

Global Economist Forum pledges to help boost trade

STAR BUSINESS REPORT

A new committee of Global Economist Forum-Bangladesh yesterday took charge with a pledge to help the country expedite foreign trade and economic growth through policy advocacy.

Haider Ali Miah, managing director of Exim Bank, was elected president of the Bangladesh chapter of the forum, and Md Mamun-Ur-Rashid, deputy managing director of Standard Bank, became general secretary for two years.

"We want to promote our external trade with policy advocacy and help to create new entrepreneurs," Ali said at a biannual general meeting at The Daily Star Centre.

The forum also plans to work on poverty reduction, women's empowerment, human rights and migrant workers.

"We aim to make the Global Economist Forum-Bangladesh as a leading research organisation like Centre for Policy Dialogue," he said.



Office bearers and advisers of Global Economist Forum-Bangladesh attend the biennial annual general meeting of the forum at The Daily Star Centre in Dhaka yesterday.

Bangladesh has immense potential for economic growth due to its young population base, said Shah Md Nurul Alam, the outgoing president of GEF-B.

The country's economy has registered steady growth and its foreign currency reserves have reached the \$18 billion mark

recently, he said.

A seven-member advisory committee was also formed at the meeting.

The banking sector, which contributes 30-40 percent to GDP, has been passing a tough time as the prolonged political unrest has already damaged businesses, said

Ehsan Khasru, managing director of Prime Bank, also an advisory member of the forum.

Banks are now sitting with a lot of idle money as most entrepreneurs have shelved their plans due political volatility in the last six months, he said.

Global Economist Forum, since 1905, has been accredited by the United Nations as special consultative status organisation in 2012, Enayet Karim, the GEF president said.

Currently, 104 countries are members of the GEF, developing more than 2,200 economic researchers, he said.

Dhaka Chamber of Commerce and Industry aims to work with the forum jointly to help the country to expedite global trade, investment and economy, said M Shahajahan Khan, president of DCCI.

Md Habibur Rahman, managing director of Al-Arafah Islami Bank, and Md Anwar Hossain, ex-deputy inspector general of Bangladesh police, also spoke.



Rajnish Kaul, chief operating officer of Airtel Bangladesh, and Nazrul Islam Khan, ICT secretary, attend the signing of an agreement on training the rural youth in mobile application development and entrepreneurship through access to Airtel WiFi at the ministry office in Dhaka yesterday.



Ali Reza Iftekhar, chairman of Association of Bankers Bangladesh (ABB), hands over blankets to SK Sur Chowdhury, deputy governor of Bangladesh Bank, for distribution among the cold-hit poor people recently.



Firoz Ahmed Khan, head of retail banking at Brac Bank, and Abdul Momin Mondol, managing director of Alim Knit (BD) Ltd and Mondol Knit Tex Ltd, attend the signing of an agreement for payroll management, including salary disbursement, loan and credit card facility, recently.

Western Marine starts construction of container ship

STAFF CORRESPONDENT, Chittagong

Western Marine began construction of another container vessel through a keel-laying ceremony at the shipyard in Patiya upazila of Chittagong yesterday.

The ship, commissioned by Aryan Traders Ltd, will be able to carry 176 TEUs of containers from Chittagong port to the newly developed Pangaon Inland Container Terminal in Narayanganj, Western Marine said in a statement.

The eight Western Marine-made ships currently plying the European waters are proof of the quality of shipbuilding in Bangladesh, said Sakhawat Hossain, the company's managing director.

It should encourage the local shipowners to make their purchases domestically instead of going abroad, he said.

"We have signed a contract for seven similar ships and are expecting to sign for five more soon."



Officials of Western Marine inaugurate the making of a 175 TEUs container vessel for Aryan Traders Ltd in Patiya, Chittagong yesterday.

Poultry needs stimulus

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As a mark of protest, poultry farm owners gave away 25,000 pieces of day-old chicks to passersby in front of the National Press Club last December. The absolute indifference of the political leaders and the sheer frustration from the massive damage had compelled them to vow to take further actions if the situation was not contained. A few suggestions have thus been mentioned which could be the first of many steps in order to put this sector back on track.

One imperative suggestion would be the rescheduling of bank loans for layer and broiler farms, hatchery farms and breeders, for feed producers, medicine producers and marketers and other associated institutions. Last year the bank interest rate in this sector was fairly high, for example an average of 12-14 percent per annum and real effective interest rate was around 18-20 percent per annum. This is taxing for the already suffering farmers. Therefore, for the months following the instability, bank interest rates should be waived till the sector reaches a stable and solvent position.

Special incentive packages should be offered so that the poultry farms which have been shut down can resume operation. Furthermore, there should be financial compensation and other forms of support together with the waiver of port-related duties and taxes.

Businesses, irrespective of the sector that they represent, necessitate one very important aspect at this current juncture -- a stable economic and political environment for business. It is projected that the poultry sector would create employment for about two crore people by 2021 and play an integral role in achieving the present government's 'Vision 2021'. Thus, crippling this sector would not only spell out huge loss for the country but also for a large section of rural and semi-rural population.

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Battle for higher GDP growth to take centre stage in monetary policy

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Zahid Hussain, lead economist at World Bank's Dhaka office, said the near term outlook is lower growth and somewhat higher inflation due to supply side disruptions caused by prolonged political agitation and violence.

A cautious monetary policy stance is warranted under this outlook. Reserve and broad money growth will have to remain restrained and in line with projected nominal GDP growth rate, Hussain said.

He said exchange rate may come under depreciation pressure when earnings from exports begin to slow and if remittance decline experienced in the first half is not reversed, he said.

Foreign exchange market intervention should be used to ensure orderly depreciation if such pressure arises. Greater exchange rate flexibility than allowed of late is warranted. Sterilisation should be used to avoid excessive monetary tightening if reserve buffers are used to smooth exchange rate volatility, Hussain said.

Revenue growth of the National Board of Revenue has slowed to around 14.5 percent through November. Excess liquidity in banks provides room for financing the cash flow shortages the government may be facing as a result of the growing revenue shortfall, notwithstanding the shortfall in ADP expenditures as well.

Recipe to bolster economy

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He said the government would have to reconsider its expenditure priorities such as subsidy, as the country would require a lower level of subsidy this fiscal year. Revising down the subsidy budget would help keep expenditure within the capacity.

Bhattacharya said the government would have to provide all-out support to ensure boro cultivation, particularly timely supply of agriculture inputs and electricity, in order to support the rural economy.

Higher credit growth for the agriculture sector has to be maintained. Besides, the rural people and the businesses that have been affected have to be given support.

"If we cannot revive the rural economy then our economy will become weak in terms of growth."

The CPD said the government would have to take urgent steps to raise food stocks to the psychological comfort level of one million tonnes, as the current stock fell down to 0.951 million tonnes in December last year, which is 31 percent lower than that of December 2012 and 38 percent lower than that of December 2011.

Bhattacharya said the industries and the businesses would have to be given support from the government so they can recoup their losses.

The government has already

announced a number of supportive policy measures for the private sector in view of its losses. The measures, however, are skewed towards the garment sector.

"The measures are fine. But it would not be economic justice if they only get the support while others are deprived," he said, adding that agro-based industries, transport, small entrepreneurs and businesses were equally affected.

Bhattacharya said a relatively peaceful situation is prevailing in the country, which will help resume the operation of the industries which were closed or not fully operational.

"If we want to expand the economy, we will have to remove the policy uncertainty."

The government will have to ensure total transparency and accountability about the mid-term projects being undertaken.

He said the government should hold discussions with social groups and organisations about major infrastructure projects, as initiatives such as river training and land acquisition will displace many people.

"Discussions will have to be held with the entrepreneurs and the businesses. Above all, the government will have to sit with the political rivals. If we do not do so, the uncertainty

over major projects might persist in the longer run."

He said if any question over the durability of the government prevails then it would affect the investment climate.

"The uncertainty over political arena might not vanish completely until an all-inclusive, fair and transparent election is held. If the political uncertainty lingers then there will be confusion about long-term investment."

He also called for expanding the network of the social safety net programmes. "But we have to ensure efficient uses of resources and check leakage."

The CPD said the non-performing loan, which stood at 12.8 percent in September last year, was a matter of concern for the financial sector and warrants special attention from policymakers.

Citing recent scams in the banking sector, the research organisation said the central bank recapitalised the state-run commercial banks to the tune of Tk 4,100 crore in 2013 at the expense of taxpayers.

Rahman said the government should set up a special fund for helping affected sectors in the forms of incentives instead of imposing the burden on the banking sector.

CPD Research Director Fahmida Khatun and Additional Research Director Khondaker Golam Moazzem were also present.

Jute spinners' assoc gets new chairman

STAR BUSINESS DESK

Shabbir Yusuf, managing director of Faridpur Jute Fibres Ltd, was elected chairman of Jute Spinners Association at its meeting on January 15, it said in a statement.

Yusuf replaces Muhammad Shams-uz Zoha, director of Supreme Jute and Knitex Ltd, as he opted to step down from the post citing health reasons.



Garment factories' profits erode

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It also said that transportation cost experienced a significant rise during the blockade: the payment for a truck which previously varied between Tk 12,000 and Tk 15,000 increased to Tk 45,000 to Tk 60,000.

The exporters were forced to choose the expensive air shipments to meet the deadlines set by the international retailers. Air shipment volumes increased 38.7 percent to 157,000 tonnes during the January-November period of 2013 from a year ago.

Currently, the number of active woven garment factories in the country will cross 4,000 while the number of active knitwear factories will cross 1,500 while the number of spinning mills is 395, according to textile and garment-related trade bodies.



Syed Sazid Hossain, managing director of Chittagong Stock Exchange, inaugurates the daylong Association of Chartered Certified Accountants' fair at the Chittagong Press Club in the port city yesterday. Mahua Rashid, ACCA country manager in Bangladesh, was also present.



Shah A Sarwar, managing director of IFIC Bank, and Jalalul Azim, managing director of Pragati Life Insurance Ltd, attend the signing of an agreement for IFIC mobile banking services at its head office in Motijheel, Dhaka recently.



Hafiz Ahmed Mazumder, chairman of Pubali Bank, attends the first regional and corporate branch managers' conference of the bank at its head office in Dhaka yesterday. Helal Ahmed Chowdhury, managing director, was also present.