

**সমৃদ্ধির খোপান** স্বপ্নের আয়ের স্রেষ্ঠ উপায়

মুদারাবা দ্বিগুণ বৃদ্ধি ডিপোজিট ফ্রিস

সর্বাধুনিক প্রযুক্তি ও সমৃদ্ধ ব্যাংকিং সেবায় আমানত দ্বিগুণ করুন স্বল্পসময়ে

ইসলামী শরী'আহ মুদারাবা নীতির ভিত্তিতে পরিচালিত

বে কোন প্রয়োজনে ০৯৬১২০০১১২২



# Star BUSINESS

DHAKA WEDNESDAY MARCH 11, 2015, e-mail:business@thedailystar.net

## Gold prices slip

**SUMAN SAHA**

Gold prices have dropped 3.24 percent since January 22 due to a decline in domestic demand for jewellery and the value of the precious metal in the global market.

The metal is now retailing at Tk 44,506 a bhoori, a price level it has reached twice since April 2013.

Jewellers cut the prices of 22-karat gold by Tk 1,492.48 a bhoori (11.66 grams), effective from today.

Annual demand for gold jewellery in Bangladesh fell to 16 tonnes in 2014 from 45-50 tonnes in 2004, said Anwar Hossain, president of Bangladesh Jewellery Manufacturers and Exporters Association.

The annual market for gold jewellery is worth around Tk 7,000 crore in Bangladesh, he added.

In the international market, gold prices recently declined by around \$40 an ounce (31.1 grams).

"So, we have decided to adjust the prices locally," said Enamul Haque Khan, general secretary of Bangladesh Jewellers' Samity, a platform of jewellery shop owners.

The price of 21-karat and 18-karat gold dropped by Tk 1,493, and traditional gold by Tk 1,457 a bhoori, according to shop owners.

Global gold prices had reached a record high of \$1921.17 an ounce on September 6, 2011, according to Bloomberg. Goldman Sachs now predicts that gold will extend its slide and head toward \$1,050 an ounce.

In Europe, gold prices fell almost 1 percent yesterday to a three-month low as the dollar rose to a near 12-year peak versus the euro on renewed expectations of a mid-year hike in US interest rates.

In London, gold dropped to \$1,155.6 an ounce in early trade, while silver fell to its lowest in two months at \$15.57 an ounce.

In Bangladesh, recycled gold is the main source for making new jewellery.

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**BASHUNDHARA CEMENT**

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## IMF brings down growth prospects

**STAR BUSINESS REPORT**

The International Monetary Fund has forecast the Bangladesh economy may grow 6 percent this fiscal year owing to the resurgence of political unrest, pouring cold water on the government's plan to register 7.3 percent growth.

Unrest in recent months is taking a toll on the economy, Rodrigo Cubero, IMF's deputy division chief for the Asia and Pacific department, said at a media briefing in Dhaka.

Subsequently, the multilateral lender expects the real GDP growth in fiscal 2014-15 to be in the region of 6 percent, which is close to what the World Bank predicted in January in its Global Economic Prospects report.

Cubero was in the country for nearly 15 days, leading an IMF mission to conduct reviews before the multilateral lender releases the fifth and sixth instalments of the \$1 billion Extended Credit Facility loan.

The release of the final two instalments amounting to \$280 million is now pending on the decision to amend the existing VAT Act. He said inflation has eased against lower food prices, but faces upside risks from unrest-related supply distortions.

The external current account is expected to shift to a deficit on the heels of strong import growth and a moderation in exports. "Nevertheless, foreign exchange reserves have continued to increase."

Should calm be restored and uncertainty abate, growth should strengthen to 6.5 percent in the next fiscal year, he said. During the three-year ECF arrangement, the government's prudent macroeconomic policies and reforms have helped lay the foundation for strong, inclusive growth, the multilateral lender said.

"International reserves have been rebuilt, inflation has come down, and the public debt-to-GDP ratio has declined. Moreover, growth has remained robust and resilient, social spending as a share of GDP has been protected and poverty has continued to fall."

To support stronger growth and sustained poverty reduction over the medium term, it will be necessary to preserve macroeconomic stability and create fiscal space to boost critical power and transport infrastructure investment and well-targeted social spending.

"This, in turn, will require much higher fiscal revenue," said the IMF mission head, adding that the country has one of the lowest tax-to-GDP ratios in the world.

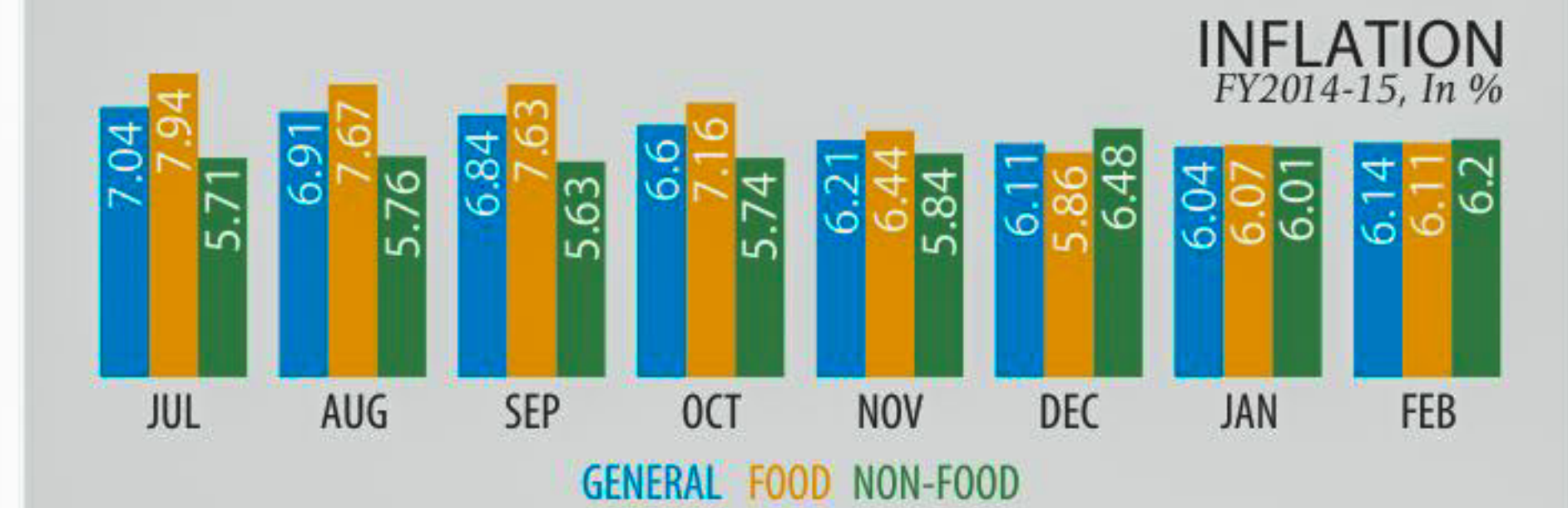
To correct the situation, the government needs to implement the new VAT law in July 2016, as promised. The law was passed in parliament in November 2012.

The new law will provide a significant increase in revenue, while reducing taxpayer harassment and compliance costs for businesses, shielding small businesses through a minimum threshold, and protecting poor households through the exemption of basic consumption items.

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## Turmoil fuels inflation

After decreasing continuously for seven months, inflation rose 0.10 percentage point to 6.14 percent in February, compared to the previous month. Both food and non-food inflation went up last month -- by 0.04 percentage point and 0.19 percentage point respectively. Economists blamed the hike on political unrest and warned the rates will go up further if the turmoil continues.



**INFLATION IN FEB**

**URBAN**

GENERAL: 6.62

FOOD: 7.02

NON-FOOD: 6.18

**RURAL**

GENERAL: 5.89

FOOD: 5.72

NON-FOOD: 6.22

Inflation is still low and will stay within the target of 6-6.5 percent. It is harmful if inflation decreases much in a developing economy.

**AHM MUSTAFA KAMAL**  
Planning Minister

**ZAHID HUSSAIN**  
Lead Economist, World Bank, Dhaka office

Since transport is a key element in the distribution chain, a rise in transport fares affects both the costs of supplying inputs as well as final goods and services.

DESIGN: DS CREATIVE GRAPHICS

## Alliance asks faulty factories to improve workplace safety

**STAR BUSINESS REPORT**

The Alliance for Bangladesh Worker Safety, a factory inspection agency of 26 North American retailers and brands, has partially and fully closed 19 factories in its 18 months of operations in Bangladesh.

The factories were closed due to poor workplace safety and faulty building and structural design. Some of these factories have been advised to improve safety conditions and redesign their buildings to resume operations.

All the factories that supply apparel items to Alliance's member brands have already been inspected at preliminary levels and every factory has taken some remedial programme, it said in its progress report yesterday.

In the last 18 months, four Alliance members have launched innovative supplier financing arrangements, and low-cost remediation loans have been issued to a group of suppliers.

The Alliance has already published more

than 1,500 reports on its website and more than 1.2 million workers have been trained through the agency's Basic Fire Safety Training Programme.

Over 500,000 workers in more than 300 factories have access to the Alliance helpline, from where the Alliance officers receive an average of 3,000 calls a month, the agency said.

It also has plans to complete final inspection of 10 percent of the 647 factories by July 9, and 100 percent by July 2017.

Despite recent political violence and uncertainty in Bangladesh, the Alliance continues to pursue its goal to ensure a safe and prosperous garment sector in Bangladesh, where factory workers are treated with respect and they are able to work in a safe environment, according to the report.

The Accord, another agency of 190 retailers and brands, mainly European, also completed its preliminary inspection of nearly 1,200 factories in September last year. It is continuing to monitor the progress on the corrective actions being taken by the factory owners.

## ADP size cut by 6.6pc

**STAR BUSINESS REPORT**

The size of the government's annual development programme for the current fiscal year has been revised down 6.61 percent to Tk 75,000 crore.

The National Economic Council yesterday approved the revised outlay, which is 25 percent more than the revised allocation of last fiscal year.

The original outlay for the current year was Tk 80,314 crore.

The planning ministry yesterday proposed the revised ADP outlay at Tk 72,000 crore. But considering the demands of different ministries, the prime minister raised the amount by Tk 3,000 crore from the amount proposed, Planning Minister AHM Mustafa Kamal said.

The planning ministry will distribute the additional money among the priority sectors: education, power, agriculture, home, and information and communication technology.

An official of the planning ministry said the LGRD division, power division, health ministry and home ministry sought an additional allocation of around Tk 4,000 crore.

Of this year's revised allocation, the government's contribution is Tk 50,100 crore, while foreign assistance is Tk 24,900 crore.

Despite criticism from various quarters, the number of projects always goes up in the revised ADP, and this year will be no different.

The revised ADP includes 1,204 projects, which was 1,034 in the original one.



STAR/FILE

An increase in imports from India as well as the low demand from millers due to the ongoing blockade is forcing rice farmers to sell the crop at lower prices than last year.

## Rice farmers hurt by high imports, unrest

**SOHEL PARVEZ**

Soaring rice imports and ongoing political unrest have dampened paddy market sentiments, with many farmers having to sell off their stock at lower prices.

Prices of paddy -- mainly medium and coarse grains -- have fallen by Tk 70-Tk 80 a maund (40kg) in more than two months, since the harvest of aman paddy in December, farmers and millers said.

"Paddy prices usually go up at this time. But the market is behaving just the opposite this year," Hafizur Rahman Dilu, a farmer from the southwest district of Bagerhat, told The Daily Star by phone.

With hopes of getting better prices, the 35-year-old farmer did not sell his coarse paddy despite

getting an offer of Tk 670 a maund from a trader last month.

However, prices plummeted and Dilu had to sell his stock of 150 maunds of paddy at Tk 630 a maund last week.

"Traders are unenthusiastic about buying paddy due to shutdowns and slow demand at mills."

Paddy of the same quality sold at Tk 700 a maund at the same time last year and they made some profit, he said. However, he was unable to make a profit this year as he had to pay more for pesticides and labour wages.

"All my handwork went in vain," Dilu said.

Farmers grew aman paddy on 54 lakh hectares last season and harvested a good crop, according to agricultural extension workers, grow-

ers and millers.

Chitta Majumder, a rice miller, said prices of medium and coarse grains were higher during the aman harvest. But prices fell gradually since the end of December, by up to Tk 100 a maund, he said.

"The main reason behind the fall is a rise in imports, particularly from India. The ongoing blockade has also affected the market."

Rice imports hit a four-year high as traders find foreign produce, mainly from India, cheaper.

Private traders imported 8.75 lakh tonnes of rice between July 1 last year and March 4 this year, the highest since fiscal 2010-11. The government did not import any rice during the period, according to food ministry data.

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## Swedish delegation arrives to tap business potential

**STAR BUSINESS REPORT**

A trade delegation from Sweden arrived in Dhaka for a three-day visit on Monday to explore business opportunities in the infrastructure and transport sectors in Bangladesh.

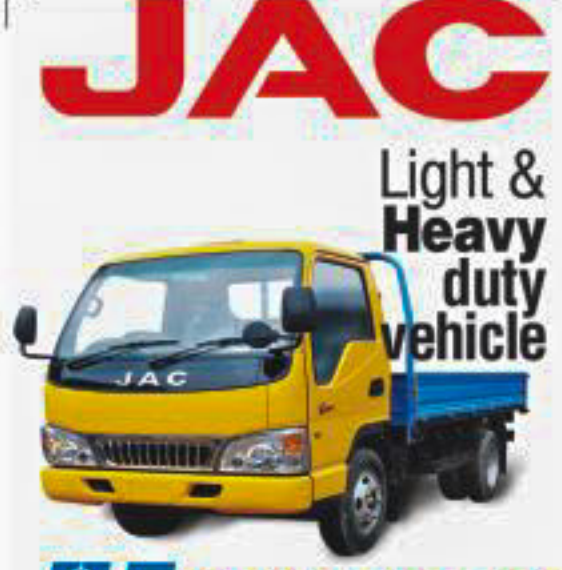
The delegation includes representatives from Swedish companies and organisations such as ABB, Flir, Ericsson, Swedish Export Credits Guarantee Board, Hifab, Indpro, Scania, Swedish Export Credit Corporation, SEB, Sweden-Bangladesh Business Council and Volvo.

The delegation will meet government representatives and various government agencies and boards, as well as private companies, according to a statement from the

Swedish Embassy in Dhaka yesterday.

Johan Frisell, Swedish ambassador in Dhaka, said as part of the Bangladeshi government's vision to transform the country into a middle-income country by 2021, investments are needed in infrastructure, including power and energy, telecommunications, water resources, roads, bridges, railways and ports.

"These are areas where Swedish knowledge and innovations are prominent and where Swedish companies have solutions to offer." Trade between the two countries has developed in a positive way. At the moment, trade with Bangladesh accounts for 0.06 percent of Sweden's total exports and 0.18 percent of imports.



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