

# BB comes under fire for high inflation

## Economists say inflation to rise further in the coming months

STAR BUSINESS REPORT

Leading economists yesterday criticised the central bank for keeping almost static the exchange rate for a long time, and high public sector borrowing, which they said have resulted in high inflation.

They called upon the Bangladesh Bank (BB) to immediately review the exchange rate and take steps to tame inflation.

"The undervalued exchange rate favours the export sector at the cost of high inflation," said SR Osmani, a professor of development economics at the University of Ulster in United Kingdom, at a roundtable in Dhaka yesterday.

Policy Research Institute (PRI) organised the discussion at its office where BB Governor Atiur Rahman spoke as the chief guest.

PRI Chairman Zaidi Sattar coordinated the discussion, also addressed by former adviser to a caretaker govern-

ment Mirza Azizul Islam, former finance minister M Syeduzzaman, former BB governor Salehuddin Ahmed and Citibank NA Managing Director Mamun Rashid.

Mirza Azizul Islam said continuing lower export growth, slow remittance flow and stagnant capital machinery import reflect the poor strength of the monetary regime, which will lead to over 7 percent inflation this fiscal year.

Mamun Rashid called upon the central bank to put a cap on government borrowing, which he said is one of the reasons behind high inflation. "Time has come to take decision on public sector borrowing. We should put a cap on such borrowing to bring more discipline to the monetary policy," he added.

BB Governor Atiur Rahman and some of his top executives defended the central bank's policy on exchange rate, saying the rate is floating and determined by the market.

"The exchange rate is at a rational level and is maintained by the market itself. We hope that if any big changes are not there, the exchange rate will not see any big leap at this moment," said Ziaul Hasan Siddiqui, BB deputy governor.

Atiur Rahman said the central Bank is performing well in generating employment, developing small and medium enterprises and expanding the farm sector.

Ahsan Mansur, PRI executive director, in his keynote paper on 'Bangladesh Monetary Policy Statement' forecast a higher rate of inflation in the coming months.

"As the point-to-point inflation has risen due to a surge in food prices, the overall inflation has also climbed up and now remains at a high level. This high point-to-point inflation will certainly push up the average inflation rate in the coming months, even if cooling measures are taken," Mansur added.



Mirza Azizul Islam, extreme right, former caretaker government adviser, speaks at a roundtable, organised by Policy Research Institute (PRI), in Dhaka yesterday. From left, Moazzem Hossain, editor of The Financial Express; Zaidi Sattar, PRI chairman; Atiur Rahman, governor of Bangladesh Bank (BB), and Salehuddin Ahmed, former BB governor, are also seen.



Syngenta Bangladesh Ltd, Bangladesh Rice Research Institute (BRRI) and Bangladesh Agricultural Research Institute (BARI) have entered into an understanding at Sonargaon Hotel in Dhaka on Monday. The organisations will jointly promote and demonstrate the released variety and new agro technology among growers and conduct field trials in different crops. From left, Sarwar Ahmed, managing director of Syngenta Bangladesh; Tina Lawton, head of marketing for Syngenta APAC region; Yusuf Mia, BARI director general; MA Mannan, BRRI director general; Andrew Guthrie, regional head of Syngenta Asia Pacific Region, and Roim Michel, head of finance, are seen at the signing ceremony. Syngenta launched an agriculture-based website, www.krishitey.com.

## Citi honours microentrepreneurs

STAR BUSINESS REPORT

When Finance Minister AMA Muhith expressed doubt over the contribution of microcredit in poverty alleviation, some small entrepreneurs said they never found loans from state-owned financial system in their time of needs.

"I spent more than four years for getting loans from banks. But I failed to convince the state-owned banks in my area," said Rehana Begum, who was awarded as the Best Woman Microentrepreneur of the Year of Citi Microentrepreneurship Award-2009.

"The NGOs charge high compared to the banks. But they came forward when I found none around me. Now I am self-sufficient," said

Rehana, a poultry farmer in Joypurhat district.

However, the finance minister said: "I think there are problems somewhere. Although the number of microcredit borrowers has increased, it does not reflect in poverty alleviation."

They were speaking at the award giving ceremony of Citi Microentrepreneurship Awards 2009 at Dhaka Sheraton hotel yesterday.

The award winners are: Shefali Roy from Satkhira as 'Best Microentrepreneur of the Year', Rehana Begum from Joypurhat as 'Best Woman Microentrepreneur of the Year', Nurunnahar Begum from Pabna as 'Best Microentrepreneur of the Year in Agriculture' and Samaj Kallyan Sangstha from Gaibandha as 'Best

Microfinance Institution of the Year'.

Each winner received a prize money of Tk 350,000 and a crest. Shakti Foundation for Disadvantaged Women partnered with Citibank NA to manage the award programme this year.

Economist Wahiduddin Mahmud, chairperson of Citi Microentrepreneurship Awards 2009 Advisory Council, announced the names of the winners, while AMA Muhith, chief guest of the programme, handed over the awards.

Hundreds of individuals and organisations from all over the country competed for the awards in four categories. The advisory council of Citi Microentrepreneurship Awards 2009 selected the winners after several rounds

of screening and field interviews.

"I am excited. It's a recognition for my struggle," said Shefali Roy who changed her life with a business of conch bangle.

Nurunnahar Begum urged the finance minister to take steps to expand the banking services to the rural areas so small entrepreneurs can have access to easy loans.

Russel Ahmed Liton, chief executive of Samaj Kallyan Sangstha, also called over the banks to change their policy and expand their network to the rural areas.

Mamun Rashid, Citi country officer, and Humaira Islam, chairperson of the award screening committee and founder executive director of Shakti Foundation for Disadvantaged Women, also spoke at the event.

## Stocks gain more ground

STAR BUSINESS REPORT

Dhaka stocks marched forward for a third session yesterday as the benchmark index hit all-time high at 6,531 points.

Dhaka Stock Exchange's DSE General Index gained 47 points, or 0.73 percent.

Race Asset Management said in its analysis that the gains were "mostly broad-based, with 11 sectors posting small to moderate gains in the day's session."

Banks, fuel and power, and pharmaceuticals led the rally as major sectors, while the day's negative performers were telecom, ceramics and mutual funds.

Advances outnumbered losses 141 to 113, with four securities unchanged as the prime bourse traded more than 8.59 crore shares and mutual fund units worth Tk 1,980 crore in all.

Titas Gas, the state-run fuel com-

pany, topped the turnover leaders with more than 9.14 lakh shares worth Tk 100.43 crore. The day's other turnover leaders were Beximco Ltd, Peoples Leasing and Financial Services, Prime Finance and Investment, and Summit Power.

Gemini Sea Food, the largest gainer, climbed 11 percent rise, followed by Popular Life Insurance, Padma Cement, Eastern Insurance and Saiham Textile.

Desh Garments, the biggest loser, had 7 percent fall, followed by Samata Leather, Beach Hatchery, AIMS 1st Mutual Fund and Monno Jute Staffers.

Chittagong stocks, however, closed almost flat with the CSE Selective Categories Index increasing by only 1.51 points, or 0.01 percent, to 12,585.

More than 91.56 lakh shares and mutual fund units changed hands on

the Chittagong Stock Exchange on a value of Tk 141.95 crore.

At the day's end 99 securities gained, 82 declined and five were unchanged on the port city bourse.

Beximco Ltd topped the turnover leaders with more than 2.41 lakh shares worth Tk 7.50 crore. Other turnover leaders were Prime Finance and Investment, Summit Power, Peoples Leasing and Financial Services, and United Airways.

Rupali Insurance Company, the largest gainer, posted a nearly 9 percent rise, followed by Padma Cement, Pragati Life Insurance, Pioneer Insurance Company and Square Textile.

HR Textile Mills, the biggest loser, slid nearly 17.5, while Bangladesh Shipping Corporation, Anlima Yarn, Beach Hatchery and AIMS 1st Mutual Fund also lost ground.



Ahmed Iqbal Hasan, former president of Dhaka Stock Exchange (DSE), addresses a two-day workshop on "Compliance in Corporate Governance" at the DSE Training Institute yesterday. The premier bourse organised the training for senior officials of listed companies.

## Signs of calm in RMG sector

REFAYET ULLAH MIRDHA

A semblance of normalcy returned to the garment sector yesterday after a six-day unrest by the workers frustrated over the minimum wages announced Thursday.

The workers joined their duties as usual at about 8 in the morning without showing signs of resentment or protests, according to the police. There was no demonstration on the street in the industrial hubs like Ashulia and Nayaranganj.

The government's announcement of the minimum wage at Tk 3,000 dissatisfied the apparel workers who vandalised garment factories and other offices.

Manwar Hossain, assistant superin-

tendent of police (ASP) and in-charge of Savar circle, reported no untoward incident since resumption of work at different factories yesterday.

"Normal environment has restored at Ashulia industrial zone. Members of the law enforcing agencies are on vigilance to control any possible unrest in this particular area," Hossain said.

Amirul Haque Amin, president of National Garment Workers Federation, said normalcy returned in the garment sector as production resumed.

He said workers of two garment factories at the city's Uttara area observed work stoppage for a brief period in the morning, but later they joined their duties.

"I hope the working environment will improve further as all stakeholders including trade unions leaders are communicating with the workers for not going for unrest," said Amin, who represented 42 trade unions at an informal tripartite agreement at BGMEA on Sunday.

Nazma Akter, president of Sannilito Garment Sramik Federation, said the situation started improving as workers returned to work.

Abdus Salam Murshed, president of Bangladesh Garment Manufacturers and Exporters Association, also reported of a peaceful environment in the garment sector.

reefat@thedailystar.net

## Real estate fair kicks off in Ctg

STAFF CORRESPONDENT, Ctg

A four-day real estate fair started in Chittagong yesterday to promote environment-friendly housing for all.

Industries Minister Dilip Barua attended the inauguration of Bangladesh Real Estate Directory (BD-RED) Abasan Mela at the Institution of Engineers in Chittagong as the chief guest.

The minister observed real estate has emerged as a fast-growing sector in a relatively brief period.

The minister blamed some frauds, who in the name of real estate business, have tarnished the image of the sector by grabbing the resources of people without any qualms.

The minister urged honest entrepreneurs to be careful about such elements.

Describing the loss of the country's 1 percent of the agricultural land every year to housing and other infrastructure development as alarming, Barua called upon the realtors to plan and implement coordinated housing and urbanisation drives to address the growing housing needs in the country.

Unplanned urbanisation gives rise to water, gas and power crises and sewage problems and cause environment pollution in the big cities, he observed.

The minister hoped that the fair would help the Chittagong citizens find environment friendly and durable accommodation.

BD-RED Chief Executive Mohammad Yasin Khan sought cooperation from different government organisations to implement planned housing.

At least 47 real estate and construction material companies from the capital and Chittagong were taking part in the fair, said the organisers.

The fair will remain open from 10.00am to 9.00pm until Saturday.

Seven Properties Ltd is the event partner of the fair. Amin Mohammad Group, Berger Paints, KK Foundation Ltd, Asian Paints Bangladesh Ltd, Comfort Homes Limited, Impulse Properties Ltd, Nasim Group, Sky-tech Builders and Developers Limited and Nazrul Chowdhury Assets are the co-organisers.



Standard Chartered Bank and International Office Equipment (IOE) have signed a deal in Dhaka recently. The bank's credit cardholders (except Saadiq credit card) will enjoy InstaBuys at zero percent interest against purchase of IOE's energy saving products. Gitanka Datta, head of cards of StanChart, and Asif Aftab, chief operating officer of IOE, signed the deal.

## Google loosens Europe ad trademark controls

AFP, Paris

Google shook up its lucrative online advertising service in Europe on Wednesday, saying it would allow sellers to register other companies' brand names as search "keywords" when shopping on the Internet.

The US giant currently allows advertisers to demand their brand be omitted from the list of keywords that other companies pay to have linked to their websites to boost the chances their company will appear in online searches.

Spokesman Ben Novick said this practice would be scrapped in many European countries and territories from September 14, in line with its existing policy in most other countries, after a ruling by Europe's highest court.



Rezaul Karim, managing director of Kohinoor Chemical Company (Bangladesh), attends the organisation's annual sales conference at Hotel Sea Palace in Cox's Bazar on Saturday.