

STOCKS		COMMODITIES		ASIAN MARKETS		CURRENCIES	
DGEN	2.23%	Gold	\$1,789.90	MUMBAI	0.63%	USD	81.50
CSCX	2.12%	Oil	\$91.00	TOKYO	0.44%	EUR	105.28
	4,542.64			SINGAPORE	0.69%	GBP	131.49
	8,760.15			SHANGHAI	Closed	JPY	1.04
						BUY TK	81.59
						SELL TK	105.40
							131.65
							1.04

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star BUSINESS

DHAKA MONDAY OCTOBER 8, 2012, e-mail: business@thedailystar.net

BB to tighten grip on banks to avert shocks

The central bank launches financial stability report, blames foreign banks for higher spread

STAR BUSINESS REPORT

The central bank will introduce more regulations and strengthen supervision over banks in the coming months to avert any "systemic crisis" in the sector, the governor said yesterday.

Atiur Rahman, however, did not detail the regulations in the pipeline and asked the banks not to be worried about the changes.

He was talking to the chief executive officers of banks at the launch of the Financial Stability Report 2011 at the Bangladesh Bank office.

"It doesn't mean that the sector will become over-regulated," Rahman said.

However, the BB efforts alone will not work without the implementation of prudential rules and regulations by banks, non-bank financial institutions, and regulators of other financial

intermediaries, said the governor.

The report, launched by the BB for the second time, was prepared to understand the resilience of the financial system in dealing with unanticipated and adverse shocks.

The report outlined the major trends in the banking industry and the non-bank financial institutions with respect to their impact on financial stability.

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From right, Amjad Khan Chowdhury, president of MCCI; GM Quader, commerce minister; Ghulam Hussain, commerce secretary; Md Shahab Ullah, chairman of Bangladesh Tariff Commission; Sadiq Ahmed, vice-chairman of Policy Research Institute; and Rokia Afzal Rahman, former caretaker government adviser, attend a seminar on trade facilitation at the MCCI building in Dhaka yesterday.

Inflation drops on stable food prices

Power price hike pushes up non-food inflation

STAR BUSINESS REPORT

Inflation eased for the third month in September thanks to stable prices of food, but spiralling electricity prices, transport cost and house rents pushed up non-food inflation.

Overall inflation slipped to 7.39 percent in September, compared with 7.93 percent in August, according to data released by Bangladesh Bureau of Statistics yesterday. Food inflation dropped to 6.16 percent in September from 7.10 percent a month ago.

Non-food inflation soared to 9.95 percent last month from 9.59 percent in August, said the statistical agency that calculated inflation taking 1995-96 as the base year.

In a press briefing at its office in Dhaka, BBS Director General Golam

Mostafa Kamal linked higher non-food inflation to a power price hike.

The government increased power tariff 15 percent to Tk 5.75 a unit on September 1 to cut subsidy on power.

As per the BBS estimate based on 1995-96 base year, inflation dropped in both rural and urban areas because of a decline in food price index.

Stable prices of food, mainly rice, contributed to the falling inflation, said Zaid Bakht, research director of Bangladesh Institute of Development Studies.

"A good stock at government warehouses reduced the scope to hike prices through hoarding," he said, adding that the central bank's move to curb lending to unproductive sectors also contributed to the declining inflation, which is good for the economy.

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CONSUMER PRICE INDEX

Inflation falls to
7.39%

Food inflation drops to
6.16%

Non-food inflation rises to
9.95%

DSE to probe Delta Spinners, United Airways

STAR BUSINESS REPORT

The Dhaka Stock Exchange (DSE) will investigate the recent trade patterns and financial statements of two listed companies whose share prices rose abnormally in the last couple of months.

The premier bourse's board on Thursday asked the management to carry out the inquiry on the two firms, Delta Spinners and United Airways, and submit a probe report in the next meeting.

In the last two months, Delta Spinners' share price leapt by 180 percent, while United Airways by 150 percent.

The DSE, on several occasions, sent letters to the companies asking them whether there was any undisclosed price sensitive information behind the price spiral.

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Govt moves to remove export-import hassles

STAR BUSINESS REPORT

The government will form a trade facilitation council to ensure better services for the businesspeople in overseas trades, Commerce Minister GM Quader said yesterday.

The council will ease the procedures of import and export of goods through simplification and automation of the system as the businesses often complain of hassles in such trades.

But the minister did not say when and how the council will be formed.

"We are also formulating a comprehensive trade policy," Quader said.

He said a businessman needs to take approvals from at least 31 desks at airports to export a product, which is time consuming.

"This is the price of democracy," the minister said.

Once the trade facilitation body is formed, the businesses will not face such hassles as the procedures will be automated and e-certification will be in place.

"Automation also reduces rent-seeking," Quader said.

About border trade with India, the minister said Bangladesh wants to increase the number of land customs stations in the border areas, but India does not want to do so.

The commerce ministry wants to sign a free trade agreement (FTA) with Malaysia, but the National Board of Revenue opposes the idea, arguing that the country will lose revenue substantially if the deal is signed.

The commerce ministry is now working on the possible FTAs with Malaysia, Turkey and Sri Lanka, the minister said.

Quader also ruled out the possibility of losing 20 percent business

by Bangladeshi garment exporters if the EU and India sign an FTA, saying many buyers are now coming to Bangladesh.

Quader was responding to a keynote presentation on "trade facilitation in Bangladesh: constraints and way forward" at the office of Metropolitan Chamber of Commerce and Industry in Dhaka.

The MCCI organised the seminar in collaboration with Bangladesh Tariff Commission where Rama Dewan, a deputy chief of the commission, presented the paper.

Commerce Secretary Ghulam Hussain said the ministry is now working to amend the Bangladesh Companies Act 1994.

The competition law and multi-level marketing law have already been passed in parliament, he added.

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