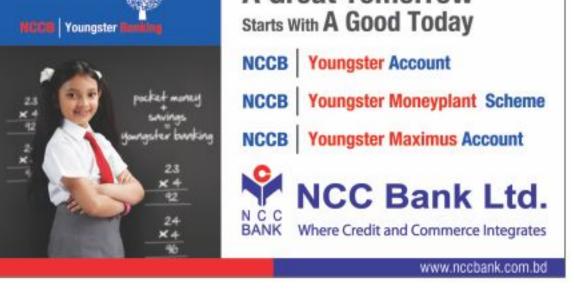
SINGAPORE SHANGHAI





DHAKA MONDAY JUNE 24, 2013, e-mail:business@thedailystar.net

COMMODITIES

Political stability crucial to 7.2pc GDP growth

ASIAN MARKETS

Analysts speak at budget discussion

STAR BUSINESS REPORT

STOCKS

CSCX

DGEN

A leading chamber yesterday identified a stable political environment and smooth implementation of projects as crucial factors for attaining the 7.2 percent GDP growth rate desired by the government in fiscal 2013-14. Given the upcoming budget

would be implemented by three successive governments, a strong form of continuity is needed to achieve the GDP growth rate projected in the proposed budget, said Rokia Afzal Rahman, president of the Metropolitan Chamber of Commerce and Industry (MCCI). "Given the uncertainties, politi-

cal stability and proper implementation of the projects would be vital," she said, while calling for close coordination between the fiscal policy and the monetary policy to attain the macroeconomic objectives of the government. Her comments came at a discus-

sion on the budget for the upcoming fiscal year, jointly organised by the MCCI and Policy Research Institute of Bangladesh (PRI) at the conference room of the chamber in Dhaka. The MCCI chief lauded the

finance minister for keeping the government's bank borrowing target low.

exceeds the budget amount, it could result in crowding out of private investment, which may lead to liquidity problems and raise interest rates." The entrepreneur, however,

expressed disappointment over the spend. This has to end." continued scope to gain amnesty certain sectors.

"We think such provisions will discourage honest taxpayers from paying taxes and may generate



STANDARD CHARTERED BANK

From right, Rokia Afzal Rahman, president of the Metropolitan Chamber of Commerce and Industry (MCCI); Dilip Barua, industries minister; Zaidi Sattar, chairman of Policy Research Institute of Bangladesh (PRI); SA Samad, executive chairman of Board of Investment; and Osman Farruk, former education minister, attend a discussion on the national budget, organised by the MCCI and PRI in Dhaka yesterday.

more black money in the system." SA Samad, executive chairman

"But, if the actual borrowing of Board of Investment, expressed disappointment at the parliament's control over the fiscal policies.

"It is very unfortunate. Sometimes, the lawmakers do not know how much expenditure they are authorising the government to

Former Finance Secretary for black money via investment in Siddiqur Rahman said the government's good performance in revenue collection in the last four years does not match its expenditure management.

He said a number of projects in transport and power sectors were identified for supporting the economic growth before the government took office four years ago, but they are yet to be realised.

Rahman cited the Dhaka-Chittagong highway project, which was approved in 2006 but only 31 to 32 percent of it has been implemented so far. "Is there any other project more important than this in the country?"

PRI Executive Director Ahsan H Mansur said the budget aims to moderately expand the size of the

government but in a manner consistent with macroeconomic stabil-

He, however, is sceptical about the GDP growth target being met given the underlying political and economic environment as well as the infrastructure gaps and governance issues, which would not support the corresponding higher level of investment.

The economist, however, rebuffed claims that the budget was largely aimed at the national polls, due early next year. READ MORE ON B3



			PRICES
	ITEM	June 16	June 23
	SUGAR	46-48	48-50
	ONION	27-38	28-40
	CUMIN	350-420	380-450
	CINNAMON	220-240	230-250
	CARDAMOM	1,100-1,350	1,200-1,500
			TK/PER

Commodity prices creep up despite ample supply

"The government

would be no short-

fall in supply of

- no price spiral

commodities and -

during Ramadan"

assures there

SOHEL PARVEZ

Despite assurances of adequate supply, the prices of various essentials have edged up in the city markets in anticipation of amplified demand ahead of Ramadan.

Early this week, prices of sugar, one of the most essential items during the month of fasting, rose 4.25 percent to Tk 48-50 each kilogram. The prices of onion, a main cooking

ingredient, too, shot up: from Tk 27-38 per kilogram a week ago to Tk 28-40. Lentil, gram, date, ginger

and bottled soybean oil are also selling at higher prices, although estimates from Bangladesh Tariff Commission (BTC) show supplies to be sufficient to meet the increased demand ahead of Ramadan.

In addition, prices of various spices such as cumin, cinnamon and cardamom also went up at the retail level, according to Trading Corporation of Bangladesh (TCB).

delayed arrival of imported raw sugar of City Group of Industries, which operates the largest sugar refinery, said Anwar Habib, president of Bangladesh Sugar Merchants Association. "But prices may stabilise this week," he

said, while tipping it to remain steady during the entire month of Ramadan, scheduled to start in the second week of Dhaka.

BTC, taking local production, import and average monthly consumption, says that sugar stock stands at 173,000 tonnes now --

and 160,000 tonnes would be required during Ramadan.

It also asserts that the supply of palm and

soybean oil, lentil, gram, onion and ginger are higher than the estimated demand for Ramadan. But there appears to be a justifiable rea-

son for the hike in onion prices. "Traders are charging high in India, while supply of locally produced onion is limited," said Moniruzzaman Manzu of Dhaka Banijjalay, an onion wholesale store.

Regardless, BTC says the prices should not exceed Tk 20 a kilo-

> Enayetullah Hossain, president of an association of spice traders, said prices remain unchanged at wholesale trade, and that there is no ground for a spike in spice prices.

Meanwhile, government agencies have assured that there would be no shortfall in supply of commodities, particularly gram and dates. "We are not appre-

The sugar prices were fuelled by the hending any supply shortfall given the existing supply in the market, imported goods in the pipeline and stocks at TCB," said Monoj Kumar Roy, additional secretary

> of commerce ministry. But ginger and good-quality chickpeas may rise due to higher import costs, said RS Khondokar Babul, general secretary of an association of agricultural item importers in

> To curb an unusual hike in prices, surveillance teams have started visiting markets and TCB has begun selling of products on the open market.

Credit growth slows in political jitters

STAR BUSINESS REPORT

High bank interest rates and investors' lack of confidence have continued to hurt private sector credit growth for several months now.

Private sector credit growth dropped by 6.32 percentage points to 12.68 percent year-on-year in April, the lowest since fiscal 2009-10, data from Bangladesh Bank shows.

It was 12.72 percent in March and 13.96 percent in February. The credit growth figure for April was significantly lower than the target set by the central bank in its monetary policy stance for January-June 2013.

"It is true that confidence in the business community has eroded in recent months, especially after violent political activities, including hartals," Kazi Akram Uddin Ahmed, president of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), told The

Daily Star. Ahmed said a high bank interest rate -- 16 percent to 17 percent -- is also a big barrier to

restoring confidence in business community. "Things won't improve overnight."

Bangladesh is passing a volatile time for the upcoming national elections. The situation has impacted the private sector -- from banks and industries to small businesses.

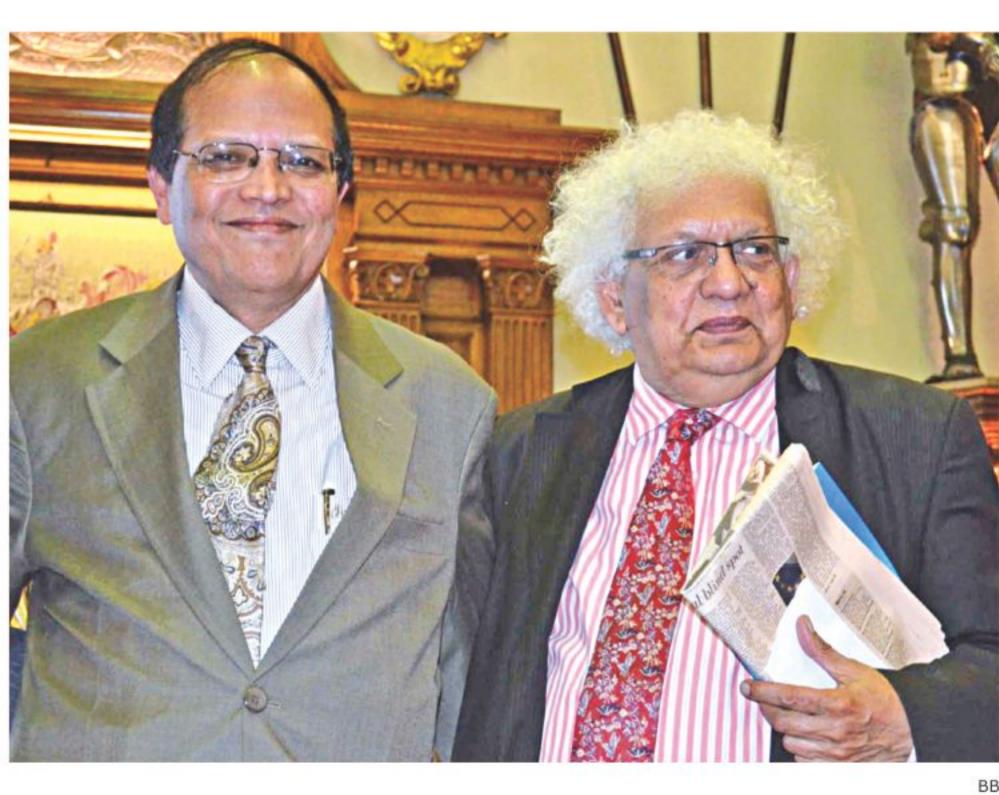
Political turmoil has not only caused a slump in private sector credit growth but also affected the banks' loan-deposit ratio. The overall loandeposit ratio in the banking sector declined to 74.9 percent on May 2 from 76.59 percent on December 31, 2012. The ratio was 80.33 percent on June 7, 2012.

The dollar is now trading at Tk 77-78, compared with Tk 86 a year ago, due to poor import demand.

Consequently, banks' excess liquidity (funds available for loans) reached around Tk 70,000 crore in May.

"The business community has taken a waitand-see stance due to the volatile political conditions," said a senior central bank official on the present economic situation.

Ahmed, president of the FBCCI, however hoped the situation would improve once the political impasse passed.



Bangladesh Bank Governor Atiur Rahman poses with Lord Meghnad Desai, chairman of Official Monetary and Financial Institutions Forum Advisory Board, during Rahman's Golden Series Lecture on socioeconomic trends and prospects in Bangladesh, in London on June 21.

Tesco to send official to sort Bangladesh issues

REFAYET ULLAH MIRDHA

A top official of the British retailer Tesco is due in the country on June 29 to resolve its issues with Liberty Fashions. Tesco recently cancelled an order worth \$2

crore with the Savar-based Liberty Fashions after its surveyor team found problems with the building's "beams, slabs and columns", a decision which Mozammel Huq, the company's managing director, claims has left him losing Tk 50 lakh a day.

To find a solution suitable for both parties, Christophe Roussel, Tesco's international sourcing director, is calling in Dhaka, Huq told

The Daily Star. He also said that Tesco informed him that it would re-consider its decision should the test results from Bangladesh University of Engineering and Technology's (BUET) inspec-

tion team come in favour of Liberty Fashions.

The expert panel have already examined the three-and-half storey building and will submit the test result by Wednesday, Sekender Ali, coordinator of the team, said.

Meanwhile, Primark, another British retailer, has decided on June 17 to terminate its relationship with Liberty Fashions with immediate effect, following feedback from its own inspection team that the supplier is "housed in

an unsafe building". "Primark immediately asked the owners of Liberty Fashions to evacuate the building, and offered support on this basis. To date, Liberty has failed to evacuate the premises and is refusing to

do so," the British retailer said in a statement. "Following further discussions with Liberty, trade unions, the ILO and BGMEA, Primark was left with no alternative but to terminate its relationship

with this supplier with immediate effect." Primark added that it bought a "relatively small amount of clothing" from Liberty Fashions.

Yunus Centre gearing up for Social Business Day

About 1,000 participants are expected to join annual event on Friday

STAR BUSINESS DESK

Yunus Centre will organise the fourth annual Social Business Day with the theme of "turning visions into realities" at Radisson Hotel in Dhaka on Friday.

The event will give participants an opportunity to discuss their work, business models, recent achievements and challenges -face-to-face -- with social business entrepreneurs from around the world, Yunus Centre said in a statement yesterday.

This year's daylong programme will include plenary discussions among distinguished participants, special presentations and speech by Nobel laureate Muhammad Yunus.

Social Business Day 2013 is a platform to share experiences in social businesses -non-dividend companies to solve social problems, according to the statement.

This year, about 1,000 participants will join Social Business Day, including 150 participants from 30 countries.

Participants will hear first-hand accounts from representatives of social business organisations around the world who have been working in the field.

social business working in Bangladesh and three events.

various countries of Asia, Europe and Latin

America will be showcased. There will also be different panel sessions to highlight issues such as "Entrepreneurs and investors," "Social business: youth and technology,' "Social business and healthcare", "NGOs and social business"

and "Microfinance as social business". Emmanuel Faber, CEO of Danone, France; Binod Chaudhary, chairman of Chaudhary Group, Nepal; YAM Tunku Redhauddin, prince of Seremban State, Malaysia; Monique Coleman, UN youth ambassador; Prof Rahmah Mohamed, deputy vice chancellor of The National University of Malaysia; Andrea Heinecke, founder of the Dialogue in the Dark, Germany; Prof Cam Donaldson, Glasgow Caledonian University, Yunus Chair in social business and health; Larry Reed, director of Microcredit Summit Campaign, and Gabo Arora, UN department of economic and social affairs, will also speak at the event.

On June 29, three Bangladeshi universities -- North South University, Daffodil International University and Dhaka International University -- will organise A Social Business Marketplace will take special programmes on social business. place, where products and programmes of Professor Yunus is expected to speak at all

