

# Consumers spent 13pc more in 2011: CAB

STAR BUSINESS REPORT

Consumers spent 13 percent higher prices on average for buying essential commodities and services in 2011, compared to the previous year, the Consumers Association of Bangladesh (CAB) said in a statement yesterday.

The CAB estimate excludes the cost of education, healthcare and real transportation. It feared that the recent hike in fuel prices will push up prices of essentials, putting further squeezes on the wallets of people.

"The sudden hike in fuel prices will also push up the prices of the commodity prices which were relatively reasonable earlier," CAB said.

On Thursday, the government

raised prices of fuel by Tk 5 per litre for the third time in less than four months.

"Consumers have become helpless in the face of rise in costs of essentials. The pressure of increased costs is coming from all fronts," said CAB that tracks and analyses market data ranging from essentials foodstuffs and commodities to clothes, house rent, electricity to transport costs.

The body blamed losses in value of taka against the US dollar for hike in cost of various imported essential commodities.

Spurting petroleum prices also fuel hiking prices of essentials, said CAB claiming that rising costs are forcing a section of consumers to cut consumption while many are liquidating their savings to survive, it said.

According to the CAB, cooking oil was on top of hike in prices of essential commodities in the immediate past year. Edible oil prices rose 26 percent in the year 2011 from the previous year.

Prices of vegetables, salt, spices, sugar, soap, milk products and fruit also increased along with clothes of both men and women. Water and utility bills also increased in the year 2011, according to CAB.

But prices of the staple rice declined 10 percent. Flour prices also dropped, it added.

CAB said bus fares were kept stable. But in reality, it is not possible for commuters to have trips at government fixed rates. On other hand, it is difficult to persuade a CNG three-wheeler operator or a taxi driver to go on a

trip at government rates.

"A chaotic situation prevails in this sector," said CAB. "House rents are also soaring keeping pace with rise in cost for essential commodities, transport, gas and water."

During the year 2011, house rent has increased by 16 percent, said the association adding that home owners raised rents on the ground of increase in prices of essential items, holding tax, gas and water.

"Home owners have again served notices of increase in rents beginning January 2012," said CAB citing that many families are shifting to the suburbs from the central regions of the city.

It has affected the education of their children and their transportation, according to CAB.

"Income disparity between the rich and the poor is rising. On the other hand, inconsistency between income and expenditure increases frustration among people."

"A general disorder prevails in the health sector," said CAB, criticising the government for not giving consumers the right to seek justice in the court directly in the consumers' right protection law.

To safeguard the right of consumers, the body demanded that the government revise the law, pass the competition law and policy to foil the designs of any cartels.

It also urged the government to establish a national price commission to keep prices of essentials within the purchasing capacity of people.



Salman F Rahman, chairman of IFIC Bank, speaks at a press conference on the introduction of IFIC Bank Literary Award 2011 at Hotel Purbani in Dhaka on Saturday. Managing Director Mohammad Abdullah was also present.

## Remittance sluggish, reserve slides: Citi

(CONTINUED FROM YESTERDAY)

STAR BUSINESS DESK

Remittance inflow stood at around \$11.7 billion in FY 2011, growing by only 6.0 percent, down from 13.4 percent growth a year earlier. A drop in overseas jobs for Bangladeshi workers, especially in the Middle East countries -- a major source of remittance inflows to Bangladesh -- contributed to a slowdown in the growth of remittance earnings. Although remittance inflow was weak in the first half of the fiscal year, it started to pick up since February 2011 with a rise in overseas employment. Remittance inflows in the calendar year stood at \$11.02 billion till November, marking a rise of 9.55 percent over the same period in 2010.

At the end of June 2011, gross foreign exchange reserves of Bangladesh Bank reached \$10.9 billion (about four months of imports), marginally up from \$10.7 billion a year earlier. The robust export growth and the purchase of foreign exchange by Bangladesh Bank from the inter-bank market raised foreign exchange reserve despite the slowdown in remittance earnings and strong growth in import payments. However, the foreign exchange reserve came under pressure because of growing import payments, particularly for fuel oils, food grains, and power plant equipments. As of 13th December, forex reserve stood at \$9.35 billion (3.2 months of import coverage).

Monetary policy stance remains restraining

Pickup in output and investment activities from both public and private sectors escalated demand pressure in domestic taka and foreign exchange markets rather sharply in 2011, while slowdown in workers' remittance inflows, widening trade deficit from strong import growth, and declining capital account inflows built up substantial stress on liquidity in the taka and foreign exchange markets. In this situation, while pursuing FY11 monetary programme objectives with repo, reverse repo interest rate hikes totalling 175 basis points in four steps, BB also injected taka repo funds regularly. This unavoidable necessity meant reserve money growth path hovering quite often above the FY11 programme levels. Growing financing needs for public and private sector investment activities in pursuit of the targeted 7.0 percent real GDP growth in FY12 is likely to continue to create demand pressure in local taka and foreign exchange markets as in FY11, unless external capital account inflows improve substantially.

Taka remained under depreciation pressure

Increased import of fuel oil for consumption in the power sector coupled with imports of food items pushed the dollar-taka currency pair to tread in uncharted territories throughout 2011. The dollar/taka plunged by Tk 11.03 against the dollar during 2011, which is around 15.55 percent depreciation of taka against the dollar over the year. This is the highest percentage depreciation in taka value against the dollar since 2000. The dollar/taka exchange rate started the year hovering around 70.93 and broke the 72 level during late March. Increased demand for the greenback to meet import payments pushed the dollar/taka rate upward to break the 74.00 level during late June. The last quarter of 2011 observed the taka coming down by more than Tk 6.50 per dollar to mark the new record low around dollar/taka 81.99 level on the last trading day of December. The Bangladesh Bank has regularly intervened in the inter-bank forex market, curbing excessive volatility tendencies.

## Dhaka bourse gets new CEO

STAR BUSINESS REPORT

Dr Mosharraf Hossain joined the Dhaka Stock Exchange as its chief executive officer yesterday.

Earlier on December 13, the DSE selected Hossain for the top post of the bourse.

Hossain had last worked at American University of Bangladesh as an associate professor.

The Securities and Exchange Commission on December 13 served notice on the premier bourse for its failure to appoint a CEO in time for the top post, which has been remaining vacant since September 8.

Shuvra Kanti Choudhury joined the Dhaka bourse as its chief financial officer (CFO). Earlier, Choudhury had been working at the Central Depository of Bangladesh Ltd as a CFO.



Saleh Ahmed Bhuiyan poses for photos after getting elected as the president for the Association of Accounting Technicians of Bangladesh for 2011-2013 in Dhaka recently.

## BlackBerry's annus horribilis in Indonesia

AFP, Jakarta

Few companies better understand the difficulties of doing business in Indonesia than BlackBerry maker Research In Motion.

The government has had the Canada-based company jumping through hoops for most of the past year, repeatedly threatening to shut down its services unless it met a list of demands not required of its competitors.

For RIM, trouble in Indonesia is particularly painful as the country is the world's fastest-growing major BlackBerry market, according to industry statistics.

Subscriptions are expected to almost double from five million to 9.7 million by 2015, RIM says, as sales elsewhere tumble.

Demand is driven by Indonesia's burgeoning middle class, drawn to the BlackBerry for affordable access to the Internet and widely used BlackBerry Messenger text service.

Indonesia, Southeast Asia's most populous nation of around 240 million people, is also the region's biggest economy and is forecast to have grown 6.5 percent in 2011.

Indonesians are some of the world's most active users of social network sites. Of 41 countries surveyed, it had the highest percentage of Internet users accessing Twitter in June 2010, or more than 20 percent of its 45 million online population, online research firm comScore said.

Other major smartphone markets, such as the United States, are cooling on the BlackBerry, turning instead to Apple's iPhone and Google's Android device, pushing RIM shares down around 75 percent last year.

"Indonesia is a very important market for RIM," the firm's Asia-Pacific managing director Gregory Wade told AFP.

"We have millions of BlackBerry fans and subscribers throughout Indonesia. So it's our belief that no one loves Indonesia more than RIM."

But the government has so far returned little of the affection.

Instead, it has antagonised the company in a long-running row that could put off other foreign investors eyeing a largely untapped mobile phone and Internet market.

The communications and information technology ministry has forced RIM to build dozens of customer service centres in Indonesia, block access to pornography on its devices and help law enforcement agencies intercept encrypted data shared on BlackBerrys.

In January, the ministry officially requested RIM build a network aggregator, or data centre, somewhere in the region to lower costs to Indonesian carriers that provide BlackBerry data services.

Locating the centre in Indonesia could have given the government greater access to potentially sensitive BlackBerry data, analysts said.



Mirza Ali Behrouze Ispahani, chairman of the Ispahani Group, inaugurates its 17th Sales and Marketing Division in Savar on Saturday.

Banks made hefty profits before tax last year, despite a crisis in the stockmarket. The profits came from the banks' core business and export financing. The graph shows profit figures for a story published on B1.

### BANKS' PROFITS

