

# Stable sugar prices in Ramadan: Barua

STAR BUSINESS REPORT

Sugar prices will remain stable during Ramadan amid high demand for the sweetener, as the government is working to increase its stocks, Industries Minister Dilip Barua said yesterday.

"We will give sugar to consumers at Tk 60 per kg during Ramadan," Barua said in a press meet at Dhaka Reporters Unity (DRU).

The DRU organised the event as a part of their monthly programme.

"The government is working relentlessly to solve the country's power crisis and infrastructure problem," he said.

The minister also stressed the need for long-term policies to ensure

high economic growth. Political stability is a must for attracting fresh investments, he said.

Barua said his government is trying hard to develop the industries sector, as it re-opened some closed industries and made industrial cities and medicine industry city for creating new jobs.

He said the government undertook a project, Active Pharmaceutical Ingredient Project, to help domestic pharmaceuticals to produce medicine raw materials.

The project will be completed by this year, he said.

DRU President Shakhawat Hossain Badshah and General Secretary Sajjad Alam Khan

# DSE launches online trading platform Sunday

STAR BUSINESS REPORT

Dhaka Stock Exchange will launch an internet-based platform for share transactions on Sunday.

The platform will enable stock investors to place buy or sell orders with traders from anywhere in the world by logging into the terminal with respective passwords.

The desktop-based trading platform that is in use will still be in place.

"The software will not only boost retail participation, but it will allow investors to become self-managers of their portfolio as well," Musharrif M Hussain, chief executive officer of the DSE, told reporters.

Explaining how the software would work, DSE Chief Technology Officer ASM Khairuzzaman said that when a buy or sell order would be placed through the virtual platform, it would come to the main trading terminal where authorised traders would press a button that would send the order to the trading engine for execution.

To use the virtual platform, BO account holders will have to request for a password from the DSE. When logged in to the trading server for the first time, the investor must change the password for security purpose, he said.

# House panel asks BTCL to take in arrears over ISD calls

STAR BUSINESS REPORT

A parliamentary body yesterday asked Bangladesh Telecommunications Company Ltd to take in Tk 1,000 crore in arrears from different international carriers over ISD calls.

Several international carriers -- the channels through which ISD calls are made -- owe huge amounts of money to BTCL over the years.

BTCL has yet to realise money from those carriers, despite the committee's repeated direction, Hasanul Haq Inu, chief of the parliamentary standing committee on telecom ministry, told The Daily Star yesterday.

Inu, a lawmaker and

president of Jatiya Samajtantrik Dal, also said: "The committee gave final instructions to BTCL top officials for realising that money."

"The committee asked BTRC officials to hold bilateral talks with officials of the South Asian countries to reduce costs of phone calls to those countries," Inu said about the significantly higher charges of calls to India, Pakistan and other South Asian countries than the USA.

The committee asked BTRC to resolve standoff situation between Grameenphone, City Cell, Robi, Banglalink and the Regulatory Commission over renewal of 2G license.

# Increase frozen food exports: Hasina

UNB, Dhaka

Prime Minister Sheikh Hasina yesterday urged the leaders of Bangladesh Frozen Foods Exporters Association to increase frozen food export, including some varieties of local fish, to boost export earnings.

Hasina made the call when a delegation of the association met her at her office in Dhaka.

She said the present government is providing all supports for the development of the frozen food sector and increase its export.

Press Secretary to the Prime Minister Abul Kalam Azad briefed reporters after the meeting.

Hasina highlighted the huge demand for some varieties of local fish abroad, particularly among the expatriate Bangladeshis, and said Bangladesh can earn huge foreign currency through exporting these varieties.

The delegation led by the association's President Qazi Shahnewaz stressed the need for increasing the volume of frozen foods and development of fish culture and food processing industries.

The premier assured them of taking steps in consultation with the finance minister after the current budget session of parliament.

PM's Economic Adviser Mashiur Rahman, Principal Secretary Sheikh Md Wahid-Uz Zaman, PMO secretary Mollah Waheeduzzaman and Press Secretary



Ananya Raihan, executive director of D.Net, and Rashed Maqsood, Citi country officer, attend the launch of the fourth Citi Financial IT Case Competition at the bank's head office in Dhaka recently. The competition is supported by The Citi Foundation, the philanthropic arm of Citi, and is being organised in collaboration with D.Net.



AKM Shahidul Haque, managing director of Mercantile Bank, attends a programme recently where the bank signed a deal with Seagull Hotels Ltd in Cox's Bazar. The bank's employers/employees and debit and credit cardholders will get corporate facilities at the hotel.

# SIBL elects new chairman

STAR BUSINESS DESK

Nasir Uddin has recently been elected as the chairman of Social Islami Bank Ltd, the bank said in a statement yesterday.

The election took place at the bank's board meeting on May 31 while Noor-alam Choudhury and A Jabbar Mollah were elected as vice-chairmen.

Nasir is the chairman of Northern General Insurance, proprietor of Nasim Trading Company and Nams Trade Corporation and director of JAN Corporation.



Nasir Uddin

# Mozena fears 'perfect storm' in garment sector

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His company's reputation is worth more than saving a few cents per shirt bought from Bangladesh, Mozena added.

In another instance, he said, at a recent dinner in Dhaka, six buyers for major American brands took him aside and shared with him the increasing concerns coming out of their respective headquarters about what they see as happening in Bangladesh, as conveyed to the American public through negative stories in the media.

Bangladesh is a truly blessed country and has the chance to be the world's largest textile articles exporter, he said.

But the chance depends on creating a political stability as major political parties should reach an early agreement on a mechanism for holding free, fair, credible and participatory elections, Mozena added.

The recent incidents in the garment sector could coalesce into a perfect storm that could threaten Bangladesh and the Bangladesh brand in America, which could drive away key American buyers of Bangladesh RMG, he warned.

Mozena said Bangladeshi activists who monitor labour in the RMG sector tell him that workers are becoming increasingly 'restive', mainly due to the growing failure of wages to keep up with the rising cost of living and the increasing vulnerability labour leaders feel as a result of the murder of Aminul and harassment of other labour activists.

The murder of Aminul, a labour activist who was associated with the AFL-CIO affiliated, USG-supported Solidarity Centre here in Dhaka, has elicited little

attention or interest in Bangladesh. But that is not the case in the US, where labour rights supporters have seized on this issue, highlighting it as a major escalation in the erosion of labour rights in Bangladesh, Mozena said.

Several members of Congress have written to US Secretary of State Hillary Clinton to convey their concern about this case, he said.

"Secretary Clinton raised Aminul by name with the prime minister, foreign minister and leader of opposition; the secretary discussed the labour situation in Bangladesh in each of those meetings," he said, referring to Clinton's visit to Bangladesh.

Mozena mentioned a pending petition by American Federation of Labour and Congress of Industrial Organisations (AFLCIO) to suspend Bangladesh's GSP (generalised system of preferences) rights. Although RMG products do not benefit directly from GSP, the suspension of these rights would send a negative message across America that Bangladesh is anti-labour, he said.

"That message would not be lost on RMG buyers, nor consumers."

The signing of the US-Bangladesh Trade and Investment Cooperation Framework Agreement (TICFA) is not a precondition in getting duty-free access of Bangladeshi garments to the US market, he added.

TICFA is a quite simple and has only a single action item (the establishment of a forum to identify and seek to resolve obstacles to increasing bilateral trade and investment); it has now been dragging on for four years, he said.

# Challenges reign high

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The continued high inflation also slowed economic growth by 0.4 percentage point to 6.3 percent.

Despite a hike in policy rates by 325 basis points in the last 18 months, inflation remained higher and above the comfort level of the central bank (7.5 percent) throughout the outgoing fiscal year.

"From all indications, it seems that inflationary pressure will sustain in the upcoming fiscal year," the CPD said on Monday.

Global commodity prices, which are relatively stable at the moment, may exhibit uptrend anytime fuelled by the Middle East and Eurozone crises.

**Private investment:**

Private investment declining from 19.5 percent of GDP in 2010-11 to 19.1 percent of GDP in the outgoing year is a concern. According to the WB, volatilities in the global economic environment, high variability in inflation, tighter credit conditions and energy shortages have caused for this decline. According to the CPD, it would be the biggest challenge for the government to revert private investment.

Despite a liberal regime for foreign direct investment, the country is failing to attract it.

**Fiscal consolidation:**

Fiscal consolidation should be on the top of the government's list of priorities as it is likely to play a significant role in controlling inflation. Though the budget deficit for fiscal 2011-12 remained within the target of 5 percent of GDP, it was mainly because of the failure to imple-

ment development programmes.

The finance minister is likely to set deficit at nearly 5.1 percent of GDP for the coming year. To meet the target, finance ministry officials said Tk 33,000 crore would have to be brought from domestic sources, meaning the government may have to borrow heavily from banks.

**Subsidies:**

Another vital issue is the government's rising subsidy bill. With increasing subsidies on petroleum, food items and fertilisers, it is estimated that the subsidy bill for the outgoing year was Tk 46,000 crore from original estimate of Tk 29,000 crore.

Though the government is committed to keep the subsidies within Tk 15,000 crore as per the International Monetary Fund's prescription, it seems impossible as the government has already carried over around Tk 11,000 crore to the next year.

Moreover, a rise in crude oil prices on the international market from the present level of \$100 a barrel would further swell the subsidy bill.

**Social safety net:**

This year as well, the spotlight is likely to be on the existing schemes in supporting the poor. The government presently runs around 90 programmes under safety nets and if it not increased in the coming budget, the spending would rise considering the rate of inflation.

**Infrastructure investment:**

Increasing investments in infrastructures has become the most important aspect of the budget. In the outgoing year, the allocation for energy and physical communication was close to 35 percent of the outlay.



Mostafizur Rahman, vice chairman of NCC Bank, inaugurates an ATM booth of the bank in Motijheel on Sunday. Mohammed Nurul Amin, managing director, was also present.

# Subsidy to weigh on next budget

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Budget deficit may be more than Tk 52,000 crore. Net foreign aid of Tk 20,430 crore has been set aside for meeting the budget deficit.

To meet the deficit among the domestic sources, Tk 21,000 crore to Tk 22,000 crore may be borrowed from the banking system, while the rest will be non-bank borrowing. However, another official of the finance ministry said the amount of borrowing from banks may be set below Tk 20,000 crore to meet the conditions of the International Monetary Fund.

A special employment generation project of Tk 410 crore for the ultra-poor may be included in the budget. For building important rural infrastructure, Tk 1,500 crore may be allocated, and Tk 2,100 crore may be given for repairing roads.

The defence ministry may get the highest allocation of Tk 12,888 crore followed by education at Tk 11,914 crore. The Local Government Division will be given Tk 11,839 crore.

# Hasina seeks more German assistance

UNB, Dhaka

Prime Minister Sheikh Hasina yesterday sought more German assistance in Bangladesh's various sectors, including power, IT and health.

Hasina made the plea when the outgoing German Ambassador to Bangladesh Holger Michael met her at her office.

After the meeting, PM's Press Secretary Abul Kalam Azad briefed reporters.

# Budgetary proposals for 2012-13

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Civil Aviation Authority of Bangladesh (CAAB): Bangladesh airlines cannot operate flights to the USA on account of CAAB being downgraded to category 2 from category 1 by US Federal Authority. The capacity building of CAAB shall require additional budgetary allocation.

**Industry:**

i) The import-export policy that expires in 2012 is likely to be replaced by a more dynamic three years trade policy which should take into consideration the projected GDP growth.

ii) Additionally, the trade policy may be in general to focus on the future of the Chittagong port as a regional hub for trade and commerce and to facilitate its activities like Singapore and Dubai.

Tourism sector: Cox's Bazar and Kuakata sea beaches need to be upgraded to attract larger number of tourists both from home and abroad.

**RMG, textiles and leather:**

i) Budgetary allocation is needed to expedite the completion of garment park that will help relocate factories from Dhaka city.

ii) The backward linkage textile industries shall require support so that they can be competitive in this sector.

iii) Adequate allocation for realising "Leather industry city" is needed to expedite the project.

Jute: Jute mills should be brought under the purview of agro-based industries as recommended by the Jute Commission. For roads and development activities for the jute sector budgetary allocation should be made for conducting research for high quality jute seeds and jute fibres.

Ship building: Bangladesh Bank may take initiative to introduce alternate way for endorsement of payment guarantee with a view to reducing cost imposed on the manufacturers by the ship buyers that provide payment guarantee duly reconfirmed by international banks.

Light engineering: Under the public private partnership, a separate park to be established for the light engineering industrial units.

**Pharmaceuticals:**

i) Fund allocation is required to complete balance 50 percent work of the Active Pharmaceutical Ingredient Park.

ii) Funds should also be allocated for arranging world class storage facilities for life saving drugs and vaccines at the international airports.

Stock exchange: To support large infrastructural activities the government may introduce "Special Bond" to attract foreign and non-resident Bangladeshis.

Income tax net: To increase the number of tax payers in the country, the deputy commissioners of all districts in collaboration with NBR officials must act as a catalyst to encourage businessmen and professionals including medium and large traders to enroll themselves and obtain TIN certificates.

Use of solar power: Import duties and VAT may be reduced to zero to encourage use of solar/renewable energy.

Real estate: To cater to the need of low and middle income groups VAT, income tax and registration fee for apartments constructed outside the Dhaka city limits may be reduced by 50 percent.

Transportation: Duty structure for the transportation sector particularly on buses for mass transport may be reduced by 50 percent to allow people of low and middle income group safe and comfortable journey.

Duty on cars up to 1,600cc should be reduced by 50 percent to assess middle income group affordable vehicles.