

STOCKS		COMMODITIES		ASIAN MARKETS		CURRENCIES	
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	USD	EUR
▲ 1.30%	▲ 0.68%	\$1,660.65 (per ounce)	\$99.01 (per barrel)	▲ 0.48%	▲ 1.12%	84.49	108.30
4,564.88	8,469.38			17,077.18	8,883.69	GBP	JPY
						130.26	1.06
						BUY TK	85.49
						SELL TK	112.36
							134.31
							1.16



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# BUSINESS

DHAKA THURSDAY JANUARY 26, 2012, e-mail:business@thedailystar.net

## BB to tighten monetary policy

REJAUL KARIM BYRON

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Bangladesh Bank will announce its monetary policy today for the second half of the current fiscal year with a further tightening approach.

A high official of the central bank said the main target of the policy will be to achieve the targeted GDP (gross domestic product) growth and contain high inflation.

This time, the monetary policy will also reflect the recommendations of the International Monetary Fund (IMF) as Bangladesh is going to enter the credit programme of the donor country after about a decade.

However, another BB official said the policy the central bank took at the beginning of the fiscal year will continue.

Non-food inflation crossed double digits in the recent years and outpaced food inflation for the first time in December.

The BB officials said one of the main targets of the central bank will be to contain non-food inflation.

Point-to-point inflation has been rising at a double-digit rate for a consecu-

BB to focus on
Achieving targeted GDP growth
Reining in inflation
Curbing domestic credit growth
Easing pressure on forex reserve
Cutting down import growth

tive nine months since March last year.

Such a rare incident was last seen at the beginning of 1980s when inflation grew at a double-digit rate for a long time.

The central bank may also set a target to bring down domestic credit growth below 19 percent by June this year to rein in inflation.

In the first monetary policy of the current fiscal year announced in July the target was 20 percent.

The central bank officials said, to meet the target both public sector and private sector credit growth has to be brought down. However, cutting down public sector credit growth will be a big chal-

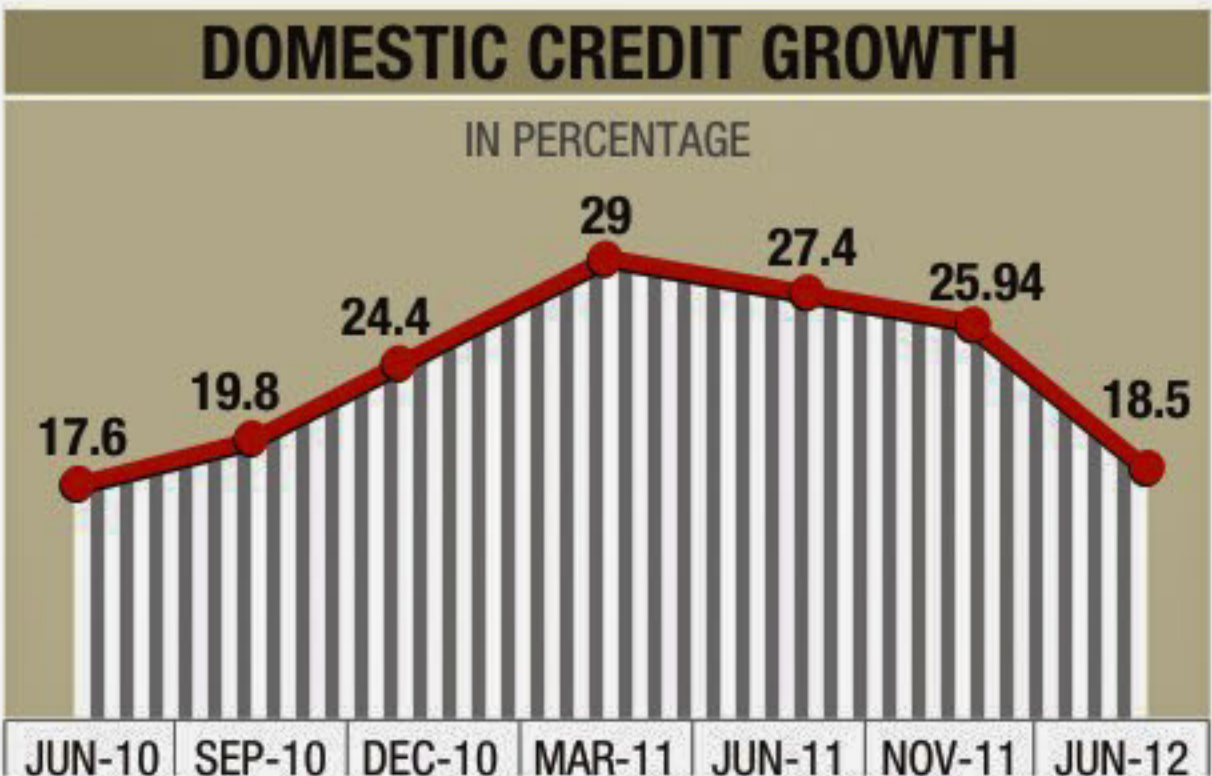
lenge, they said.

The target for private sector credit growth may be set at 13-15 percent by June next which was 18 percent in the first monetary policy.

The rate of private sector credit growth already came down to 19.33 percent in November 2011 from around 28 percent last fiscal year.

The BB has already taken several steps to contain credit growth. The moves include increasing repo rate and lifting the lending cap. The repo rate may be raised further by June.

To cut loan growth in the unproductive sector, consumers' and housing



credit's equity portion of the total amount has been hiked by the central bank recently.

Another target of the monetary policy is to ease pressure on the foreign currency reserve and exchange rate by cutting down import growth.

On January 18 foreign currency reserve was \$9.04 billion, down from \$10.91 billion on June 30 last year.

The amount of the country's present reserve is equal to 2.87 months' import bill. But according to international standard, keeping the foreign currency reserve equal to a country's three months' import bill is considered as a safe limit.

An IMF report last month said a comprehensive package of macro-policy tightening measures and financial sector restraints is needed to stabilise the economy and avert a near-term balance of payments crisis.

The rapid loss of the central bank reserves over the past few months is expected to continue beyond fiscal 2012 and makes clear that the current policies are unsustainable, with a coordinated policy response essential to restoring macro-economic stability, the report said.

## Eskayef beats rivals in sales growth

STAR BUSINESS REPORT

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Eskayef Bangladesh Ltd, one of the fastest growing pharmaceutical companies in the country, posted nearly 25 percent growth in sales last year, the highest in the industry, riding on products innovation and aggressive marketing.

In 2001, the healthcare solution provider sold medicines worth Tk 451 crore, up 24.24 percent from 2010, when the sales stood at Tk 363 crore.

"It is an amazing performance," said Latifur Rahman, chairman of Eskayef. "The company made tremendous growth last year despite uncertainty following a shake-up in top management. It was a challenging year for us."

Rahman spoke at the "Annual Conference 2011" of Eskayef at Bangabandhu International Conference Centre in Dhaka yesterday.

He said there was a sea-change at the management structure of the company in December 2009 as the board wanted to inject fresh blood to guide the company to a higher growth trajectory, which made many officials wary of its future.

Rahman said the company has set a target to take its sales to Tk 563 crore this year.

The company's sales in the animal health business segment also posted the highest growth, taking the turnover to Tk 61 crore last year, which was Tk 45 crore in 2010.



**Latifur Rahman, chairman of Eskayef Bangladesh, speaks at the annual conference of the pharmaceutical company at Bangabandhu International Conference Centre in Dhaka yesterday. The company's new CEO Simeen Hossain; directors Shahnaz Rahman, Saifur Rahman, Atiqur Rahman, Arshad Waliur Rahman and Shahzreh Huq; and general managers Mir Mostafizur Rahman, Mostafa Hasan and Mohammad Mujahidul Islam were also present.**

Eskayef started its journey in 1990 after acquiring SmithKline & French. In the first year its turnover was Tk 1.30 crore with a loss of Tk 90 lakh.

Since then the company has not looked back. Some of its products such as Losectil have already grabbed the top position in the Tk 8,000-crore medicine market of Bangladesh.

"In one area where we have never compromised is quality," said Rahman. "The highest global standard will continue in the coming days, no matter whether we make profit or not."

Eskayef is engaged in the manufacturing and marketing of a wide range of therapeutic drugs, bulk pellets and animal health and nutrition products. It now supplies medicines to countries such as the UK, Germany, UAE, the Philippines, India, Sri Lanka, Nepal, Bhutan, Sri Lanka, Myanmar, Vietnam, Ghana, Iraq, Indonesia, Kenya, Guatemala, Belize, Macau and Somalia.

It plans to add the names of Malaysia, Uzbekistan, Kazakhstan, Chile, Venezuela, Nigeria, Ghana and Yemen to

the company's list of new export destinations.

"We will soon take our products to the United States," said the chairman.

Its manufacturing facility in Tongi has achieved approval from the UK MHRA (United Kingdom Medicines and Healthcare products Regulatory Agency) and TGA (Therapeutic Goods Administration) of Australia, to help it become the only company in Bangladesh to get both the accreditations.

Under a contract manufacturing deal between Eskayef

and Novo Nordisk, the world's biggest insulin maker, a high-tech insulin manufacturing plant has been set up in Tongi to provide world-class medicines to the country's growing number of diabetic patients. It is the third plant of the Danish company in Asia after China and India.

Eskayef manufactures and markets 126 pharmaceutical products in 294 dosage forms and has established 22 products as the brand leader in the market.

Dr Mohammad Mujahidul Islam, general manager (marketing), said the company grew at 17.56 percent last year in terms of introducing new products, much faster than the sector's overall growth of 11.76 percent. In 2011, it launched 16 new medicines.

Later Rahman named Simeen Hossain, currently a director of Eskayef, as the new chief executive officer of the company.

The meeting also observed one-minute silence to commemorate the death of leading businessman Samson H Chowdhury who passed away early this month.

Eskayef directors Shahnaz Rahman, Saifur Rahman, Atiqur Rahman, Arshad Waliur Rahman and Shahzreh Huq, general managers Mir Mostafizur Rahman, Mostafa Hasan, Motiar Rahman, Abdullah Al-Wahed, KM Ariful Islam and Ikhtiar Hossain were present along with more than 800 officials of the company.

## Govt's bank borrowing is a major concern

SAJJADUR RAHMAN

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The government's hefty borrowing from banks and a poor flow of foreign aid have emerged as a double setback to the economy.

"If the government continues to spend without getting foreign aid, the situation may worsen further," a senior Bangladesh Bank (BB) official told The Daily Star yesterday.

The issue is likely to get major attention in today's monetary policy.

Though the government set its bank borrowing at Tk 19,000 crore in the budget, it crossed the limit in the first week of December. However, borrowing came down to Tk 16,000 crore in January from around Tk 22,000 crore in December.

It has impacted the dollar-taka exchange rate. "There is a dollar component in the government borrowing, which has contributed to a surge in demand and price of the greenback," said the BB official. He cited examples of petroleum and fertiliser imports.

The taka has depreciated against the dollar by over 15 percent in 2011 and the downtrend continues. A US dollar sold at Tk 85 for import payments yesterday. The devaluation affects consumers of Bangladesh, an import-dependent nation.

The inflow of foreign aid that narrows the gap between demand and supply of foreign currency has slowed significantly this year.

Officials of the Economic Relations Division (ERD) said Bangladesh received \$807 million in foreign aid during the first half of the current fiscal year, down from \$984 million for the same period last year. Of this year's foreign aid, 507 million or 63 percent was paid as principal and interest.

According to ERD, the aid commitment of the major donors was \$2.8 billion for the first half of this fiscal year.

The gap between a demand and supply of the greenback remains high this year, said another BB official of the foreign exchange and treasury management department.

If the government received the promised aid, such a mismatch between demand and supply would not be there.

"What we can do is tighten imports. The LC opening in December shows a negative 8 percent growth compared to the previous month," said the official, supporting BB's policy stance.

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## Stocks spring back to life

STAR BUSINESS REPORT

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Stocks returned to the black yesterday, buoyed by speculations that Bangladesh Bank may reduce the cash reserve requirement (CRR) to increase the liquidity flow into the money market.

The benchmark General Index of Dhaka Stock Exchange closed at 4,564.88 points, after gaining 58.79 points or 1.30 percent.

Market analysts observed that investors started buying heavily into the market after a rumour about the CRR rate spread.

A group of investors spread the word, a day after India reduced CRR to 5.5 percent from 6 percent, said analysts. The reserve requirement is a central bank regulation that sets the minimum reserve each bank must hold against customer deposits.

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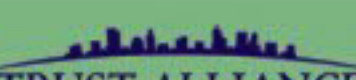



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