STOCKS		COMMODITIES		ASIAN MARKETS			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.14%	▼ 0.18%	▲ $1,270.56 (per ounce)	▲ $97.07 (per barrel)	▼ 2.02%	▼ 2.51%	▼ 1.09%	▼ 1.03%
4,751.61	9,342.81			20,707.45	15,005.73	3,042.43	2,033.30

CURRENCIES — STANDARD CHARTERED BANK

	USD	EUR	GBP	JPY
BUY TK	77.25	104.30	125.99	0.74
SELL TK	78.25	108.32	129.98	0.78

Star BUSINESS

DHAKA TUESDAY JANUARY 28, 2014, e-mail:business@thedailystar.net

BB aims to lift economy but tame inflation

The central bank says new monetary policy will boost investments, business

STAR BUSINESS REPORT

The new monetary policy for the second half of the current fiscal year will boost investments and business activities that were severely hurt by political unrest in the past few months, Bangladesh Bank said yesterday.

The central bank also said it would go on with a cautious stance to ensure macroeconomic stability and contain government borrowing and inflationary pressure.

BB Governor Atiur Rahman announced the half-yearly Monetary Policy Statement (MPS) at his office in the city.

"We have kept the structure of this policy the same with the previous one, but many new initiatives have been included this time to help the economy recover," the governor said.

BB Chief Economist Hassan Zaman said the monetary policy framework seeks to reduce inflation while at the same time leaves sufficient space for a recovery in credit demand in the second half.

"In addition, we are using macroprudential and other policies to provide various temporary breaks to the businesses affected by the disruptions of the last few months so that the growth momentum can resume."

The MPS said the central bank would continue to focus on achieving its inflation targets while providing sufficient space in its monetary programme for lending to activities which support broad-based investment and inclusive growth objectives.

"The BB will use both monetary and financial sector policy instruments to achieve its goal on inflation as well as ensure credit growth which is sufficient to stimulate inclusive economic growth."

The central bank would target bringing down the average inflation rate to 7 percent.

But the persisting inflationary pressures over the past few months with the risks ahead related to the inflation outlook imply that achieving the inflation target will be challenging. As such the BB has decided to keep policy rates unchanged.

The statement said, as there is ample liquidity in the banking system, an easing of reserve requirement ratios is also unnecessary.

Limiting government borrowing from the banking sector is important for achieving inflation targets and providing the space for banks to lend to the private sector.

Unanticipated spending pressures arising from the provision of 'incentive packages' to various industries affected by recent disruptions will be accommodated within the sizeable of Tk 26,000 crore borrowing limit, the MPS said.

"This is likely to be possible given the low borrowing levels in the first half."

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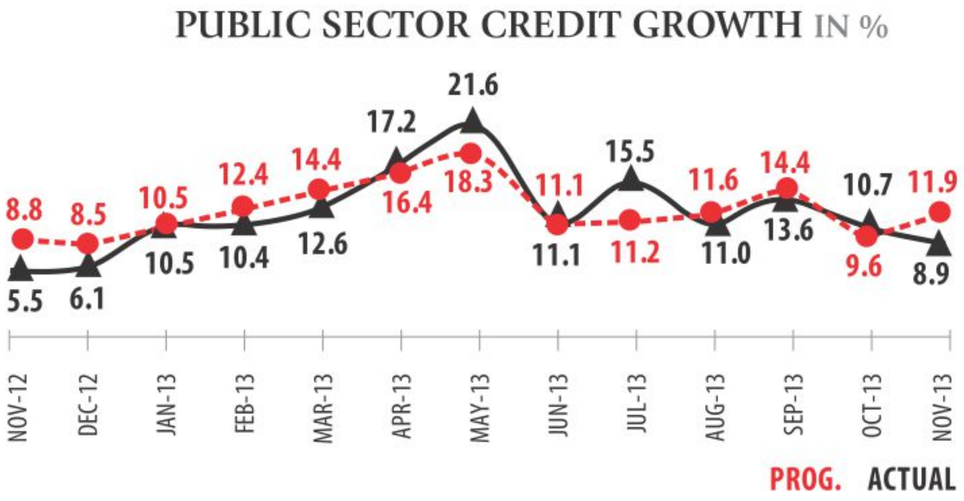

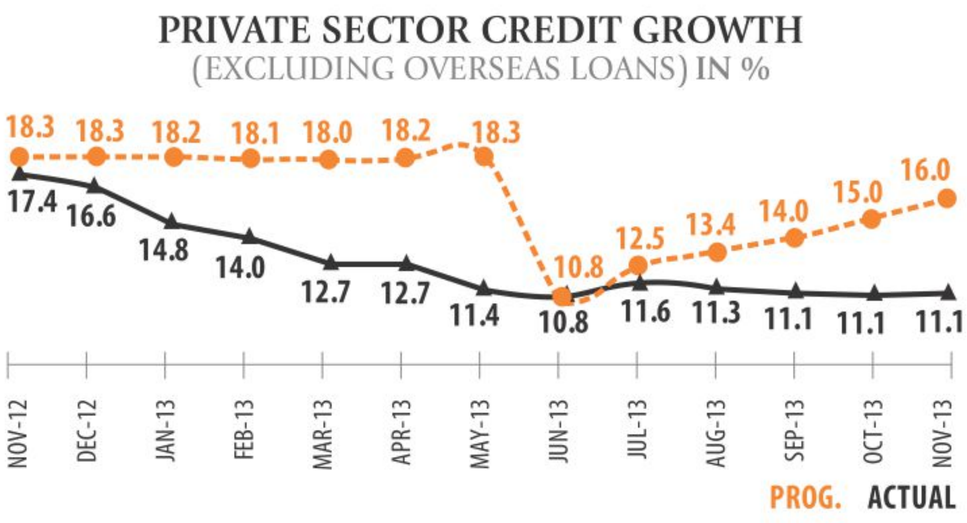

Cautious, conventional

Economists analyse policy stance

REJAUL KARIM BYRON *and* MD FAZLUR RAHMAN

The central bank's monetary policy statement for the second half of the fiscal year is largely conventional and has maintained consistency on priorities, economists said yesterday.

Ahsan H Mansur, executive director of Policy Research Institute, said the new statement, which was unveiled yesterday, is fine, given the current situation, as it has maintained the strong efforts to contain inflation.

"Although the central bank has not succeeded completely in tackling inflation, this effort is necessary as inflationary pressures are arising internally due to a recent rise in wages and higher food prices and externally."

Bangladesh Bank should have been more ambitious with the inflation target, as it is not lagging far behind the goal, he said. "It should have aimed for 6 percent now and 5 percent two years later."

The former International Monetary Fund official also said the central bank is signalling that the interest rates will not be cut now.

"It is fine as cheap funds normally flow to speculative sectors such as stockmarket and land. At the same time, it is advising banks about ensuring adequate credit for good borrowers."

READ MORE ON B3

BB spurs big companies to dip into stocks

STAR BUSINESS REPORT

The central bank yesterday urged big corporate houses to consider stocks and debentures for their financing needs and not to rely on just banks, in a bid to develop the country's capital market.

The move will also free up the banking system's resources for small borrowers and help banks reduce risks involved with large concentrations of money in few businesses, Bangladesh Bank Governor Atiur Rahman said.

The country's big corporate houses generally shy away from the capital market as they do not want to give out their companies' shares to others.

Two accused in Rana Plaza cases get bail

STAR BUSINESS REPORT

The High Court yesterday granted six months' bail to the chairman and managing director of New Wave Buttons, a garment factory housed in Rana Plaza that collapsed in April last year.

They were accused in two cases filed in connection with the building collapse that left 1,135 dead.

Bazlus Samad Adnan and Mahmudur Rahman got the bail after they filed separate petitions.

Rajdhani Unnayan Kartripakkha and the police filed the cases with Savar Model Police Station on April 24 and 25 last year for constructing the building violating rules and for the negligence of the owners of the building and the factories it housed.

The HC bench of Justice Naima Haider and Justice Zafar Ahmed granted the bail.

SM Rezaul Karim, a lawyer for the accused, said there is no legal bar on his clients' release from jail following the HC order.

Another accused Abdul Khalek, father of the building owner Sohel Rana, has earlier got bail in the cases and he is now out of jail, Karim said, adding that the cases were filed under such sections of the law that permit the court to grant bail. However, Sohel Rana is in jail now.

Uniqlo operator plans HK listing

The operator of Japanese cheap-chic clothing chain Uniqlo plans a secondary share listing in Hong Kong, as the company expands its brand across Asia and beyond. -- AFP

Potato farmers weighed down by losses

SOHEL PARVEZ

Vegetable farmers are still facing slumping prices amid a supply glut, after incurring losses for more than two months due to political troubles.

The growers in the northern districts of Bogra and Rangpur are left with no option but to sell potatoes for as low as Tk 2 a kilogram to wholesalers, down from Tk 5 three weeks ago, said Mohammad Shah Alam, a farmer in Bogra.

In Dhaka, potatoes retailed for Tk 8-12 a kilogram yesterday, down from Tk 14-22 a month ago, according to data from the Department of Agricultural Marketing. The price is 54 percent lower than a year ago.

"Supply is abundant. Potatoes are being harvested everywhere in northern Bangladesh. That's why prices have fallen fast," Alam said.

Prices of the widely consumed item would not haven fall to such a low if there were no strikes and blockades in the past months, he added.

"Prices are below acceptable levels," said Mohammad Babu Sarker, a Bogra farmer, who sold a maund (40kg) of potatoes for Tk 80 on Sunday.

"I faced losses selling cauliflowers and cabbages at throwaway prices due to repeated shutdowns last month. Now I am incurring losses in potato cultivation," said Sarker, adding that his net loss for growing potatoes on a bigha of land stood at Tk 1,500.

In addition, potatoes that were grown last year are also being released from the cold stores, further pushing prices down.

Moniruzzaman, a potato farmer in Rangpur, said potatoes were stuck in storage for the political situation. Cold storage operators in the north are releasing their stocks, selling a kilogram for Tk 1.5.

Md Jasim Uddin, chairman of Bangladesh Cold Storage Association, said some cold storages still hold last year's potato. The amount would be nearly 1 lakh tonnes, according to the association.

Farmers have planted potatoes on 4.8 lakh hectares this season, according to Department of Agricultural Extension estimates.

Last year, potatoes were grown on 4.44 lakh hectares with production reaching 86.03 lakh tonnes, according to Bangladesh Bureau of Statistics.

DAE aims to ensure a production of 86.5 lakh tonnes of the plant this year.

Biman ready to resume flights to New York

STAR BUSINESS REPORT

Biman is all set to resume its Dhaka-New York flight on June 4 as part of its effort to make the carrier profitable, said its Managing Director Kevin Steele yesterday.

Biman will lease two aircraft from EgyptAir for five years to resume the flight, subject to approval of the state-run airline's board, he added.

The lease agreement will be signed in five days, he said.

"The first aircraft will arrive in February and the second in March."

There will be two flights a week on the route, which remained suspended since July 2006 due to financial losses and a serious shortage of aircraft, Steele said.

Tickets for the flight, which will have a stopover in Birmingham, will be available from the first half of February, he said.

Steele spoke to reporters at a monthly press briefing at his office in Dhaka.

The carrier will also start flying to a number of new destinations this summer, including Guangzhou, Kunming and Guwahati, he said.

Biman's Frankfurt route will start in April with twice weekly flights via Rome and ticket sales will begin in a few days, Steele added.

Biman will receive a Boeing airplane on February 5 and another one will join the fleet by the third week of March, he said. "Our last DC 10 will be flying to Birmingham from Dhaka on February 20."

"Before then, we will have a ceremony on the Hazrat Shahjalal International Airport ramp with the DC 10 alongside our new Boeing, sometime between February 9 and 12."

DSE to pick candidates for independent directors

STAR BUSINESS REPORT

The Dhaka Stock Exchange will shortlist 14 individuals this week as candidates for the seven independent directors of the demutualised bourse, with the final selection due next month, an official said yesterday.

From the list of 14 primarily selected individuals, Bangladesh Securities and Exchange Commission will permit seven to be independent directors of the premier bourse.

After regulatory approval, the independent directors will be inducted into the bourse at its annual general meeting scheduled for February 13, the official added.

DSE has invited around 50 people, including university teachers, former and incumbent chief executives of institutions, former governors, former BSEC chairmen and leaders of chambers and associations to be independent directors of the bourse.

After the AGM, a 13-member new board will take charge as per a demutualisation scheme, which was approved by BSEC on September 26 last year.

The 13-member board will consist of seven independent directors, five from DSE shareholders and the bourse's chief executive officer, who would have voting rights.

The tenure for each director and the chief executive officer will be three years.

Demutualisation is a way of separating management of the bourses from ownership. It transforms a stock exchange into a profit oriented company owned by shareholders and ensures alternative business models and operational efficiency.

A law on demutualisation was passed in parliament on April 29 last year with a promise to bring transparency to the stockmarket.

Bangladesh's stock exchanges were