STOCKS		COMMODITIES (As of Friday)		ASIAN MARKETS (Friday closing)			
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 1.72%	▼ 1.69%	▲ $1,573.10 (per ounce)	▲ $90.74 (per barrel)	▼ 0.03%	▲ 0.20%	▼ 0.24%	▼ 0.74%
4,715.62	8,971.25			16,217.82	8,580.39	2,772.75	2,333.55

CURRENCIES (BANGLADESH BANK)	USD	EUR	GBP	JPY
BUY TK	81.25	100.39	125.57	1.00
SELL TK	82.25	104.30	129.54	1.06

Star BUSINESS

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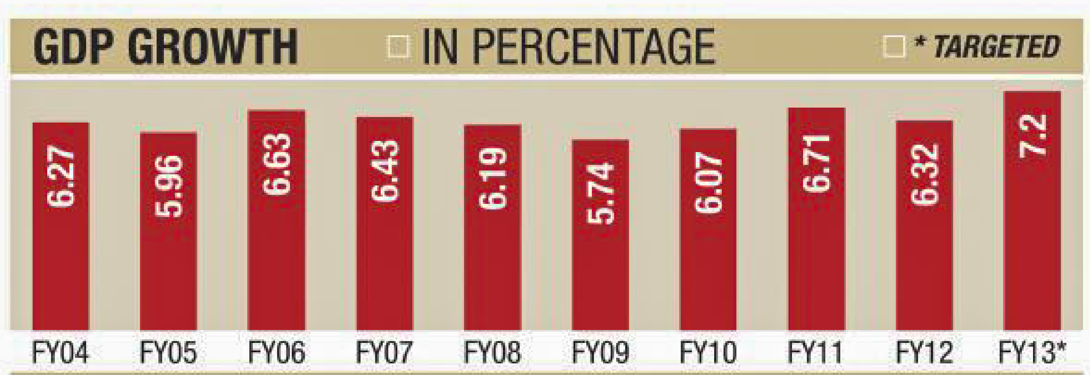
GDP growth stuck in narrow circle

REJAUL KARIM BYRON



In the last several years, finance ministers tried to take the economy above 7 percent growth, but always missed it.

This time around, Finance Minister AMA Muhith hoped to cross the target. Again, he not only missed it but fell behind the last fiscal year's achievement.

According to the government's provisional estimate, growth would be 6.32 percent this year.

Now the finance minister looks to the next fiscal year to reach the milestone, and has also set a target of 7.2 percent.

However, economists are sceptical about reaching the target due both to global and domestic factors.

Finance ministers usually feel comfortable as a member of a political cabinet when the inflation rate remains low and growth high.

The present finance minister Muhith was also at ease in the first two years in office when inflation was low and growth on the rise.

In the first year of Muhith as a finance minister in fiscal 2009-10, GDP growth was 6.07 percent, while the rate was 6.71 percent in the following year.

The current fiscal year's target was 7 percent.

Economists and businesspeople blamed the government's repeated failure to achieve a 7 percent growth on perennial power and gas crises, poor infrastructures and political instability.

Anwar Hossain, chairman of Anwar Group and the recipient of this year's Business Person of the Year award of The Daily Star and DHL Express, said recently Bangladesh can easily achieve double digits growth if these problems are solved.

After the independence of Bangladesh in 1971, the country achieved an average 3 percent growth a year in the first decade, while the growth was 4 percent in the 1980s. In the third decade, the growth rate was on an average 5 percent per year.

In fiscal 2004, growth crossed 6 percent for the first time but since then the figure could not cross the 7 percent hurdle.

Sadiq Ahmed, vice chairman of Policy Research Institute (PRI), said the most immediate reason why this growth will not be achieved is a huge slowdown in growth of exports, especially garments, because of the European debt crisis.

Mirza Azizul Islam, an adviser to the immediate past caretaker government, said the possibility of attaining a 7 percent GDP growth in the next fiscal year is thin due to the debt crisis in Europe.

"The external environment is not very conducive," Islam said, adding that recession will continue in Europe in 2012 and the situation

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will improve slightly the following year.

The US economy is better than that of Europe but growth there will remain slow, he added.

The US and EU are the two major export markets of Bangladesh, and any meltdown in these markets will have an adverse effect on the overall economy of Bangladesh.

On the domestic factors, Islam said the government has been failing to use foreign aid in a satisfactory manner. There will be a shortfall in the government's investment as well. On the other hand, the government has been borrowing heavily from the banking system and will have to do so in the next year to face the pressure of expenditure, said the former adviser.

Islam said a huge borrowing from banks will have a crowding effect on the private sector.

"So it is very much unlikely to raise the next year's growth by 1 percentage point over the current year."

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Qatar keen to fund Padma bridge

Talks on power, airport upgrade, river dredging

DIPLOMATIC CORRESPONDENT

Qatar is keen to invest in Bangladesh's major projects, including Padma bridge construction, a power project, airport upgrade, river dredging and a manpower training institute.

A 10-member delegation led by Assistant Minister for International Cooperation Affairs of Qatar Sheikh Ahmed Bin Mohammed Bin Jabr Al Thani opened talks with Bangladesh yesterday.

Bangladesh is negotiating with Qatar for funds for the construction of Padma bridge, Foreign Minister Dipu Moni, who led Bangladesh at the meeting, told reporters after the three-hour meeting at Sonargaon Hotel.

"We have already signed a memorandum of understanding with Malaysia. If it is feasible, acceptable and agreed by all the parties, we can have a tripartite agreement," she said.

The Qatari minister said the Padma bridge is a key project his country is pursuing.

The $2.9 billion Padma bridge project has stalled, as the World Bank, the lead co-financier, raised allegations of corruption in it. Other financers, including JICA, ADB and IDB have also suspended funds.

With Qatar, Bangladesh placed a number of projects -- a 1,000 megawatt LNG-based power plant to be built at the cost of $1.3 billion at Moheshkhali, procurement of five dredgers and ancillary equipment for the revival of the river systems at $55.26 million and a technical training centre that may cost $11 million.

The construction of the third terminal at Hazrat Shahjalal International Airport and construction of a cargo village at $405 million, upgrading the Kadda-Joydevpur-Debogram-Bhulta-Madanpur road (Dhaka bypass) into four lanes at $140 million were also on the list.

Jabr Al Thani said they are very much interested to conclude the agreements with Bangladesh as soon as possible.

He said his country has been experiencing an influx of workers as it is building infrastructure for the World Cup 2022, which is going to be held in the Middle Eastern country.

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Keep Ramadan prices stable: govt to businesses

STAR BUSINESS DESK

The government yesterday urged business leaders to keep the prices of basic commodities within the reach of ordinary consumers during the Ramadan.

The commerce ministry asked the relevant agencies to stay alert so that the prices of edible oil and sugar remain stable.

"The country has an adequate stock of edible oil and sugar," the ministry said in a statement yesterday after holding a meeting with the stakeholders. Commerce Secretary Ghulam Hussain presided over the meeting at the ministry.

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BANGLAR CHOKH

Clockwise from left, **workers of Opex & Sinha Textile Group block the Dhaka-Sylhet highway in Narayanganj yesterday to protest an attack on a trade union leader. Protesters set wooden materials on fire. Law enforcers disperse the protesters. Story on page 1.**

BGMEA demands punishment to factory attackers

STAR BUSINESS REPORT

Expressing their grave concern over the recent incidents of unrest in the sector, the garment makers yesterday demanded immediate punitive actions against the persons responsible for such violence.

The leaders of the garment makers' platform, Bangladesh Garment Manufacturers and Exporters Association (BGMEA), called for bringing the culprits to book immediately, in a meeting held at the association office in Dhaka.

The leaders also condemned the attack on garment workers' leader Montoo Ghosh at the factory of Opex & Sinha Textile Group at Kanchpur under Narayanganj district.

The owners, labour leaders, workers, lawmakers and top police officials attended the meeting to discuss the latest situation of the garment sector as the Kanchpur area turned into a battleground yesterday following the attack on Montoo Ghosh.

In a statement, BGMEA President Shafiul Islam Mohiuddin said a vested quarter is trying to create anarchy in the country's highest foreign currency earning sector when it is struggling to maintain its competitiveness amid another global financial crisis.

"Given the global financial condition, the garment sector is now struggling to make profit. At such a critical time a vested quarter is trying to damage the sector through provoking the troublemakers among the workers. We want immediate punishment of those people for the sake of protecting the economy," he said.

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Stocks slip for fourth day

STAR BUSINESS REPORT

Stocks declined for the fourth day as investors' confidence eroded as writ petitions were filed by directors of listed firms.

The High Court was yet to take any decision on the writ petitions that had been filed challenging the section 2CC of Securities and Exchange Ordinance 1969.

The Securities and Exchange Commission issued mandatory shareholdings directive by using its special power under section 2CC.

The benchmark General Index, DGEN, the indicator of Dhaka Stock Exchange, finished the day at 4,715 points, after falling 82.29 points or 1.71 percent.

"Lack of confidence due to uncertainties blocked fresh investment in the market. Investors were keen to reduce portfolio exposure and to wait for a more favourable environment," IDLC Investments Ltd said in its market analysis.

Low turnover indicated that most of the investors were keenly watching the movement of the market while keeping own participation low, LankaBangla Securities Ltd said in its market commentary.

Turnover lost 0.1 percent to Tk 172 crore, compared to the previous day. A total of 0.54 lakh trades were executed with 3.75 crore shares and mutual fund units changing hands on the Dhaka bourse.

Of 256 issues that traded through the week, 229 declined, only 29 advanced and eight remained unchanged.

Prices of liquid milk shoot up

STAR BUSINESS REPORT

Leading liquid milk processors have hiked prices by 5.45 percent per litre on the ground of increased processing, transportation and packaging costs, they said yesterday.

However, their purchasing prices at the dairy farmer's end remain unchanged.

Consumers now pay Tk 3 extra to Tk 58 for a litre of liquid or pasteurised milk processed by three major processors, including state-sponsored Bangladesh Milk Producers' Cooperative Union Ltd (BMPCUL), which sells milk under the brand Milk Vita.

The prices of half-litre packs were raised by 6.66 percent or Tk 2 to Tk 32. Other smaller packs also witnessed a price hike.

"We have hiked the prices due to increased costs of processing and transportation resulting from a spike in the prices of fuel, electricity and gas," said Altaf Hossain, general manager of BMPCUL that sells up to two lakh litres of liquid milk daily.

He, however, said the BMPCUL is yet to take any decision on whether the prices at the farmers end would be increased following the spiral at the consumers' end.

The milk producers' cooperative platform increased the prices on May 26 -- two weeks after its nearest rival BRAC Dairy hiked the prices citing reasons of higher processing and other costs.

The second biggest processor, BRAC Dairy, which sells milk under the brand name of Aarong, increased the prices to the present level early this month.

Following Milk Vita and BRAC, another major processor Pran yesterday said it would increase the prices to the level of its competitors.

The rise in the prices by Tk 3 to Tk 58 each litre will be effective from today, said Kamruzzaman Kamal, director (marketing) of PRAN-RFL Group, yesterday.

"Now we have to pass the costs on to the consumers," he said but added that the prices at the producers' level would remain the same.

The price hike by processors coincides with the time when consumption and production of milk goes up, with households preferring the freshness of liquid to the powdered milk.

Hossain of the BMPCUL said the price hike would not affect sales and demand.

Md Mosleh Uddin, general manager of BRAC Dairy and Food Project, said the company has increased the prices to 'sustain' their business and encourage farmers to boost milk production.

"We had no alternative to increasing the prices. It would become tough for us to carry on if we continued selling milk at the previous prices," said Mosleh Uddin of BRAC Dairy.

He blamed the increased fuel and electricity prices for the rising costs of processing.

"We have raised the prices to support the farmers."

The BRAC Dairy official said they had not increased the prices of liquid milk since July last year, although they had to buy milk from the farmers at higher prices to keep them encouraged.

Mosleh Uddin also said sales of Aarong milk slumped after the price hike on May 10 as other processors stayed on the sidelines.

BRAC collects 140,000 litres of milk daily from the farmers.

Over the years, domestic production of milk has increased, buoyed by entry of new investors and a shortfall in supply against the backdrop of rising demand.

Currently, nine local companies are engaged in processing locally produced milk.

In 2011, the companies processed nearly 150 million litres of liquid milk. Four years ago, the total volume of processed liquid milk was 85 million litres, according to Kamal of PRAN.