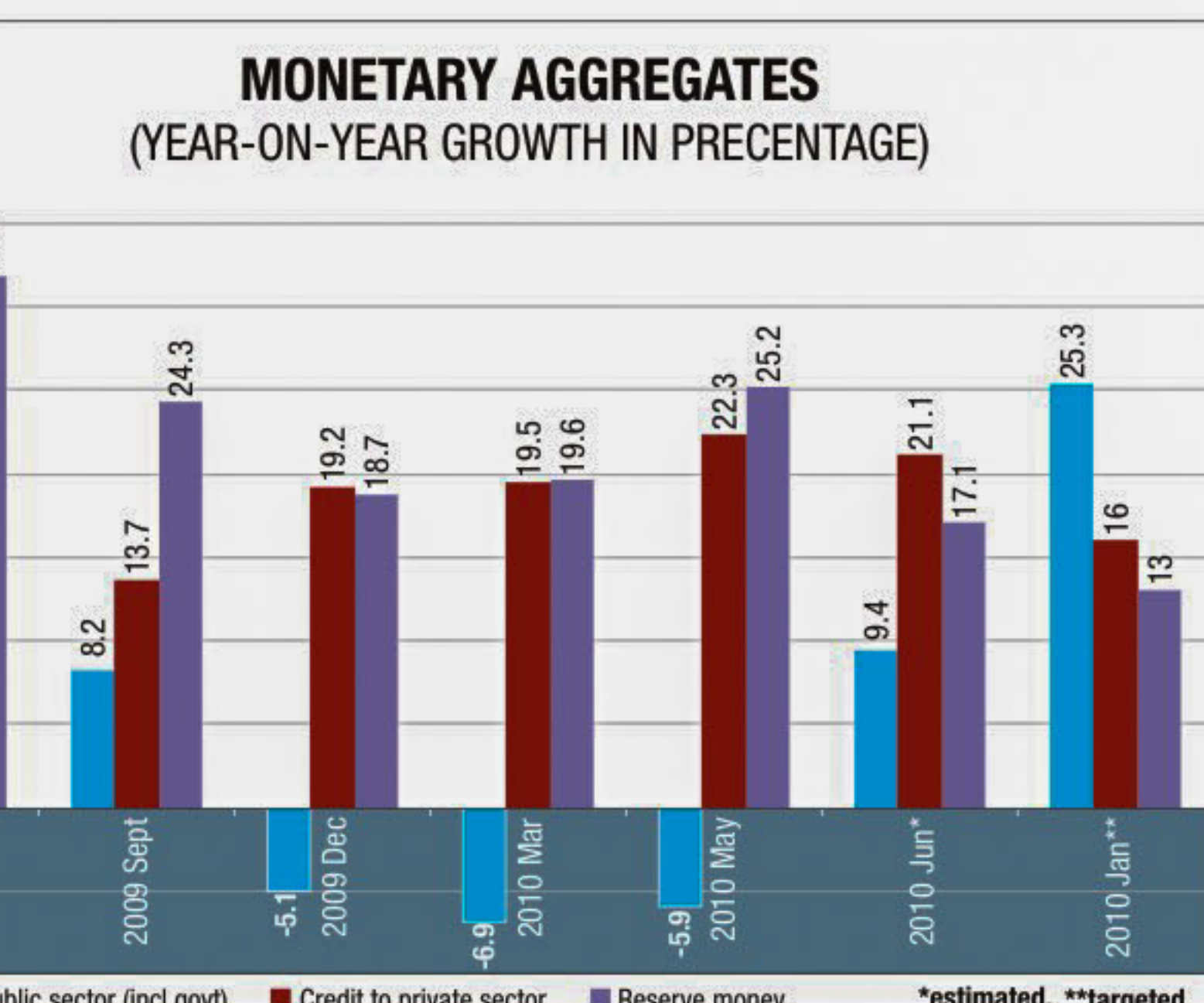
In his reaction to the monetary

policy, World Bank's senior economist Zahid Hussain said: "This is a cautious monetary policy stance. In the context of the targeted 13.2 percent growth in nominal GDP, the broad money growth target of 15.2 percent is an indication of caution."

The WB economist said a rise in import payments and increased deficit in the financial account are projected to reduce the balance of payments surplus, and will help cut the need for US dollar purchases to limit the appreciation of taka.

If BOP surplus does not shrink, the challenge for monetary policy will be to make adjustments in the growth of net domestic assets in order to avoid overshooting the broad money growth target, he said.

"Fortunately there is cushion, particularly in the assumed 25.3 percent growth of credit to the public sector."



The central bank has targeted slashing the private sector credit growth by around 5 percentage points to rein in inflation. Also, the BB aims at cutting reserve money by 4 percentage points by June next year.

However, the credit growth target for the public sector has been increased by 15.9 percentage points by June 2011 compared to June this year.

Also, the MPS has indicated increasing different policy rates such as cash reserve requirement, repo, and reverse repo interest rates for controlling credit.

Inflation had been low till June last year, but from July last year it continued to rise. Though inflation fell slightly in the recent months, experts think it may go up again from this month.

The monetary policy has set the private sector growth rate at 16 percent for June 2011, which was 21.1 percent in June this year. However,

the credit growth target for the public sector for the next June has been set at 25.3 percent. It was 9.4 percent in June this year.

In a bid to contain inflation, reserve money growth target has been set at 13 percent for the next June, while it was 17.1 percent this June.

The governor said, along with taking steps to increase availability of loan in all productive sectors, Bangladesh Bank will discipline management of money and credit markets for maintaining stability.

"Field level surveys will be undertaken to ascertain the extent, if any, of leakages from bank credit for declared purposes, including agricultural and SME loans," said the MPS.

About inflation, it said, the anticipated upward revisions of user prices of gas, fuel oil and power are the likely main internal influences on domestic inflation in Bangladesh in fiscal 2011.

Dawn Securities suspended on fraud charges

SARWAR A CHOWDHURY

Dhaka Stock Exchange (DSE) yesterday suspended the trading activities of Dawn Securities, a stockbroker, for allegedly scamming Tk 9.5 crore from its clients.

The stockbroker received the money from its clients to purchase shares for them, but financial statements on its back-office software show that no shares had been purchased for them, according to a probe by the DSE.

The suspension order means that trading by the stockbroker is on hold for an indefinite period, an official said.

The prime bourse authorities also asked the brokerage house to pay back all the dues to its clients in 15 days.

In case of Dawn's failure to pay back the dues in time, the DSE will sell the membership licence of the brokerage house.

DSE investigators have found that Dawn now runs a shortfall of Tk 5.55 crore for a full payback in time.

Dawn Securities Managing Director Abdul Hamid Bhuiyan could not be reached by phone.

In its investigation, DSE found that some cheques signed by Dawn in favour of its clients for payback have not been honoured by banks.

A DSE monitoring team visited Dawn Securities in Motijheel at least four times from March 16 to July 6 after allegations came from investors that the brokerage house was foot-dragging on payback.

After its first visit to the brokerage house as part of its investigation, the DSE sent a letter to Dawn on May 19. The stockbroker came up with a reply on June 2 seeking five to six months to resolve the issue.

But the DSE was not willing to wait so long and decided to suspend the brokerage house's trading activities.

DSE reasoned out that the decision was meant to ensure transparency in capital market, protect image of the stock exchange and safeguard the investors.

In 2005 and 2006, the DSE suspended five brokers for similar irregularities and sold out their membership licences to pay back dues to their clients.

The brokers were: Capital Roops, JR Capital Company, MR Company, T Mushfu and Company and SPM Ltd.

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Bharti to sell iPhone 4 by Oct as India eases telco gear curbs

REUTERS, New Delhi

India's curbs on import of telecoms equipment are easing, a senior executive in the country's leading mobile operator Bharti Airtel said on Monday.

Bharti is also working with Apple Inc to start selling its iPhone 4 in India, hopefully in September or October, Sanjay Kapoor, the mobile operator's chief executive for India and South Asia, said.

Carriers in the world's fastest-growing mobile market must obtain government clearance before they place any equipment purchase order, and earlier this year India had barred some operators from placing orders with China's Huawei Technologies and ZTE Corp 0763 on security concerns.

Last week, the telecoms minister said the government expected to resolve the issue in a couple of weeks.

"I think operators have gone through a bit of a lull in the last six months on equipment clearances but now things have begun to ease up and we are getting the equipment in place," Bharti's Kapoor told reporters on the sidelines of an industry event.

The government has discussed the issue with carriers and is in the process of putting out a revised policy for telecoms gear imports that would elaborate on appropriate security checks to be put in place, officials say.

Bharti Airtel, which won third-generation (3G) spectrum in 13 of India's 22 telecoms zones in a recently concluded auction, will be allotted the radio airwaves in September.

Exports miss target



AMRAN HOSSAIN

Garment workers are pictured at a factory in Gazipur. Export Promotion Bureau data shows exports fell short of the target set for the last fiscal year. Apparel makers blame the slowdown in shipments largely on an acute energy crisis and labour unrest.

REFAYET ULLAH MIRDHA

Exports fell 7.93 percent short of the target set for the last fiscal year, according to Export Promotion Bureau (EPB) data released yesterday.

Bangladesh fetched \$16.20 billion from exports against the target of \$17.60 billion.

However, export earning was 4.11 percent higher compared to fiscal 2008-09, when the country earned \$15.57 billion.

The earning was \$1.72 billion in June, a 21.24 percent rise over the same month a year ago.

Exporters said they missed the target mainly due to a slump in demand for some products, especially frozen foods.

Bangladesh fetched \$6.48 billion from knit exports last fiscal year, registering a 0.84 percent growth compared to 2008-

09. However, the knitwear exports fell 11.15 percent short of the annual target.

The country exported woven garments worth \$6.01 billion in 2009-10. The segment posted a 1.60 percent growth compared to fiscal 2008-09, but fell 10.09 percent short of the annual export target.

Shafiul Islam Mohiuddin, vice-president of Bangladesh Garment Manufacturers and Exporters Association, said the country could have earned more from apparel exports, but it was not possible because of the acute power and gas crises, labour unrest and weak infrastructure.

Bangladesh enjoyed good export orders in the last four months of the fiscal year, as orders from China shifted to Bangladesh, he added. "The overall price of the garment items remained static."

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German company boosts Asian presence

AFP, Berlin

German auto parts group Schaeffler said Monday it plans to invest 300 million euros (390 million dollars) boosting its presence in Asia.

"Asia remains one of the regions in the world with the highest increases in growth and sales for us in the long term," Schaeffler chief executive Juergen Geissinger said.

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