STOCKS		COMMODITIES		ASIAN MARKETS			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.12%	▲ 0.07%	▲ $1,826.48 (per ounce)	▲ $75.47 (per barrel)	▲ 0.40%	▲ 0.73%	▲ 1.24%	▲ 1.49%
6,425.25	11,190.25			52,653.07	27,782.42	3,180.61	3,411.72

CURRENCIES — STANDARD CHARTERED BANK

	$USD	€EUR	£GBP	¥CNY
BUY TK	83.95	98.43	116.00	12.73
SELL TK	84.95	102.23	119.80	13.38

City

Star BUSINESS

DHAKA FRIDAY JULY 30, 2021, *SRABAN 15, 1428 BS* ● starbusiness@thedailystar.net

BB sticks to expansionary policy despite liquidity pileup

AKM Zamir Uddin

Despite a record excess liquidity in the banking system and depressed credit growth, the Bangladesh Bank yesterday said it would continue its expansionary monetary stance in the current fiscal year to help the economy ride out the slowdown.

Although the previous expansionary monetary policy largely failed to augment the demand in the economy battered by the coronavirus pandemic, the BB again took the same route for fiscal 2021-22 to counter the impacts of the crisis.

This means bringing the coronavirus situation under control continues to hold the key for the economy to weather the lingering slowdown.

The annual monetary and credit programmes for FY22 are outlined to make sure that there is enough room for money and credit growth to sufficiently support the targeted nominal GDP growth while remaining vigilant about commodity and asset price movements, the statement said.

"In case of any unexpected price pressure development or formation of any sporadic asset price bubbles due to the presence of ample excess liquidity in the banking system, the BB will not hesitate to take appropriate policy action if required, throughout the year ahead."

The existing credit programmes in the form of various stimulus packages would help give a boost to the agriculture, SMEs and export-oriented sectors.

The central bank rose to the occasion to go beyond the traditional frameworks and has loosened monetary policy tools since the start of the pandemic in Bangladesh in March last year.

But there is a doubt whether the central bank would be able to make the productive sector vibrant amid a fall in demand as the Delta variant of Covid-19, the most contagious form of the novel coronavirus, is sweeping the country.

"We have cautiously drawn up an expansionary and accommodative monetary policy by coordinating the government's expansionary fiscal policy," BB Governor Fazle Kabir said in a statement.

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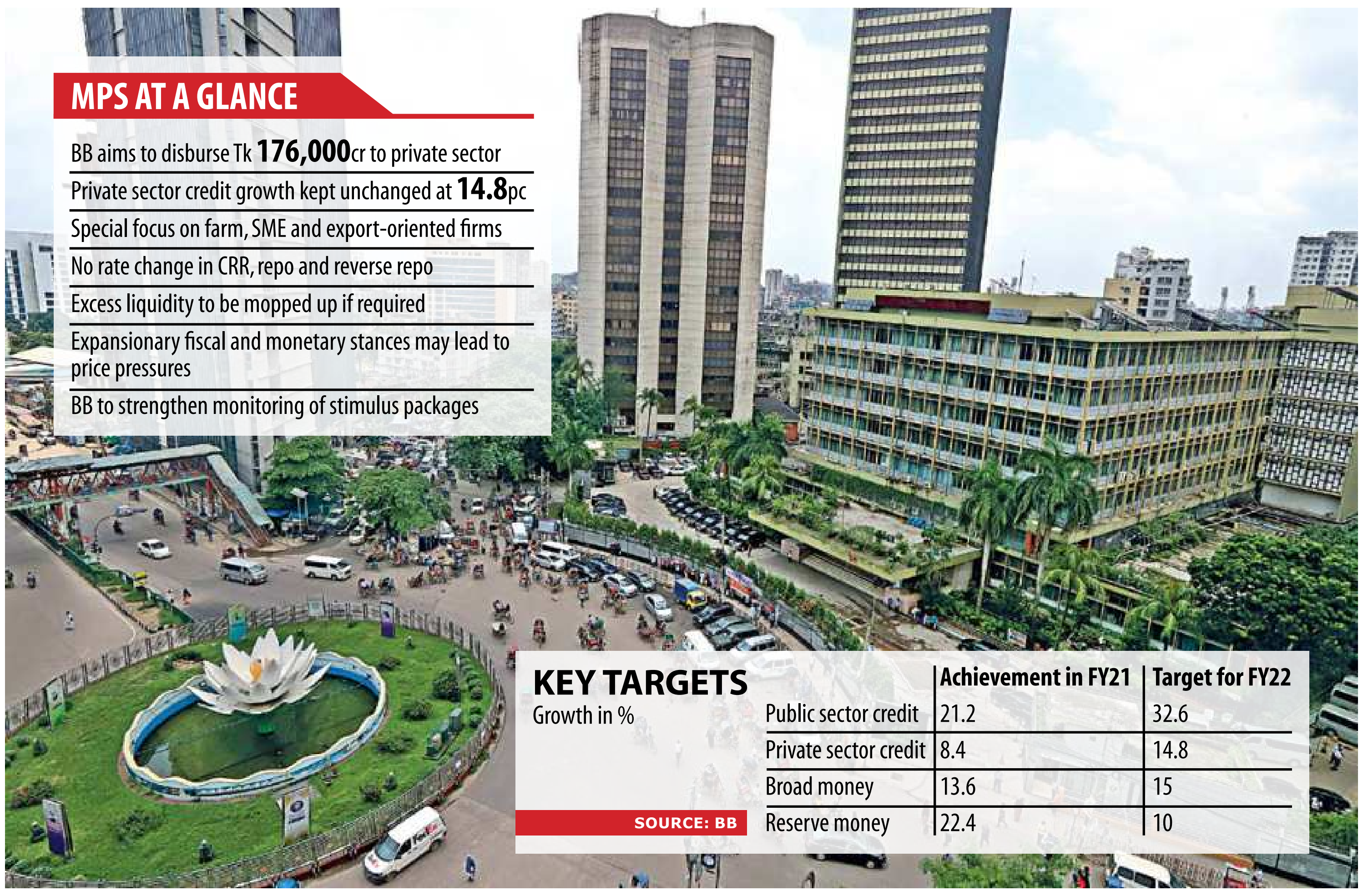

MPS AT A GLANCE

- BB aims to disburse Tk **176,000**cr to private sector
- Private sector credit growth kept unchanged at **14.8**pc
- Special focus on farm, SME and export-oriented firms
- No rate change in CRR, repo and reverse repo
- Excess liquidity to be mopped up if required
- Expansionary fiscal and monetary stances may lead to price pressures
- BB to strengthen monitoring of stimulus packages

KEY TARGETS

Growth in %

	Achievement in FY21	Target for FY22
Public sector credit	21.2	32.6
Private sector credit	8.4	14.8
Broad money	13.6	15
Reserve money	22.4	10

SOURCE: BB

Time to be more pragmatic

Salehuddin Ahmed

The latest monetary policy was declared yesterday, while the previous one was in July 2020. In my immediate reaction I want to question why monetary policies should come about on a yearly basis. It is not a budget which, under constitutional limitations, has to take place on a yearly basis. The monetary policy does not need to have such a requirement. Moreover, money variables deal with some volatility, so it is proper for it to be half-yearly. If that is done, there will be no need to issue periodic circulars which are on an ad-hoc basis.

Coming back to the monetary policy, it starts with a GDP growth of 6.1 per cent and inflation rate of 5.56 per cent. Some other macro variables including foreign exchange reserves also look good. But question arises on the growth rate and inflation. If you deconstruct the growth, it is difficult to see the sectors from which it comes from.

The Covid-19 pandemic has dealt a severe blow. Even then the agriculture sector and some select large industries have withstood that blow. But to justify a 6.1 per cent growth is difficult.

The inflation rate measurement has methodical problems. The reality does not conform to the official figure of inflation. Yet to me, the point here is that at this juncture, Bangladesh should not bother with so called trade-off between growth and inflation estimate.

What is now important is to revive the economy, create employment opportunities, boost up agricultural production and increase foreign currency earnings.

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Cryptocurrency trading not allowed: BB

Star Business Report

Bangladesh Bank once again said yesterday that it does not allow holding or trading of any kind of virtual coin or cryptocurrency in the country.

The central bank's announcement came as confusion built up after it sent a letter to the Criminal Investigation Department of the police that trading of cryptocurrencies cannot be considered a crime although virtual coins are illegal under the laws of the country.

In a circular and through its website on December 24 in 2017, the Bangladesh Bank asked all to refrain from trading of virtual currency.

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Let factories reopen

FBCCI, BGMEA urge govt

Star Business Report

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) yesterday urged the government to allow them to reopen all factories, including export-oriented industries, citing that export might suffer severely for the continued restriction.

The apex trade body made the call at a meeting with Cabinet Secretary Khandker Anwarul Islam where leaders of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) and Bangladesh Textiles Mills Association were present.

Manufacturing activities have been shut owing to restrictions to contain the spike of coronavirus infection and as a result, the supply chain is at risk of breaking down, FBCCI President Md Jashim Uddin said at the meeting.

He said both the producers and consumers are suffering directly and indirectly.

The FBCCI president also said the resumption of factories has become urgent as the factories such as processing and pharmaceuticals are encountering difficulties in getting packaging and wrapping materials for their products.

"We also have a target to achieve US$51 billion this fiscal year," he said.

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PORT DECONGESTION

NBR move yet to prove effective

Container congestion looms over ICDs

Dwaipayan Barua, *Ctg*

A National Board of Revenue's (NBR's) temporary permission to shift import-laden containers from the Chattogram port to private inland container depots (ICDs) as a decongestion effort seems to have borne no fruit.

Rather, it now poses a threat of container congestion at the private ICDs as deliveries from there also remains poor.

The private ICDs are already choked with a backlog of export cargoes.

Port users said such initiatives would prove futile unless importers start taking deliveries at their regular pace.

Import-laden containers have been piling up at the port due to a record low in deliveries being taken amidst the Eid holidays and countrywide lockdown.

The NBR on July 25 gave the permission to move all types of import-laden containers to the ICDs till August 31.

Previously, containers carrying 38 types of items were allowed to be taken to the ICDs to be unstuffed and delivered from there. Some 43,574 TEUs (twenty-foot equivalent units) of containers were lying at the port against its storage capacity of 49,018 TEUs up until the morning of July 25, when the NBR order came.

The CPA chairman earlier said they would try to keep less than 40,000 TEUs at the port by shifting the remaining to make operational activities smooth at the port.

As of yesterday morning, the port had 42,585 TEUs. A total of 3,925 TEUs of import containers were sent to the 19 ICDs in the last three days till yesterday afternoon, according to the ICDs.

But a majority had the previously allowed 38 items and a few had the newly permitted items, said the ICD sources.

In the permission order, the NBR set a condition for all containers to be scanned before being transferred while physical examination of all those carrying commercial items.

It is taking time for implementing these conditions, said the sources.

The ICDs currently do not have adequate capacity to receive a big chunk of import-laden containers from the port, said Bangladesh Inland Container Depots Association Secretary Ruhul Amin Sikder.

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BATB to invest Tk 322cr for expansion

Star Business Report

British American Tobacco Bangladesh (BATB) has made its second investment announcement in a span of six months, saying it was aimed at expanding for meeting growing demand from abroad.

The cigarette maker yesterday made public plans over a Tk 322 crore investment in its Savar factory.

Last February, it announced investing Tk 192.50 crore to increase its manufacturing capacity.

Commercial operations at the plant is expected to start within October.

As demand from abroad is rising, the investment is being increased step by step, said Company Secretary Md Azizur Rahman, adding that excess production capacity in absence of demand would have impacted cash flows.

"We have to compete with Singapore, Malaysia and other developed nations but we are capable enough to compete so our demand is rising," he said.

The company in recent months sent products to China, the Maldives and other countries despite the challenges of the pandemic, he said.

"We are meeting our finance demand from internal sources mainly. If needed we will go to banks," said Rahman.

"Our new planned expansion activities will take around one year for commercial operations to launch because there are many things to do," he said.

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Set yourself up for a successful retirement

Md Abu Talha Sarker

Saidur Rahman Shamim has been working in the garment industry for more than 25 years. Yet, despite working for such a long time, he literally lives from hand to mouth.

Nowadays, the 50-year-old is worried about the future of his two children and his post-retirement life as he does not have much savings. He would receive some money in the form of service benefit if he is laid off or goes into retirement, although the amount would not be much.

His worry about the future led him to open an insurance policy two years ago so that his family can absorb shocks in case of his sudden death or the loss of income because of age.

"I can't sleep well when I think about the future," Shamim said. The situation is much better for Didarul Hasan, who has been working for a reputed company in a well-paid position.

But he, too, became aware of the importance of savings after joining a private bank as private-sector employees in Bangladesh don't enjoy any pension facility.

"Both my father and father-in-law are former government employees. I can see the tension-free life they lead because of the pension," the 38-year-old mid-level executive says.

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ANISUR RAHMAN

This row of shops, including those of street vendors, on GPO Road in the capital has been shut amidst the ongoing "strict" lockdown till August 5. The government has taken a primary decision to extend the lockdown if Covid infections continue to surge. It has also turned down a plea from businesspeople, including garment manufacturers, for letting them resume operations of factories. The photo was taken recently.

Facebook deposits Tk 2.4cr in VAT

Star Business Report

Social media giant Facebook has deposited nearly Tk 2.4 crore in value-added tax (VAT) after it got registration for the indirect tax with the National Board of Revenue (NBR).

The VAT was paid through Facebook Ireland Ltd, Facebook Payments International Ltd and Facebook Technologies Ireland Ltd for the month of June, said Pramila Sarker, additional commissioner of the Customs, Excise and VAT Commissionerate, Dhaka (South).

Three entities of Facebook got Business Identification Numbers (BINs) from the commissionerate in June this year.

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