**ASIAN MARKETS** 

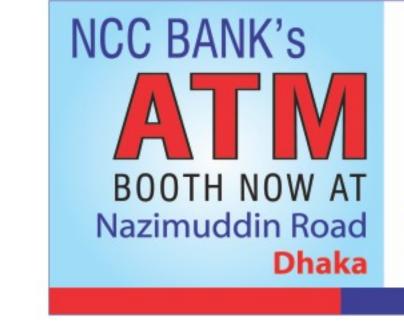
TOKY0

**V** 0.32%

MUMBAI

\$88.65

**0.47%** 





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IN MARCH

DHAKA THURSDAY JULY 19, 2012, e-mail:business@thedailystar.net

COMMODITIES

\$1,579.18

#### Ministry urges importers to keep Ramadan prices down

**STOCKS** 

**3.86%** 

CSCX

**3.73%** 

DGEN

STAR BUSINESS REPORT

The commerce ministry yesterday urged commodity importers to bring down the prices of edible oil and sugar to international levels for Ramadan.

"We have adequate supply of edible oil and sugar to support their prices at a reasonable range for consumers," Commerce Secretary Ghulam Hussain said at a meeting with top commodity importers at his office.

A total of 14.23 lakh tonnes of crude edible oil and 18.57 lakh tonnes of sugar were imported during the immediate past fiscal year, according to statistics from the commerce ministry.

The prices of both commodities fell in the international market but it is not reflected in Bangladesh, Hussain said.

"The price of edible oil has fallen in the international market," he said.

"Please cut down the price by at least Tk 1 per litre," Hussain pleaded to the businessmen, with his hands folded.

**READ MORE ON B3** 

# BB aims to meet growth target, lower inflation

#### Central bank brings changes to credit flows to public and private sectors

STAR BUSINESS REPORT

Bangladesh Bank aims to control credit flow to public and private sectors in such a manner that can both meet the government's GDP growth target and lower

...........

"The monetary policy stance ensures that attaining the GDP growth target is not constrained by access to credit for productive purposes," BB Governor Atiur Rahman said yesterday.

The BB also wants to limit domestic credit growth to levels consistent with the inflation target in the current fiscal year," Rahman said while announcing the monetary policy for July-December, at the central bank headquarters in Dhaka.

In the current fiscal year, the GDP (gross domestic product) growth target has been set at 7.2 percent and inflation at 7.5 percent on an average basis.

The target of the private sector

credit growth to be achieved by percentage points over the previous year's target and set at 18.3 In the previous monetary policy, a target was set to bring

down private sector credit growth to 16 percent by June, but the central bank has estimated that it may be 18.5 percent during the period.

However, the public sector credit growth has been lowered by 17.5 percentage points and set at 13.5 percent by December.

In the previous monetary policy, a target was set to contain public sector credit growth at 31 percent by June, but the BB estimated that it may be 23.4 percent during the period.

**CURRENCIES** 

**BUY TK** 

SHANGHAI

**0.37%** 

SINGAPORE

Flat

BANGLADESH BANK

**€EUR €GBP ¥JPY** 

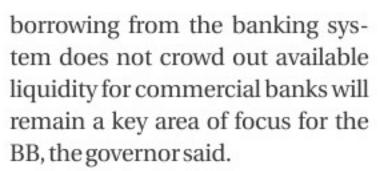
81.80 100.09 126.80 1.02

December has been raised by 2.3 the target for the private sector ernment's target for borrowing credit growth by June next year has been set at 18 percent and for the public sector at 20.8 percent. The BB governor said credit to

the private sector is envisaged to remain at a healthy 18 percent, above that in other countries in the region, and enough to accommodate the GDP growth target for the current fiscal year.

This stance is being closely coordinated with the finance ministry, he said.

Ensuring that the government's

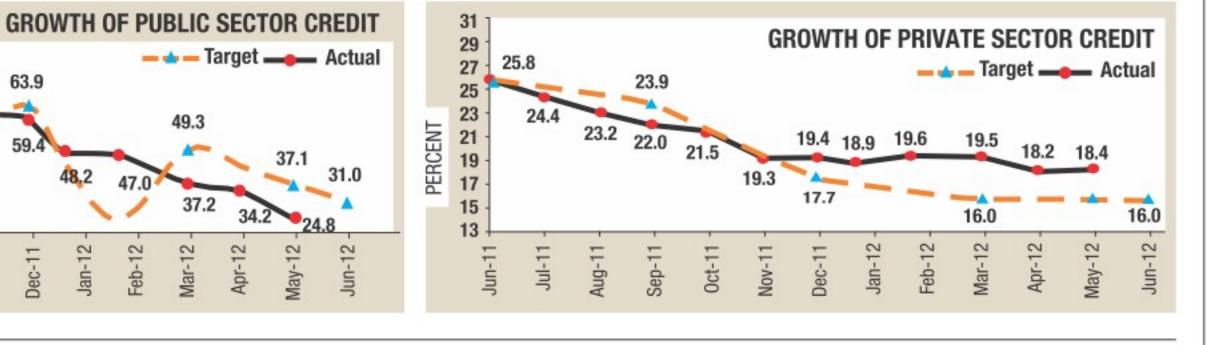


Hassan Zaman, senior adviser In the new monetary policy, to the BB governor, said the govfrom the banking sector at Tk 23,000 crore for the current fiscal year has been included in the monetary programme.

> But the growth in such borrowing this fiscal year is lower than that in the last fiscal year, he

> The BB will also take steps to ease the liquidity pressure on a few primary dealer banks that are required to absorb government's securities, he added.

> > **READ MORE ON B3**



### JS panel asks GP to resolve job cut issue

STAR BUSINESS REPORT

A parliamentary panel at a meeting yesterday asked Grameenphone Ltd to sit with the telecommunications regulator and the ministry concerned to resolve the top mobile operator's recent job termination issue immediately.

The parliamentary standing committee on the labour ministry also said the mobile operator has terminated its staff members 'arbitrarily'.

The committee warned that it would ask the government to take legal steps against the mobile operator if it fails to properly address irregularities in the job termination process.

The committee also said that the GP boss, Tore Johnsen, in the meeting offered to sit with the parliamentary body in an exclusive meeting to further discuss the issue, which the committee rejected.

"They [GP] did not issue any notice before terminating the staff members. They [GP] just took interview and terminated the employees saying they were nonperformers. They also terminated a large number of staffers in the name of organisational restructuring, which is not logical," Israfil Alam, chief of the committee, said after the meeting at Jatiya Sangsad Bhaban.

Tore Johnsen said GP has undertaken an internal organisational process where some of the roles and functions have been merged with others, while new roles and functions have emerged in other areas.

"Unfortunately the company has to let go some of the employees whose skill sets do not match with the new positions and we are unable to place them in other areas despite the fact that we would prefer to do that whenever possible," said the GP chief executive.

GP, which has more than 4,800 officials now, had declared

a one-day general leave for all its officials on July 8, after a

group of officials staged demonstration in front of its head office at Bashundhara residential area in the capital.

**READ MORE ON B3** 



## Bangladesh signs deals for 12 projects under Indian credit

STAR BUSINESS REPORT

Bangladesh has so far signed contracts for 12 projects worth \$654.71 million with India for developing its infrastructure under the neighbour's \$1 billion line of credit.

Of the projects, bidding for four projects is under process, while letters of credit (LC) for another four have been opened. The rest are waiting approval or are in a pre-bid process, according to India High Commission data.

Under the first project, Bangladesh will buy 300 double-decker buses, 100 single-decker buses and 50 articulated buses (having two sections linked by a joint) at a cost of \$36.85 million. A total of 91 double-decker buses have already been delivered by Ashok Leyland

and 35 are in transit.

the double-decker buses will be in November last year. made by the end of October. Ashok Leyland will start deliver-

ing the single-decker and articulated buses four months after opening of the LCs. The second project to procure

180 broad gauge bogie oil tank wagons and six broad gauge bogie brake vans from Indian Texmaco Rail Engineering Ltd will cost \$17.38 million.

The LC was opened in March this year and the first delivery is expected in the same month next

Under the third project, a second Bhairab and second Titas bridge with approach rail lines will be constructed at a cost of \$120

million. A contract was signed with The final delivery for the rest of STUP Consultants Pvt Ltd of India The mobilisation advance for

> \$0.54 million was released in May, and the feasibility study and design will be complete by September. The bidding will then take place. Under the fourth project, 10

> motives will be procured at a cost of \$33.048 million. A contract to this effect was signed with RITES, an enterprise of

broad gauge diesel electric loco-

the Indian government, in January and the LC was opened in March. The mobilisation advance for \$9.32 million was released in June

and delivery is expected in March next year.

**READ MORE ON B3** 

## Stocks rise on new monetary policy

STAR BUSINESS REPORT

Stocks gained by 3.86 percent yesterday as the announcement of the new expansionary monetary policy sent the investors into an upbeat mood.

DGEN, the benchmark index of Dhaka Stock Exchange (DSE), finished the day at 4,183.32 points, after gaining 155.52 points.

"This is a stockmarket friendly monetary policy," said Rakibur Rahman, president of DSE.

Although the new monetary policy, in essence, is simply continuation of the existing one, investors' mood was still lifted, said IDLC Securities in its market research.

Bangladesh Bank's decision to increase the private sector credit growth to 18.3 percent from 16 percent is most likely to increase the credit flow into the capital market, the report added.

"The new monetary policy suggested of accommodation of private sector credit growth and reining-in of government borrowings to a more rational level," said LankaBangla Securities in its market commentary.

Turnover rose by 67.7 percent in comparison to previous day, to Tk 204 crore.

A total of 0.72 lakh trades were executed on the DSE, with 4.76 crore shares and mutual fund units changing hands.

Of the 268 issues that traded on the day, 255 advanced, 9 declined and 4 remained unchanged.

All major sectors gained on the day, with non-bank financial institutions rising by 5.78 percent, general insurance by 5.76 percent, engineering 5.62 percent, cement 5.44 percent, textile 4.62 percent and power 4.58 percent.

Grameenphone was the most traded stocks chart owing to its transactions of 5.8 lakh shares worth Tk 11.7 crore.

Salvo Chemical Industry was the biggest gainer of the day, rising by 10 percent, while LR Global Bangladesh Mutual Fund, by plunging by 3 percent, was the worst loser of the day.



SOHEL PARVEZ

Potato prices rose in the recent months as growers, traders and cold storage operators have tightened supply to get higher prices.

Retail prices of potato now range from Tk 24 to Tk 26 a kilogram in the city markets, up by 85 percent from Tk 12-15 in early March, immediately after the harvest, according to Trading Corporation of Bangladesh (TCB).

Insiders linked the price spiral to a tight supply from cold storages amid speculation that potato prices may go up further due to a decline in production this year.

Retail prices were Tk 12-Tk 15 a kg in mid-July last year, according to the TCB. "Potato production has dropped and there has been a

speculation since the beginning of the season that potato will bring good business this year," said Mostofa Azad Chowdhury, managing director of Motahar Group of Industries. "So the stockists are releasing potato slowly," said

with 10 lakh tonnes of capacity, mainly in the northwestern potato producing zone in greater Rangpur. "We have not got adequate potato from farmers to fill our storages this year. We had to give incentives such as

Chowdhury. Motahar Group owns nine cold storages

advance loans to farmers to encourage them to grow and store potatoes with us," he said. Potato output slipped marginally to 82.05 lakh tonnes this year from 83.26 lakh tonnes last year due to a reduced

acreage, according to Bangladesh Bureau of Statistics. Even then the output is much higher than the annual demand, as has been estimated by the Bangladesh Cold

Storage Association (BCSA), which says the annual demand for potato stands at about 60 lakh tonnes. This year, 40 lakh tonnes of potatoes including 7-8 lakh tonnes of seed potatoes, have been stored in the cold

storages, up from 36 lakh tonnes last year, said Jasim Uddin, chairman of the association. Potatoes from cold storages have started coming to

market from June and the supply will continue until the arrival of the next crop. Jasim blamed the price spiral on the increased electricity tariff, higher rentals for storing potatoes in

storages and a fall in production this year. He, however, disagreed that there is a reduced supply

from the cold storages. He blamed traders in the supply chain for the price hike, which has made the farmers happy.

"It's good that the prices have gone up. It will be good if I can recover the losses of the past two years," said Mir Sirajul Islam, a farmer in Munshiganj district, a major potato growing area.

The farmer, however, said growers will hardly be able to reap the benefit of the price spiral.

"Farmers do not have huge stocks of potato this year," he said, adding that the stockists (aratdars) and operators of cold storages have bought bulk of the potato this year and kept them in cold storages.

They are delivering potatoes in smaller amounts, he said. Nasir Uddin, another farmer in Rangpur, echoed Islam that growers have stored a small amount of potatoes this year in cold storages.

He said the prices of two varieties of potato -- diamond and cardinal -- have increased more than the prices of the granular variety.

There is a speculation that the prices of diamond and cardinal varieties will increase even further after the fasting month of Ramadan, he said.

