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DHAKA FRIDAY FEBRUARY 4, 2011, e-mail: business@thedailystar.net



**MCCI**  
A delegation of Metropolitan Chamber of Commerce and Industry, led by its president Amjad Khan Chowdhury, meets Prime Minister Sheikh Hasina at the premier's office in Dhaka yesterday.

## MCCI links stock fall to abrupt policy shift

### Hasina calls for increasing people's purchasing power

**STAR BUSINESS REPORT**

Frequent changes of policies and non-professional handlings by the regulators have created the recent 'havoc' on the stockmarket, said a leading chamber yesterday.

Metropolitan Chamber of Commerce and Industry (MCCI) also said the debacle has tarnished the image of the government to some extent.

"The recent drop in the stockmarket index needs to be evaluated and analysed judiciously," said the oldest trade body in a submission at a meeting with Prime Minister Sheikh Hasina at her office.

The prime minister called upon the MCCI leaders to take initiatives to increase the purchasing capacity of the people for expanding local markets of their commodities.

"People of the country will not be able to buy commodities manufactured by the local industries if their purchasing power is not increased," Hasina said.

MCCI also demanded punishment to the responsible persons for the recent stock debacle, after a proper investigation.

The MCCI said: "Bangladesh should focus on improving governance and developing advanced market products."

The trade body's observation came at a time when the stockmarket is trying to recover from the last month's collapse,

depending on the government stimulus measures.

The plunge made many small investors bankrupt.

MCCI referred to the 1996 stock crash and said this year's incident also tarnished the image of the government to some extent.

The trade body also praised some government initiatives, including construction of 33 power plants of 2,941 MW and upgrading of Dhaka Chittagong Highway into four-lane to establish regional connectivity.

"Bangladesh can become an Asian commercial hub through better land, air and sea connectivity. However, creating public opinion is needed for effective implementation of the agreements," it said.

MCCI, however, said: "The government cannot alone do this job, it needs cooperation from all other political parties and civil society."

"Once dubbed as a bottomless basket, Bangladesh is now poised to become a middle-income country by 2021," said MCCI but added that GDP would need to grow at an annual rate of at least 8 percent in the next 10 years.

The chamber urged the government to build public opinion for implementations of agreements for improved regional cooperation and connectivity, signing of Free Trade Agreements (FTA) with India, China and ASEAN, settle issues like market access with India.

The delegation, led by its newly elected President Amjad Khan

Chowdhury, also wanted upgradation of capacity of standards institutions, appointment of bureaucrats in ministries with their specific field of specialisation, improvement in law and order situation, expansion of Open Market Sales points.

MCCI suggested the government avoid gas-based power plants due to their low conversion efficiency, and introduce cyclindereed gas for households to reduce wastage.

The trade body urged the government to finalise the draft coal policy soon so that coal can be used to generate power.

"Relying on imported coal for our power generation will make our energy security dependent on foreign supply and the cost will be prohibitive," it said.

The MCCI praised the government initiative to build Padma Bridge but said a clear timeline for execution of different stages of this project is needed. To ensure effective utilisation of the bridge, it also suggested development of the Mongla Port.

The chamber said the public private partnership (PPP) model has a high potential to draw substantial investments.

It also called for a comprehensive PPP act.

"In our view, the complexity of the PPP mechanism demands that it be governed by a law rather than by executive guidelines," it added.

## Stockmarket investigator seeks cooperation

**STAR BUSINESS DESK**

People can now notify the share market investigation committee if they find or know anything suspicious behind the recent stockmarket swings.

Every stakeholder, trader, related association, company, researcher and observer of the country's share market can now also send their recommendations in writing to the committee, it said in a statement yesterday.

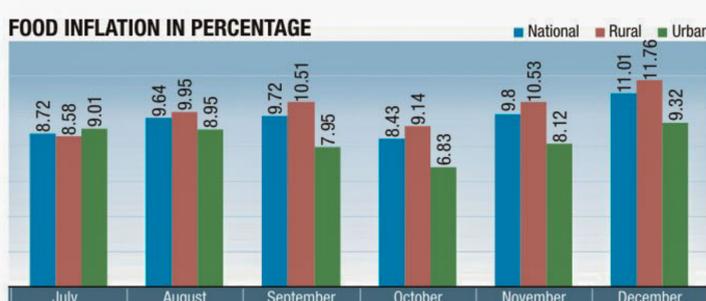
The sender's identity will not be disclosed if asked, the statement added.

Senders are also asked to write "To the Investigation Committee" at the top of the paper to be sent to the committee.

The committee can be reached at:

Fax: 9006756, 9552410, 8119298; Email: tacibim@yahoo.com, chairman@krishibank.org.bd, hvc@bangla.net

## Food inflation soars



**STAR BUSINESS REPORT**

Food inflation has reached its highest in three years on a point-to-point basis in December 2010 due to rising food prices on both local and international markets.

According to Bangladesh Bureau of Statistics (BBS), food inflation increased by 1.2 percentage points to 11.01 percent in December, compared to the previous month, but non-food inflation decreased by 0.06 points to 3.27 percent.

The country's poor rural population felt the heat most, as food inflation there reached 11.76 percent in December, which was 10.53 percent in November.

Inflation increased to 8.28 percent on a point-to-point basis in December 2010, which was 7.54 percent in November.

Bangladesh Bank (BB) said rising trends of global food prices, energy and industrial commodities will be the short-term external source impacting domestic inflation in the coming months.

Food crop growers get price subsidies for fertilisers and irrigation fuel, but they are facing higher costs because of a rise in wages of agricultural labourers in

recent years, BB said in its latest monetary policy statement.

Severe food inflation in India and high international prices of food commodities mean there would be no calming influence on food prices from imports by private sectors -- another reason why local rice prices are high and rising even after a good aman harvest.

The central bank said monetary policy actions will have little leverage on rising food prices in this situation. Fiscal measures like subsidised food grain sales from public-stock may need to be expanded to ease hardships of low income population, it said.

Domestic consumer prices have already contributed to wage increases in the apparels sector, declared four months in advance and will be effective from June.

An energy price revision to adjust high import prices of fuel oil and costly power from rental power plants is reportedly under process.

This will be effective in the remaining period of the current fiscal year and is expected to impart some upward spurt to non-food inflation.

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**Panic brings down stocks**

**STAR BUSINESS REPORT**

Dhaka stocks fell heavily yesterday as panic-driven investors went for sell-offs fearing another collapse amid fresh liquidity crisis and two regulatory directives, said market operators.

In choppy trading, the benchmark general index of the DSE plunged 183.80 points, or 2.51 percent, to close at 7,125.33 points, as share prices of 231 issues out of the total 257 went down.

The DSE had experienced a similar trading on Wednesday but the general index of the bourse advanced 28.16 points as bank issues pulled the market for the day, although prices of 75 percent issues slid.

"All sectors retraced today," said BRAC EPL Stock Brokerage Ltd in its daily market update yesterday.

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**Date: Thursday, 10 February 2011**

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