

# Economic indicators are flawed: PM's adviser

STAR BUSINESS REPORT

When the downside risks in the economy are rising, senior government policymakers yesterday brushed aside the concerns, saying that many of the indicators used to weigh the economy are flawed.

"The economy is in a good shape. Many of the yardsticks that measure the economy are flawed," Dr Tawfiq-e-Elahi Chowdhury, power and energy adviser to the Prime Minister, told a dialogue on the state of the economy.

"People ring alarm bell by reading a book only," he said.

Board of Investment (BoI) organised the dialogue on the

economy for the first time at its office. BoI Executive Chairman Dr Syed Abdus Samad chaired the discussion.

Chowdhury questioned the economic theories and urged the critics to see what is happening in the real sector. He cited an example of the South East Asian economic crisis in 1997 when Malaysia came out of the crisis successfully ignoring the advices of the International Monetary Fund.

"What is wrong with borrowing if these are paid?" questioned the power and energy adviser, referring to the government's excessive borrowing from the banking sector.

He said Japan has three

times deficit of its gross domestic product.

However, he admitted some sorts of imbalances in the economy, but said it happens when an economy like Bangladesh grows.

Planning Minister AK Khandker termed the present economic challenge a temporary one. He said an improved infrastructure and power generation capacity could attract a lot of investors to Bangladesh.

Samad of the BoI said many economic concepts have changed now. "It's normal," Samad commented on the present economic condition.

Dr Mohiuddin Khan Alamgir, chairman of the parliamentary standing committee on public

accounts, hailed the local entrepreneurs who are doing business despite a lot of challenges in the economy.

Alamgir, however, said there is no option but to explore gas and increase investment in infrastructure to develop the economy further. He also identified inflation as a major challenge.

Prof Mustafizur Rahman, executive director of Centre for Policy Dialogue, said economic risks have been rising and a plan of action is needed to address these risks.

Rahman said inflation is rising fast and eroding the income of the poor. "The government's bank borrowing is further fuel-

ling it (inflation) and crowding out credit for the private sector," he added.

Subsidies required to fund rental power plants are also creating pressure on the economy, said the CPD executive director. The balance of payments is also under strain, he said.

All the speakers from the public and private sectors agreed that a slash in the interest rates of savings certificate in 2007 had caused a diversion of funds to the stockmarket.

They also cautioned the government saying that it should be more careful in dealing with the stockmarket so that the current problem does not spread to the financial sector.



Managing Director of IDLC Finance Selim RF Hussain receives South Asian Federation of Accounts award from Commerce Minister Faruk Khan at Bangabandhu International Conference Centre in Dhaka on Tuesday. IDLC Group's 2010 annual report got the award in Best Presented Accounts Award category.



AQI Chowdhury, director of Eastern Bank, receives the Global Award for Brand Excellence from Alok Bharadwaj, chairman of World Brand Congress, at Taj Lands End Hotel in Mumbai recently. Ali Reza Iftekhar, managing director of the bank, and Rajita Choudhuri, dean and director of India's Planman Consulting, were also present.

## Stocks close out the day in green

STAR BUSINESS REPORT

Stocks rose on the twin bourses yesterday as investors bought shares amid optimism for better days in future.

The benchmark General Index of Dhaka Stock Exchange closed at 5,268.55 points, after gaining 113.87 points or 2.21 percent.

The market opened the day in negative territory and lost 25 points in the first trading session. The market started to gain at 11:25am.

The DSE recorded turnover at Tk 319 crore, up 9 percent from the previous day. Analysts observed that turnover was low and said the spot trading of shares of 138 firms that change their face value to Tk 10 today was the reason.

The institutional investors started to invest gradually into the market after the regulator announced a stimulus package, they said.

Zahurul Alam, chief executive officer of DSE, said the market will regain stability soon following the regulator's stimulus package to increase investor confidence. Institutional investors also became active in the market, said Alam.

Of the total 260 issues that traded on the DSE, 240 advanced and 16 declined. Four securities remained unchanged.

Non-bank financial institutions, telecommunication and the power sector advanced 2.85 percent, 2.63 percent and 2.49 percent.

Among other major sectors, banks and pharmaceuticals gained 1.90 percent and 1.79 percent. Cement and general insurance gained more than 3 percent.

Fu-Wang Ceramic topped the turnover leader with 4.15 lakh shares worth Tk 18.36 crore changing hands.

The Selective Categories Index of the port city bourse rose 201.77 points, or 2.14 percent, to 9,625.32.

## Central banks act to save global system from eurozone crisis

AFP, Brussels

The world's biggest central banks sprang into action to help shield the eurozone and the entire global system from the debt crisis on Wednesday with extra funds for banks.

The Bank of Canada, the Bank of England, the Bank of Japan, the European Central Bank, the US Federal Reserve and the Swiss National Bank collectively announced at 2:00 pm (1300 GMT) "liquidity support to the global financial system."

Stocks and the euro each surged in the minutes after the decision's announcement, which represents a massive bid to prevent a global depression and serious social conflict 10 days before an EU summit meeting.

Many banks are being squeezed by the weight of downgraded government debt bonds in their books, raising pressure on them to reduce lending, particularly on foreign markets. This is a pivotal route for contagion of the eurozone debt crisis to the global economy.

The central banks, which can create their own money, said that they would ensure funds were available, explaining that the "purpose" was to "mitigate the effects of such strains on the supply of credit to households and businesses."

New long-term cash-flow in all of their respective currencies will be available from December 5 to February 1, 2013, they said, with short-term

funding now also available "until further notice."

The moves echo similar action in the early hours of May 10, 2010, when the EU first acknowledged that the Greek drama had become a wider euro crisis causing deep concern among international partners from the United States to Japan.

The massive injection came after the EU highlighted a 10-day window, through to an extended summit in Brussels next week, in which to fix a festering global financial crisis amid fresh warnings that a return to conflict in Europe can no longer be dismissed.

Amid record eurozone unemployment, it was timed to coincide with Wall Street's opening in New York.

It was "undoubtedly a response to the growing euro-crisis and the dark shadow it is casting over the world economy," economist Sony Kapoor of the Re-Define consultancy said, saying it would provide "a useful cushion against Lehmann-like panic in the financial markets," he said referring to the collapse of an American bank that triggered the 2008 financial crisis.

The money does not leave unanswered difficult questions for the eurozone, which has struggled badly to assemble a financial war-chest sufficient to halt investor flight.

As the EU's euro crisis commissioner Olli Rehn said, the bloc faces "a critical period of 10 days to complete and conclude the crisis response," with EU government ministers ramping up



AAM Zakaria, managing director of First Security Islami Bank, inaugurates the Karwan Bazar branch of the bank in Dhaka yesterday.



Toufiq M Seraj, managing director of Sheltech; Tanvir Ahmed, director (development), and Esha Ahmed, customer care consultant, attend a press meet to announce a 15-day housing fair of the realtor, at Sheltech lounge in Dhaka yesterday. The show starts today.



Md Abdul Jalil MP, chairman of Mercantile Bank, inaugurates the bank's 69th branch at Moulvibazar in Dhaka recently. AKM Shahidul Haque, managing director, was also present.



Rashedul Hasan, additional district magistrate of Barisal, opens a new facility set up by Robi to provide free internet to the users of Barisal Government Public Library in Barisal yesterday. Muhammed Shahedul Alam, Robi vice president, was also present.

## Robi internet corner in Barisal

STAR BUSINESS DESK

Mobile operator Robi yesterday opened an "Internet Corner" at a library in Barisal division to provide free internet services to the library users.

This is the fifth such corner set by the telecom company under a campaign with support of Department of Public Libraries.

Rashedul Hasan, additional district magistrate of Barisal, inaugurated the centre at Barisal Government Public Library.

"This internet corner will help many in Barisal to get the benefit of internet free of cost. Internet awareness among the users is needed to get the true benefit of information technology," said Hasan.

Robi will establish such corners in all seven divisional public libraries. Muhammed Shahedul Alam,

## New country head for State Bank of India

STAR BUSINESS DESK

Pinak Chakraborty has recently joined State Bank of India as the country head for Bangladesh, the bank said in a statement yesterday.

He replaced Debarata Datta, the statement added.

Before coming to Bangladesh, Chakraborty was serving the bank as the deputy general manager (Jharkhand) at Ranchi in the state of Jharkhand.

He joined the bank as a probationary officer



Pinak Chakraborty

## India cuts petrol prices

REUTERS, New Delhi

State-run oil firms will cut retail prices of petrol by 0.65 rupee a litre, excluding taxes, from Thursday, a company statement said on Wednesday, the second straight cut this month in a move that could help to ease near double-digit inflation.

The companies cut petrol prices by about 3.2 percent earlier this month, the first reduction in retail prices in nearly three years and the first since prices were decontrolled in June 2010.

State fuel retailers -- IOC, Hindustan Petroleum Corp and Bharat Petroleum Corp tend to move their prices in tandem.

Petrol has a 1.09 percent weighting in the inflation index and near double-digit consumer prices have provoked criticism of the government, which subsidises other fuels such as diesel

## New guideline for banking services

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Strictest measure of safeguards, control and confidentiality shall be adopted in providing the services.

The guideline said pick up and delivery services shall be offered to only those customers in whose proper Know Your Customer procedures, as laid down in circular/direction/guideline of anti-money laundering department.