



RK Banerjee, assistant general manager of Quazi Enterprise, and Brand Manager Nahida Begum handed over safety kits to Dhaka Medical College Hospital Director Brig Gen Md Nazmul Haque, Kurmitola General Hospital Director Brig Gen Jamil Ahmed, Dhaka Metropolitan Police Deputy Commissioner Tutul Chakraborty and Salman Khan Yasin, manager (image and communications) of Bidyanondo Foundation, recently.



Bangladesh Local Guide, a Google map-based volunteer community, celebrated its 7th anniversary with select members from across the country at the Project Hilsa restaurant in Shimuliya of Munshiganj recently. Project Hilsa Director Taslim Ahmed and CEO Sukanto, Omera Solar CEO Masudur Rahim, Exxas General Secretary Junaid Quader Rush and Abdul Gaffar, engineer of Solar Land Bangladesh, were also present.

Fed walks tightrope between big jobs gap and rising inflation

REUTERS, Washington

Federal Reserve officials meet this week faced with ongoing tension between their two main goals, as inflation rises faster than expected even with millions of Americans still unemployed more than a year after the onset of the coronavirus pandemic.

In a new policy statement and economic projections due on Wednesday, the US central bank is expected to point to continued strength in the economy and acknowledge the first conversations among its policymakers about when and how fast to pare back the massive bond-buying program launched in 2020 to help battle the recession triggered by the pandemic.

Policymakers will also update their views on when the Fed should raise its benchmark short-term interest rate from the current near-zero level, with markets focused on whether the core group of central bank officials shift a first expected rate increase into 2023 from 2024, where it stood as of the last round of projections in March.

The Fed will be treading a fine line, having made a strong commitment

to use its monetary policy tools to regain the jobs lost to the pandemic but aware of rumblings within its ranks over the possibility that the economy has healed faster and inflation rebounded more forcefully than expected - albeit with fewer workers involved.

While policymakers expect the current friction to dissipate as the complications of reopening the economy, rehiring workers, and restoring supply chains get worked

out, the process may take months. If the Fed has misread the post-pandemic economic situation, it will be that much further behind in preparing for faster rises in prices, Donald Kohn, a former Fed vice chair, said last week at an American Enterprise Institute event.

The Fed's current focus on using loose monetary policy to try to generate ever more employment makes sense with so many people still out of work, Kohn said, but

"is not designed to deal with the upside risk on inflation."

The last months of 2021, with the economy fully reopened and time to work out the kinks, "will be a critical test ... to see whether the hypothesis about easing supply constraints will be enough to keep inflation under control," Kohn said.

This week's two-day meeting is likely to mark the start of what the Fed hopes will be a smooth and gradual exit from the policies put in place to fight the pandemic, with its \$120 billion in monthly asset purchases eventually reduced and then eliminated over time, followed later by a slow climb in interest rates. Throughout the pandemic, policymakers have said such a process would take years to complete.

Even recent high inflation readings have been seen by most at the Fed as an outgrowth of the economic reopening that would fade on its own without any need for a swift shift away from the wide-open monetary policy being used to support hiring and the incrementally tighter monetary policy, marked by higher borrowing costs, that would be used to slow the economy and keep prices under control.



The Federal Reserve building is pictured in Washington, DC, US.

RBI to focus on growth even as inflation breaches tolerance band

REUTERS, Mumbai

The Reserve Bank of India is unlikely to react yet to multi-month high retail prices as economic recovery remains its prime focus amid the deadly second wave of the pandemic, according to two senior sources aware of the central bank's thinking.

The annual retail inflation rate rose 6.30 per cent year-on-year in May, up from 4.29 per cent in April and sharply above analysts' estimate of 5.30 per cent. The wholesale price inflation rate rose 12.94 per cent, its highest in at least two decades.

"There is a broad-based increase in CPI inflation but it still is not driven by demand and that gives the RBI some leeway. They will continue to wait and watch as a rate hike is out of question for now," the first source said. India's economy grew 1.6 per cent in the March quarter compared with the same period a year earlier, but that was before a massive second wave of infections hit the country which prompted fairly stringent lockdowns across most states causing another round of job losses and a significant dent to demand.

Asia's third-largest economy has now reported 29.57 million Covid-19 cases and 377,031 deaths, though some experts believe the actual numbers are far higher.

The central bank earlier this month reiterated its commitment to keeping monetary policy accommodative as long as necessary to revive and sustain growth on a durable basis. "There is no way RBI can

react to inflation at this stage," a second source said.

"The maximum push is coming from margins, from supply disruptions, from cost push pressures...but if there is demand, (RBI) will have to react. But till now, we don't see evidence of demand pressures," he added. The RBI did not immediately respond to a request for comment.

At its last policy review, the RBI warned that high energy prices could stoke inflation. It also cut its GDP growth forecast to 9.5 per cent from 10.5 per cent for the current fiscal year.

"CPI inflation at 6.30 per cent is way above the general expectations and falsifies the claim that higher WPI does not imply higher CPI," said Rupa Rege Nitsure, chief economist at L&T Financial Holdings.

India's benchmark 10-year bond yield rose to an over six-week high of 6.04 per cent following the CPI data as traders worry the RBI will need to react to inflation sooner rather than later after it breached the RBI's 2 per cent-6 per cent mandated band.

"This outcome complicates the direction of monetary policy, however, the RBI is likely to stick with the US Fed's playbook on opting to pin this spurt on transient cost-push pressures and stay focused on the negative output gap," said Radhika Rao, economist at DBS Bank.

"Policy normalisation expectations are likely to be increasingly priced in as vaccination approaches critical mass in first half of 2022," she added.

Recruiting agencies face higher AIT

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suffer as the burden will be passed on to them," said Shameem Ahmed Chowdhury Noman, former secretary general of the Bangladesh Association of International Recruiting Agencies (Baira).

Any tax that affects the sector should not be increased, he said.

A senior official of the NBR said the AIT to be paid by recruiting agencies could be adjusted with their total payable taxes. Hence, the cost to migrants should not go up, he added.

Noman said recruiting agencies were hit hard over the last one and a half years for the coronavirus crisis.

"We have to bear the cost of office rent, pay salaries for staff and bear other expenses regularly. Now I am bearing all the expenses by taking a loan. In this situation, we want cooperation from the

government on how we can all keep the sector alive," said Noman, proprietor of Sadia International.

Shariful Hasan, head of the migration programme at Brac, said recruiting agencies transfer all the costs onto the migrant workers. "Therefore the increased tax burden is likely to hit the pockets of overseas job seekers," he said.

"Workers have to bear additional cost for Covid-19 and this is a bad time too for recruiting agencies. So this is not a good time for putting additional pressure on taxpayers," he said.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, however, said the market of recruiting agencies was competitive and any single firm would not be able to shift the additional tax onto jobseekers for risk of losing business to others.

An aged society ahead

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"Investment in children is not a charity," said Syed Manzur Elahi, chairman of Apex Footwear Ltd, while speaking on the role of the private sector in reaping the demographic dividend.

The entrepreneur described the quality of primary education in the country as very poor, although primary schools were considered as the root of quality education.

"The quality of secondary level education is equally inferior."

He raised questions about the governance in the expenditure for the education sector.

"Many Bangladeshi companies hire foreign nationals because of the non-availability of local experts."

With a view to attaining sustainable development, it is necessary to invest in children so that they can deal with future challenges, said Mahbubur Rahman, president of the ICC-B.

"This priority is aligned with the Eighth five-year plan, which calls for prioritising investment in today's children."

Bangladesh needed to facilitate the growth of

young girls and women so that they could play a productive role and utilise their potentials, said Rokia Afzal Rahman, a vice-president of the chamber.

In 1960, about 20 people of working age supported one senior dependent in Bangladesh. By 2020, the ratio came down to about 13 persons, she said.

"By 2040, six working-age people will support one senior dependent," said the former caretaker government adviser.

AK Azad, another vice-president of the ICC-B, said one of the wealthiest persons of Bangladesh died of coronavirus infections recently as a ventilator could not be managed for him.

"The incident exposed the ills of the health sector," he said, adding that 65 per cent of people bear the cost for healthcare from their own pocket.

"We need to do something for society."

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) and the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) should work to

improve the skills of millions of youths so they could be employed in the future, he said.

Two million people enter the job market every year. "We need to manage decent jobs for them," said Faruque Hassan, president of the BGMEA.

Nihad Kabir, president of the Metropolitan Chamber of Commerce and Industry, lauded the life expectancy of Bangladesh as a success story.

The life expectancy in Bangladesh is 73 years, and it was 46 at the birth of the nation half a century ago.

She called for increasing budgetary spending on quality education and health for the young population.

Md Jashim Uddin, president of the FBCCI, also suggesting increasing public expenditure in the education and health sectors to build a healthy nation.

Mahbubul Alam, president of the Chattogram Chamber of Commerce and Industry, and Rizwan Rahman, president of the Dhaka Chamber of Commerce and Industry, also spoke.

Islamic Finance MD resigns amid graft allegations

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But the central bank did not accept the request. Instead, it sent the probe's observations against Saleh to the NBF.

The BB asked the NBF on June 8 to rethink appointing Saleh for another tenure, mentioning the irregularities perpetrated by him.

The NBF was also asked to provide its opinion on whether the interest of depositors would be protected if Saleh was reappointed.

On top of that, the central bank also sent another letter to Saleh on June 2, where the banking regulator asked him to respond to the allegations brought up through the BB probe report.

Against this backdrop, Saleh submitted his resignation letter on June 7, citing that for personal reasons he would not continue for another tenure.

Officials of the NBF said Saleh had been compelled to resign from the post due to the central bank's action.

In addition, the NBF board also asked him to discontinue his job due to the central bank's observation.

Anwar Hossain Chowdhury, chairman of the NBF, sent a letter to the central bank on June 13, expressing

gratitude to the BB for its efforts in informing them about Saleh's involvement in the irregularities.

He also mentioned in the letter that Saleh would not be able to influence the NBF as he had resigned from the job.

Despite repeated attempts, Chowdhury could not be reached for comment.

Contacted, Maruf Mansur, acting managing director of Islamic Finance and Investment, declined to comment to this end.

The central bank probe report said Saleh had appointed a junior officer, whose age was more than 34 years, ignoring the employee service rules of the NBF.

The age of a junior officer cannot cross 30 years, but he sidestepped the rule.

Another junior officer, whose age is also more than 30 years, was recruited at a higher salary than what was the usual practice.

Saleh also promoted an official of the NBF as its chief financial officer (CFO) although that person did not have the required experience for the mentioned field, avoiding the rules.

He also appointed an official as head of human resources with a monthly salary of Tk 2.84 lakh.

The amount of salary is too much high given the financial health of the NBF.

The central bank also accused Saleh of resorting to nepotism in the recruitment process.

Saleh did not respond to The Daily Star's requests for comment on the issue.

Total deposits in the NBF stood at Tk 1,410 crore last year, up 7.55 per cent year-on-year.

Loans grew 5.14 per cent to Tk 1,307 crore. Default loans stood at Tk 48 crore last year, down 15 per cent from that of a year ago.

DSE sues Banco Securities

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government authorities to bar top officials of the firm from going abroad.

Earlier on November 16, 2020, the BSEC barred Banco from subscribing to the initial public offering of Robi Axiata on finding that it had got deals in advance for trading Robi's shares.

Banco Managing Director Shamiul Islam could not be reached for comment as his cellphone was found switched off by the time this report was filed yesterday.



ESSENTIAL DRUGS COMPANY LIMITED

395-397, Tejgaon Industrial Area
Dhaka- 1208

INTERNATIONAL TENDER NOTICE

Essential Drugs Company Limited invites **Two Envelope System** International Tender for Supply of Plastic Pallet for Dhaka Plant on C&F@ Chittagong by Sea and Dhaka by Air basis:

| S.L No. | Tender No & Date | Name of the Item | Cost of Tender Schedule | Last date of Closing & opening |
|---------|--|---|--|--|
| 01. | IMP/Plastic Pallet/SEM/89/2020-2021 dated 15/06/2021 | Supply of Plastic Pallet (specification as per tender schedule): (Double Envelope System) 01. Plastic Pallet- 800 Pcs | Tk. 1500.00/set Equivalent to US\$ 18.00 Non-refundable | Closing : 13/07/2021 At 11.00 AM Opening : 13/07/2021 At 11.15 AM |

Tender schedule will be sold from the Accounts Department of **Essential Drugs Company Limited**, Dhaka on payment as stated above during office hours on all working days (except Friday, Saturday and Govt. Holidays). No tender schedule will be sold on the opening date of the tender.

The tender will be accompanied by an amount of Earnest Money in the form of Bank Draft/Pay Order/Bank Guarantee from any Schedule Bank of Bangladesh in favour of **"Essential Drugs Company Limited"** without which the tender will be considered as non-responsive.

Essential Drugs Company Limited authority reserves the right to accept or reject any or all the tenders without assigning any reason whatsoever.

N.B: This information is also available at our Website : www.edcl.gov.bd

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