STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES (STANDARD CHARTERED BANK)				
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI		USD	EUR	GBP	JPY
▼ 0.19%	▼ 0.29%	▼ $1,535.82 (per ounce)	▼ $92.40 (per barrel)	▼ 1.83%	▼ 1.12%	▼ 1.58%	▼ 1.21%	BUY TK	81.25	101.33	127.89	1.00
5,010.63	9,444.57			16,030.09	8,801.17	2,831.15	2,346.19	SELL TK	82.25	105.34	131.90	1.06

Star BUSINESS

DHAKA THURSDAY MAY 17, 2012, e-mail:business@thedailystar.net

MCCI identifies five risks to economy

STAR BUSINESS REPORT

The Metropolitan Chamber of Commerce and Industry (MCCI) has identified five major factors that threaten the targeted economic growth in fiscal 2011-12.

The threats are: pressure on the balance of payments, rising government expenditure out of bank borrowing, stagnant investment, political unrest and double-digit inflation.

"These problems will need to be addressed on an urgent basis if the country is to achieve the officially targeted 7 percent GDP growth in the present fiscal year," MCCI said yesterday in its quarterly economic review that covered January-March.

MCCI said the government should take note of the donors' concerns about the country's present economic problems and adopt appropriate measures to solve those problems.

The Asian Development Bank forecast that GDP growth would slow to 6.2 percent in the current fiscal year. The International Monetary Fund has lowered the growth projection to 5.5 percent due to weaker external demand and sluggish investment.

MCCI, however, said Bangladesh's economy performed reasonably well in the third quarter of FY12 although most of the developed countries have been experiencing slow growth.

FIVE RISKS
Pressure on balance of payments
Govt's excessive bank borrowing
Stagnant investment
Political unrest
Soaring inflation

The agriculture sector depicted good growth in the quarter under review, but the chamber said continuous government support with inputs and finance will be required to sustain the sector's growth in the current fiscal year and beyond.

The services sector that grew at modest 6.6 percent in last year would have grown faster in the current fiscal year if production in real sectors increased at a greater pace.

The chamber said low disbursements of industrial term loans, a drastic decline in private sector credit growth, fall in the import of capital machinery, and erratic supply of power and gas indicate that the manufacturing sub-sector's performance has been relatively weak in the quarter under review.

In FY11, the industry sector as a whole grew by 8.2 percent and, within it, the manufacturing sub-sector grew by 9.5 percent.

"There is no official data on the performance of the sector in the quarter under review, but industry sources say industrial production has slowed down," MCCI said.

Domestic credit recorded just 11.1 percent growth during July-January of FY12 against 14.6 percent for the same period a year ago. MCCI observed the lower credit growth was due to a sharp decline in the growth of private sector credit to 10 percent in July-January from 16.4 percent in the same period a year ago.

It said like most other sectors of the economy, the growth prospect of the construction sub-sector hinges greatly on the development of the country's power and gas sectors.

On the power supply, the report said the situation has worsened in the recent days as overall demand has gone up. The average daily demand for electricity at present is approximately 6,000MW, leaving a shortage of 1,000MW to 1,500MW.

The chamber, however, said the government has added 3,300MW of new electricity generation since taking office in January 2009.

The MCCI observed declining exports, foreign aid and investments pose a threat to the economy.

Export earnings fell by 7.21 percent in March, 2012 compared to the same month a year ago. This is the first time that the monthly earnings have gone in the negative territory in the current fiscal year. On the other hand, settlement of import LCs in March, 2012 was 17 percent higher than that in February, 2012.

READ MORE ON B3

Investors take protests to HC as shareholding hearing starts

Angry investors protest writ petitions filed by directors

STAR BUSINESS REPORT

A group of retail investors yesterday staged demonstrations at the High Court as it opened a hearing on writ petitions filed by directors of several listed companies against mandatory shareholding rules.

The stock investors seek the enforcement of the mandatory shareholding rules set by the Securities and Exchange Commission.

The agitated investors kicked the doors of a courtroom of the High Court and tried to stop Barrister Rafique-ul Huq, Barrister Fida M Kamal and Dr M Zahir on their way out of the courtroom because they defended the writ petitioners.

The HC hearing was finished for the day at 4:15pm.

The bench of Justice Farid Ahmed and Justice Sheikh Hassan Arif adjourned the hearing until today.

Fida M Kamal and M Zahir, the lawyers for the petitioners, completed their arguments yesterday.

The hearing will resume today if the petitioners' lawyers appear before the court, said Attorney General Mahbubey Alam.

Around 50 investors, under the banner of Bangladesh Share Investors' Association, urged the court not to deliver any verdict that would go against the interest of the market.

STAR

Stock investors chant slogans in Dhaka yesterday, demanding quick implementation of a stimulus package announced earlier.

Earlier in the day, the investors formed a human chain on the court premises. They also tried to enter the courtroom.

However, the attorney general and the law-enforcement agencies brought the situation under control and advised the investors to leave the court premises.

The lawyers are working against the interest of the market, an investor alleged.

"Small investors will lose everything they have if the court declares the directive of the Securities and Exchange Commission illegal," he said.

In November last year, the SEC had issued the directive, saying sponsor-directors of every listed company must hold at least 30 percent share of their companies. The minimum shareholding for individual directors was set at 2 percent.

The SEC set a six-month deadline that ends on May 22 for the directors to buy stocks from the market to comply with the shareholding rules.

A source of inspiration in business

STAR BUSINESS REPORT

Amjad Khan Chowdhury's long career is full of awards and accolades, but the Daily Star-DHL award inspires him the most -- to reach new heights of success.

"It is the most important and coveted award for businesses in Bangladesh," said the chief executive officer of PRAN-RFL Group, one of the biggest agro-processing companies.

Last year, Chowdhury won the Business Person of the Year award for transforming a simple idea of producing agro-processed foods into a company of 30,000 employees in 1991.

Chowdhury said his colleagues in PRAN-RFL Group achieved the recognition. The award is the recognition of the quality of the products the company sells at home and abroad and the values its employees nurtures.

The award inspired his company to continue with the current goals: to improve the status of daily industry in Bangladesh, said Chowdhury, the president of Metropolitan Chamber of Commerce and Industry.

He also said the evaluation process of Bangladesh Business Awards is indeed as best as it could be in present times and circumstances.

This year the awards stepped into its 12th year. The award has become the country's premier recognition of businesses that have made major strides in economic development.

This year's awards ceremony will be held at Sonargaon Hotel in Dhaka tomorrow.

Selina Quader, owner of Agroconcern, an agriculture products producer, said many women are doing fantastic jobs across the country, but there are only one or two dedicated awards to recognise their contribution.

"Through the Bangladesh Business Awards our work and contribution to the economy and society is being recognised," she told The Daily Star.

Selina won Bangladesh Business Awards in 2004 in the Outstanding Woman in Business category.

She said her responsibility to the society and economy has gone up after winning the award. "I feel more encouraged to work harder and achieve more success."

She said she expanded her business after being encouraged with the award.

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Old office equipment to face import bar

Commerce secretary discloses govt's next move

STAR BUSINESS REPORT

The government is likely to finalise the import policy for 2012-15 restricting imports of scrap, old computers and other office equipment to prevent environmental hazards, Commerce Secretary Ghulam Hossain said yesterday.

The restriction is aimed at preventing attempts to dump old electronics computers, photocopiers, fax machines, printers and other office equipment in the name of recycling, he said.

"Recycling of an old computer and other office equipment is more expensive than making a new one. These are wastes and harmful to the environment," Hossain told reporters after a daylong consultation with different stakeholders, including businesses, on the draft import policy at Ruposhi Bangla Hotel in Dhaka.

He said many people from abroad want to donate old computers and other office equipment because recycling of these items is difficult.

"Bangladesh should not be used as a dumping place for old computers and other office equipment."

Hossain, however, said the import of toxicity-free old vessels would be allowed to support domestic steelmakers considering the country's need to develop infrastructure, industries and housing.

"As steel import is expensive for a country like us, we have to consider a trade-off. We need old ships for infrastructure development and industrialisation of the country," he said.

"At this initial stage of development, we can not afford to discourage scrap vessel imports," he said, adding that old ships with toxicity free certificates from the exporting country may be allowed.

The legally binding import policy, which the government renews every three years, may become effective in July, as the current policy expires in June.

The import policy, which is almost at final stage, will focus on continuation of the government objective of trade liberalisation.

At the same time, it will also aim to protect the domestic industry to speed up economic growth, create jobs and accelerate the pace of poverty reduction.

Hossain said the policy aims to protect the interests of domestic industries keeping in mind the vision of becoming a mid-income country by 2021 and it was prepared in the light of the export policy.

"We tried to make the import policy complimentary to achieve the vision of our export policy," he said.

According to secretary, the new policy will reduce the cost of doing business.

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Fridge importers demand duty cuts

STAR BUSINESS REPORT

Refrigerator and air-conditioner merchants yesterday urged the government to reduce import duty on those products in the 2012-13 budget.

"Bangladesh imports 88 percent of the products the country uses, and the rest are assembled locally," said Lutfar Rahman, president of Bangladesh Refrigeration and Air-conditioning Merchants Association (BRAMA).

"But the country's present duty structure is not business-friendly at all," Rahman told reporters at the National Press Club in Dhaka yesterday.

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