

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
6.76%	6.32%	\$1,532.00	\$100.29	0.64%	0.66%	0.47%	0.84%	73.55	105.40	120.14	0.90	
5,762.71	10,313.68	(per ounce)	(per barrel)	18,376.48	9,492.21	3,145.67	2,728.02	BUY TK	73.65	105.57	120.33	0.91

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DHAKA SUNDAY JUNE 5, 2011, e-mail:business@thedailystar.net

## CPD unveils recipe to calm economic nerves

**STAR BUSINESS REPORT**

The Centre for Policy Dialogue (CPD) yesterday came up with a series of lessons learnt from the outgoing fiscal year to help tame the macroeconomic tensions arising from soaring inflation and borrowing costs and a falling exchange rate.

The think-tank said the economy performed relatively better in fiscal 2010-11, but asked the government not to be oblivious to the increasingly visible fault-lines in the macroeconomic fundamentals.

The lessons are about rebalancing domestic demand, inclusive growth, inflation mitigation effort, revenue generation, energy and power supply, subsidy, capital market, financial sector, financing investment, financing imports, exchange rate, development administration and quality of macroeconomic management.

an incremental contribution by agriculture and industry that promote rural income and create employment.

"While targeting higher level of GDP growth in FY12, we should also remain mindful about the inclusiveness of that growth and its implications for poverty alleviation and equity," said the report.

The government must intensify efforts to maintain and improve purchasing power of the lower and middle-income group amid the soaring inflation rate, which will continue to remain high in the next fiscal year, CPD suggested.

The National Board of Revenue has done an excellent job in collecting direct and indirect taxes in the outgoing year; yet it is not enough for the exchequer to meet growing spending demand, according to CPD.

"The government will have to more effectively tap the non-NBR tax and non-tax sources to replenish the resource basket," it said.

The expected relief from energy and power shortage would not be over as the expensive and supposedly 'quick' rental sources got delayed.

CPD said, without a quick gas exploration and coal extraction, the development of the power sector would not get expected momentum.

On the subsidies, the think-tank said, though it is an essential, the growing demand may weaken the macroeconomic fundamentals. Subsidy payments accounted for around 4 percent of GDP in the current fiscal year and it is expected to rise next year.

"The government should make a critical assessment of the actual impact of subsidies and explore opportunities for rationalisation," the organisation said.

- SOME KEY RECOMMENDATIONS**
- Launch inflation mitigation efforts
  - Ensure energy supply
  - Enforce discipline in money market
  - Overhaul capital market
  - Pursue prudent exchange rate

"We need to internalise the lessons to be learnt from the experience of FY2010-11 for an improved macroeconomic management and higher growth next year," Dr Debapriya Bhattacharya, distinguished fellow of CPD, told reporters while launching a report on the state of the Bangladesh economy for 2010-11.

Prof Mustafizur Rahman, executive director of CPD, chaired the programme at the CPD office in Dhaka.

The think-tank advised the government to continue its support to crop sector, rural non-farm activities, disbursement of microcredit and pursue policy for greater regional and sub-regional integration to boost domestic demand.

The government estimated 6.7 percent gross domestic product (GDP) growth for the outgoing fiscal year due to

more effectively tap the non-NBR tax and non-tax sources to replenish the resource basket," it said.

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RELATED STORY ON B3

## Bangladesh looks to better trade with Myanmar

**REFAYET ULLAH MIRDHA**

Bangladesh will ask Myanmar to allow small goods vessels to enter the neighbouring country, in an effort to boost bilateral border trade, said a senior commerce ministry official.

The official said officials of both countries will also discuss how to complete border transactions through the Asian Clearing Union

payment system.

At present, an importer is entitled to bank draft against import worth \$10,000-\$30,000 at a time under the existing border trade arrangement.

Bangladeshi importers now settle their payments for bulk shipments through bank drafts issued by foreign banks to a third country.

According to rules, the "non-

conventional" vessels cannot enter Myanmar from Bangladesh, which prevents many businessmen from trading with Myanmar.

"We have already sent an official letter to Myanmar mentioning the issues to be discussed in a meeting," the official said on condition of anonymity.

Syed Mahmudul Huq, chairman of the Bangladesh Myanmar Business Promotion Council, said

both countries have great border trade potentials. "But the transaction system is complex."

The official data shows that the bilateral trade balance is heavily tilted in favour of Myanmar over the years. Bangladesh exported goods worth \$9.17million to Myanmar in 2008-09 while it imported goods worth \$66.65 million.

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MADE IN BANGLADESH

## The stage is set

### 7 June 2011

#### HSBC Export Excellence Awards 2010

Seeking to recognise the excellence of the exporters of Bangladesh, five enterprises will be honoured on the Awards Night\* - **Tuesday, 7 June 2011**. Selected in five categories, by a panel of distinguished jury, these exporters will be recognised for their achievement and excellence.

Air Vice Marshal (rt) **A K Khandker** Bir Uttam, Honourable Planning Minister - Government of the People's Republic of Bangladesh, will grace the occasion as the Chief Guest.

Making the occasion even more special, **Dr Philip Kotler** - S C Johnson & Son Distinguished Professor of International Marketing at the Kellogg School of Management - will attend the Awards Night as a guest speaker.

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\*Entry by invitation only

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