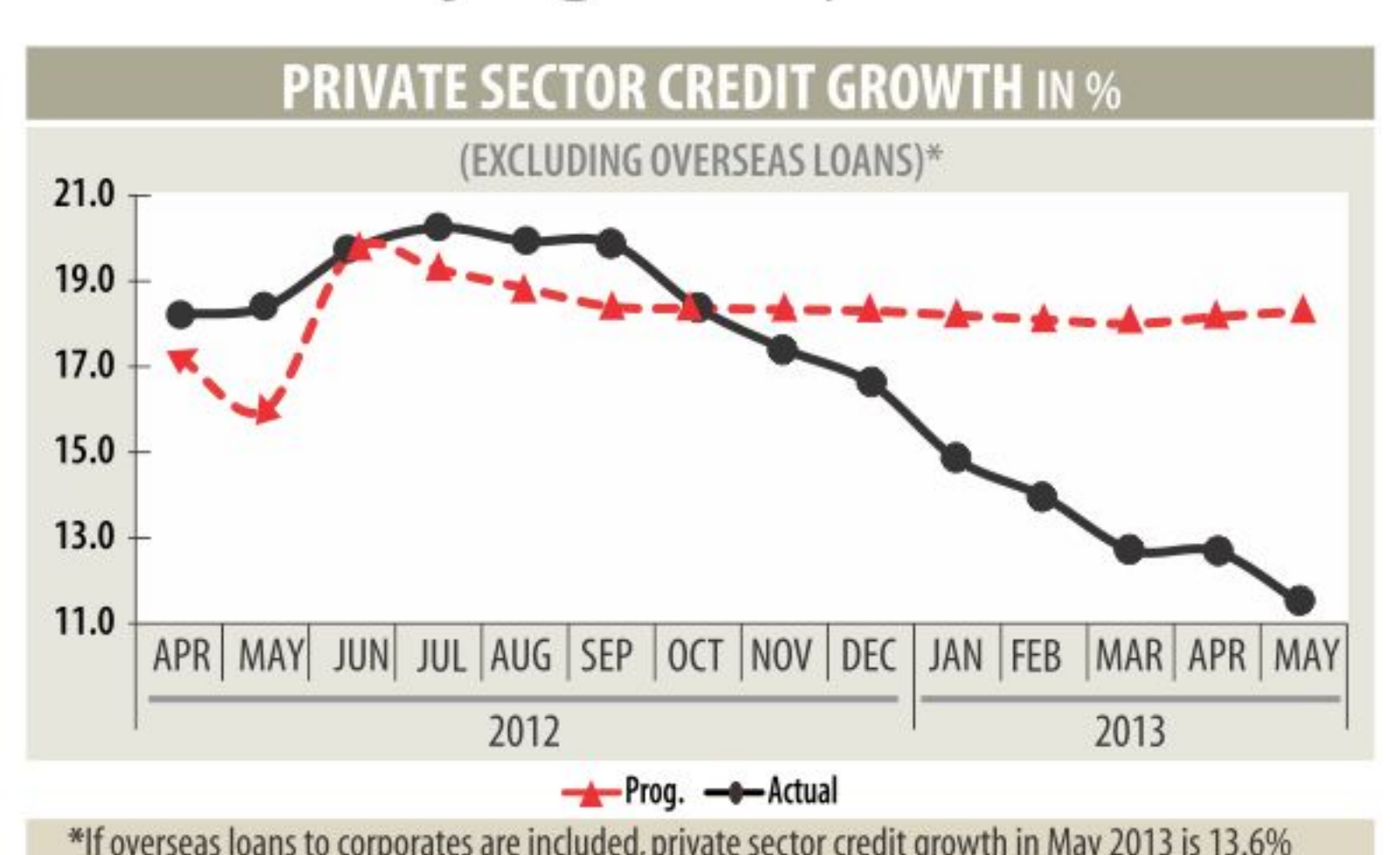
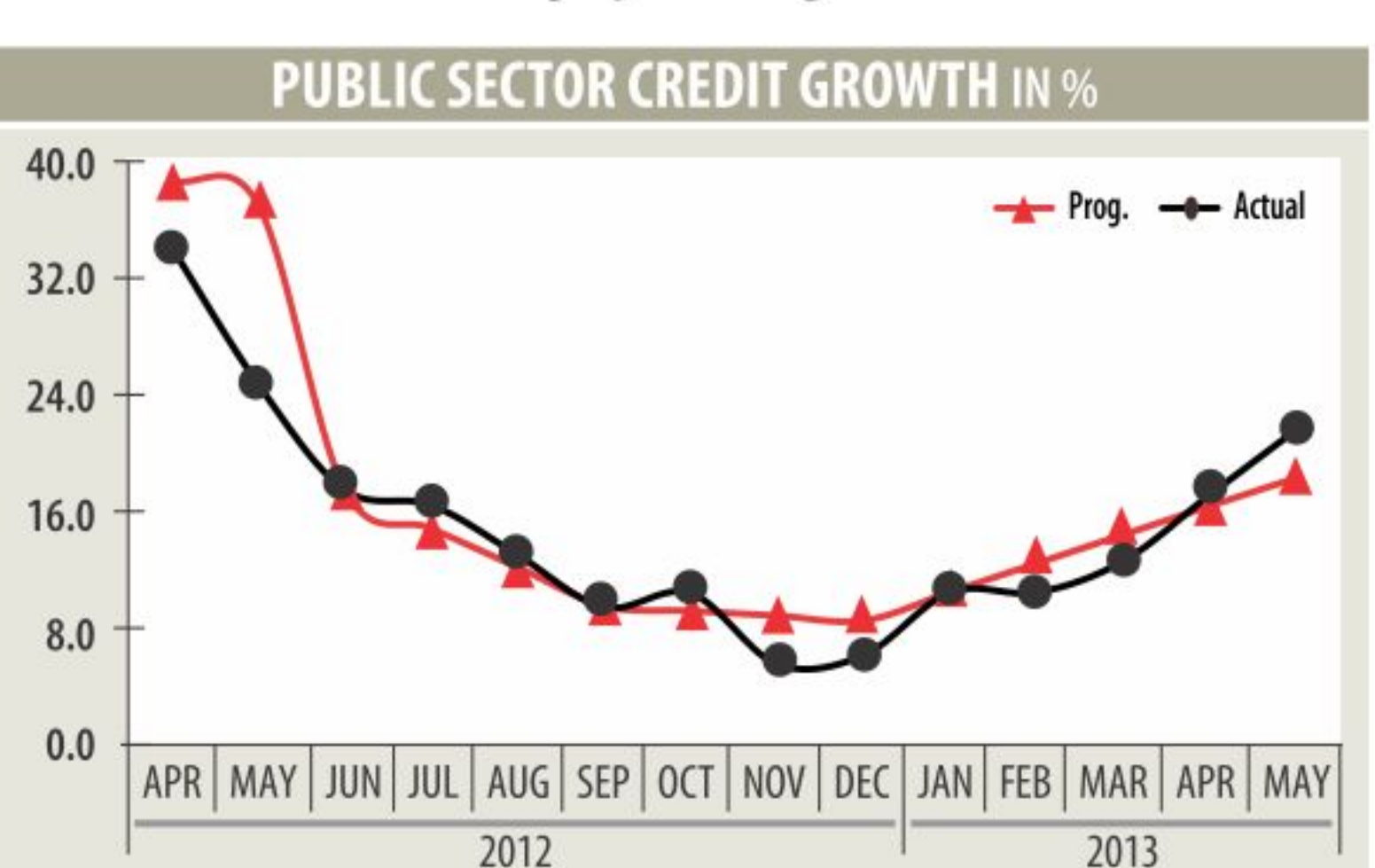


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BB aims to lower inflation, keep up growth momentum

New monetary policy looks to cushion economy against political risks



STAR BUSINESS REPORT

Bangladesh Bank yesterday set targets to contain inflation and maintain growth momentum in the face of a possible rise in expenditure and political unrest ahead of parliamentary election.

The inflation target for fiscal 2013-14 is 7 percent – down from 7.7 percent recorded last year, while BB's growth outlook for the current fiscal year is 6.2 percent, the average of last ten years' growth figures.

"If you are a mountain, think like a mountain," Governor Atiur Rahman said, while unveiling the monetary policy for the first half of fiscal 2013-14. "We will have to keep

the circumstances in mind, and we have done exactly that while formulating the monetary policy."

"Setting monetary targets is not an exact science – we consider many factors including a range of economic growth and inflation forecasts, the current levels of credit growth and the general investment climate for the next 6-12 months," said Hassan Zaman, chief economist of BB.

Zaman said there are several deterrents to achieving the inflation target, which is 7 percent using the 1995-96 base and 6.0-6.5 percent using the 2005-06 base.

"The impending wage increases in the public and private sectors, the likelihood of supply disruptions

due to prolonged nationwide strikes in the lead-up to parliamentary elections, bad weather and the rising inflation in India, pose as risks. Long-run data shows inflation in India and Bangladesh inflation move in the same direction."

BB, therefore, plans to target a monetary growth path in the July-December period that assists in achieving the inflation target, "while ensuring that credit growth is sufficient to stimulate inclusive economic growth."

Specifically, the central bank aims to contain reserve money growth to 15.5 percent and broad money growth to 17.2 percent by December 2013.

"The broad money growth figure should be interpreted more as a ceiling beyond which inflation risks will escalate. And likewise, if the actual private credit growth figure is below its ceiling it reflects the current appetite to borrow in the economy, which, in turn, is affected by many factors," said Zaman.

About the private sector credit growth, which has been lacklustre in recent months, the central bank has set the target of 15.5 percent for December 2013 and 16.5 percent for June 2014. BB set 18.3 percent as private sector credit growth target for the second half of fiscal 2012-13; as per latest data, which is of May 2013, it stood at 11.43 percent.

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Govt firm to cleanse GB: Dipu Moni

PALLAB BHATTACHARYA, New Delhi

Foreign Minister Dipu Moni yesterday said her government was determined to have Grameen Bank "cleansed".

She said the bank was a statutory body and it is to be regulated by the central bank and the government.

"Our democratically elected government was asked questions by the media and the international community on certain reports," Dipu Moni said in response to a question after delivering a speech in New Delhi.

"We had to take some action," she said.

"There was much undue criticism of us but we go by the law. We are determined to have it [Grameen Bank] probed and cleaned," she said.

The government was taking numerous steps for poverty alleviation, the minister said. "We will go on with our initiatives."

Action plan on factory safety

Govt signs roadmap with employers and workers; ILO to assist in implementation

STAR BUSINESS DESK

The government yesterday signed a plan of action on fire safety and structural integrity in the garment sector with the employers' and workers' organizations.

Key activities identified in the plan include assessment of the structural integrity and fire safety of garment factory buildings and strengthening labour inspection.

Worker and management training and occupational safety and health and worker rights and rehabilitation of disabled workers are part of the plan.

The International Labour Organisation will assist in the implementation and coordination of the roadmap, known as national tripartite plan of action, ILO said in a statement.

Implementation will be monitored by a high-level committee, which will be chaired by Labour and Employment Secretary Mikail Shipar.

The panel will review and update the plan of action as necessary, including for activities to be carried out this year and in 2014 and 2015.

The action plan was signed at the labour and employment ministry by the labour secretary, President of Bangladesh Employer's Federation Md Fazlul Hoque, BGMEA Vice President Reaz-Bin-Mahmood, BKMEA First Vice President Mohammad Hatem, Chairman of National Coordination Committee for Workers' Education Sukkur Mahmud and Secretary-General of the Industrial Bangladesh Council Roy Ramesh Chandra.

The plan brings together the NTPA on fire safety in the RMG sector signed on March 24 in response to the Tazreen factory fire and the joint tripartite statement adopted on May 4 after the Rana Plaza tragedy.

"It is another important step in our progression towards improving worker safety in the RMG sector in Bangladesh," said Srinivas B Reddy, director of the ILO Office in Dhaka.

The ILO has developed a three-year programme on improving working conditions in the readymade garment sector to support implementation of the NTPA.



A trader takes a look at a Jamdani sari at a bazaar in Demra on the outskirts of the capital yesterday. Inset, A worker weaves a sari.

Jamdani bazaar comes alive ahead of Eid

SARWAR A CHOWDHURY

Abu Sama, a 57-year-old merchant bought around 30 pieces of Jamdani saris by noon yesterday, at a bazaar in Demra on the outskirts of the capital. Still he was bargaining with the weavers to buy more for his retail shop in Mirpur.

"I usually buy around 100 pieces of Jamdani a year from this market. But today [yesterday] I will buy at least 200 pieces, for Eid," said Abu, owner of Sharna Jamdani House at Mirpur Benarasi Palli.

He was not alone. About 80 merchandisers from parts of the city flocked to the Demra market to buy Jamdani saris from weavers as the Eid is around two weeks away. Back in the capital, the merchandisers would then sell the saris out of their retail or wholesale shops.

The market near the Demra Post Office sits every Thursday and around 2,000 weavers from adjacent areas come to the market with

BY THE NUMBERS

- Daily transactions: Tk 2 cr (Once a week)
- Merchandisers: up to 80
- Weavers: 2,000
- Prices per sari: Tk 1,500-Tk 5,000

Market in the city.

"We are buying Jamdani saris at Tk 1,500 to Tk 5,000 apiece," he said, adding that the retail sales are yet to begin at full throttle.

Although the Demra bazaar is a place for the wholesalers, a few retail customers, especially from the adjacent areas, also turn out.

Rokeya Akter, a high school teacher from Narayanganj, came to the bazaar yesterday and bought three saris.

"I bought one for myself and two for my daughters," she said, adding that one can find varieties of colour and design here that may not be found in a showroom.

"The prices are also lower compared to the shopping malls," she said.

Alfaz Uddin, who works for the lessee of the haat, said mid-level merchandisers from different parts of the city come here to buy Jamdani saris in bulk. Saris worth around Tk 2 crore are being sold on every market day, Alfaz said.

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BGMEA demands duty waiver for garment exports to US

Mozena advises Bangladesh to prepare well for next GSP hearing in Dec

STAR BUSINESS REPORT

Garment owners yesterday demanded duty waiver for apparel exports to the US markets, which they said would improve labour standards and working conditions in Bangladesh.

"If they allow duty-free access for Bangladesh garments, we can invest the money saved from duty in worker welfare," said Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association.

Garment exporters paid \$750 million in duty on exports to the US in 2012.

The demand came at a meeting at the BGMEA office with US Ambassador Dan W Mozena on the generalised system of preferences for Bangladesh, which the United States suspended on June 27 citing inadequate progress in labour standards.

Islam, the chief of the garment trade body, also demanded a unified code of conduct for building safety, and workplace and labour standards to regain GSP privi-

leges.

The suspension of GSP privileges sent out a negative signal all over the world, he said.

The government should help develop the largest foreign currency earning sector with low interest bank loans, he said.

Mozena said their entire focus was on following up on the GSP action plan for reinstatement of Bangladesh's GSP.

"We all should work together to avoid disasters like Rana Plaza and Tazreen fire again in Bangladesh," said Mozena adding that Bangladesh could be the best brand for international buyers.

"I have also met with the secretaries of foreign, commerce and labour ministries to discuss how Bangladesh could regain GSP privileges," Mozena said.

The envoy asked the BGMEA to be well-prepared before appearing for the hearing due in December on the reinstatement of trade preferences for Bangladesh products in the US market.

NBR may review tax dispute with telcos

STAR BUSINESS REPORT

The National Board of Revenue is likely to form a joint panel to re-examine its claim for more than Tk 3,000 crore from telecom operators as value added taxes for SIM replacement.

The review team may be formed taking representatives from the NBR, Bangladesh Telecommunication Regulatory Commission and the operators.

The revenue administration agreed to review the claim at a meeting with the operators at its headquarters yesterday.

This was the third meeting in the last 10 days between the NBR and the operators to break the impasse on various tax-related issues ahead of the 3G auction scheduled for September 2.

READ MORE ON B3



American & Efird (Bangladesh) Ltd. Inaugurates "Design Studio" & "Display Center" in BUFT

His Excellency, The Ambassador of The United States, Mr. Dan W. Mozena was the Chief guest at the ceremony. Mr. Robert Hallett, Vice President, International Development, American & Efird (LLC), Mr. Angelo Leavage, Managing Director, American & Efird (Bangladesh) Ltd., Mr. Muzaffar U. Siddique, Chairman, Board of Trustees, BUFT and Prof. Dr. Syed Masud Husain, Vice Chancellor, BUFT were also present.