

## KEY FEATURES OF MPS

- Monetary programme to pursue a cautious policy stance
- BB intends to discourage unproductive financial flows
- Will ensure required funds for productive sectors
- Key interest rate hiked by 50 basis points to 5.5pc
- LC margin to be hiked on luxury goods, non-essential items
- New refinance schemes to be rolled out for import substitute products



Foggy stance of BB on exchange rate

ZAHID HUSSAIN

A key objective of issuing a monetary policy statement on the eve of the new fiscal year is to provide forward guidance to the public about the likely future course of monetary policy. When credible, individuals and businesses use this information in making decisions about spending and investments.

The operative word is credibility which the MPS falls short of in its diagnosis of the state of the economy.

The diagnosis of inflation attributes it to the surge in international prices.

The diagnosis of growth recovery attributes it to "recent surge in domestic demand" in addition to improvements in the Covid-19 situation, as if growth and inflation move independently of each other where demand

READ MORE ON B3

## Inflation, flood dim cattle sales prospects

SOHEL PARVEZ

Bangladesh has enough cattle to meet the demand during the coming Eid-ul-Azha but buyers are likely to face higher prices for sacrificial animals.

Farmers say soaring prices of feed have increased the cattle rearing cost and they have no scope but to ask for higher prices.

There are also concerns that spiralling inflation and recurrent floods in the northeast and northwest regions will dampen sales.

"Overall, it is a difficult situation. Our rearing cost has risen while inflation is biting. People do not have money," said Md Rakibul Rahman, managing director of Nahar Agro, which has 1,600 heads of cattle in Chattogram.

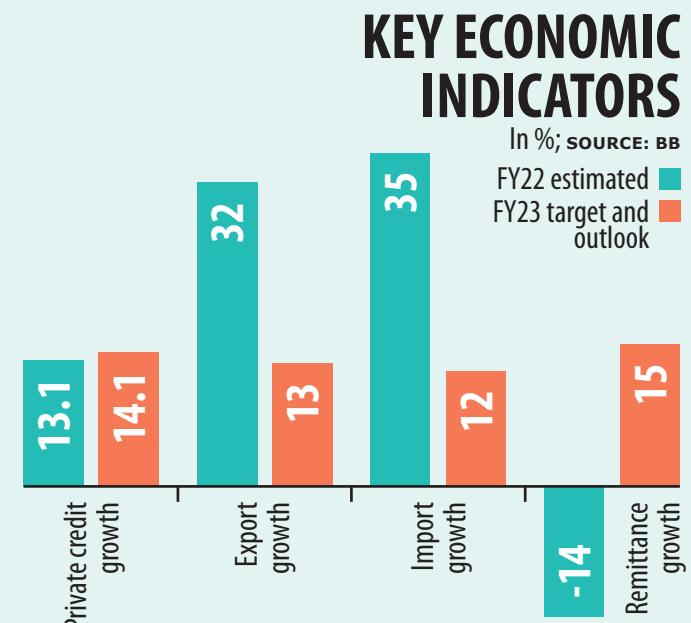
Last year, devotees slaughtered nearly 91 lakh cattle to perform their religious duties, the lowest in five years as many people could not take part for budget constraints amid Covid-19-induced income losses.

For the current year, Bangladesh has 1.21 crore animals available for Eid-ul-Azha and farmers, traders and the Department of Livestock Services say the number is adequate to meet the demand for the event.



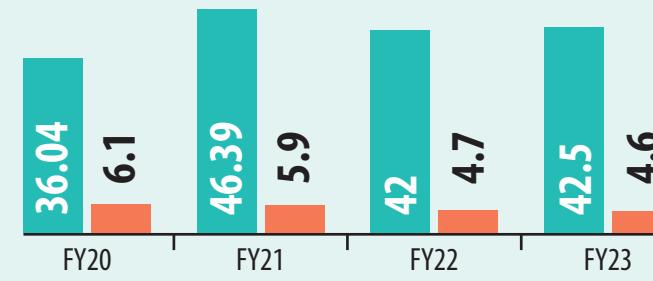
The proposed monetary policy will reduce the speed at which investment is currently flowing into the private sector, as the government did not give encouragement to businesspeople.

**Faruque Hassan,**  
president of BGMEA



## FOREX RESERVES

■ Forex reserves (in billion \$)  
■ Months of import coverage by reserves



## FOREX MARKET

Maintaining stability key challenge: BB

STAR BUSINESS REPORT

Keeping import payments manageable while maintaining stability in the foreign exchange markets will be a critical challenge for the economy, apart from keeping inflation at a tolerable level, said Bangladesh Bank yesterday.

The concern of the central bank of Bangladesh comes at a time when the forex market continues to remain volatile as export and remittance earnings have jointly remained far below the total import cost.

As a result, the foreign exchange reserve, which was \$46 billion a year ago, has been falling for the past couple of months. As of June 29, the forex reserve stood at \$41.8 billion.

Taka lost value further this week. The exchange rate of the local currency stood at Tk 93.45 against each dollar yesterday in contrast to Tk 84.80 a year ago.

The central bank said economic growth momentum was expected to continue, hinging on ongoing growth supportive fiscal and monetary policies, with growing internal and external demand, improvements in the Covid-19 situation, and rising business confidence.

"The implementation of the government's ongoing mega projects, including the recent opening of the Padma Bridge, is expected to boost private investment and employment, beefing up the country's Gross Domestic Product

READ MORE ON B3



# Tk 678,064cr budget passed

STAR BUSINESS REPORT

A national budget of Tk 6,78,064 crore for fiscal year 2022-23 was passed in parliament yesterday.

Finance Minister AHM Mustafa Kamal placed the budget before the parliament on June 9. It was unanimously passed by voice vote.

The local government division got the highest allocation of Tk 41,407.

Another Tk 40,360 crore was allocated for the defense ministry and Tk 39,962 crore for the secondary and higher education division.

However, if the budgetary allocation for the repayment of the principal amount of loans taken from local and international lenders is taken into account, the gross budget amounts to Tk 8,83,751 crore.

The finance division received an allocation of Tk 3,65,177 crore, part of which will be used to repay the principal amount of domestic loans, while the economic relations division got Tk 25,093 crore, part of which will be used to repay the principal amount of foreign loans.

After two years of the pandemic, the government placed the budget with the theme "Return to the Path of Development Leaving the Covid-19 behind".

In the budget, the government estimated the GDP growth target and inflation at 7.5 per cent and 5.6 per cent respectively.

Earlier, the parliament passed the finance bill on Wednesday changing cancelling two of the three provisions involving legalising laundered money and slashing the corporate tax for non-listed companies.



Bamboo stalls being erected for displaying sacrificial animals at the Ghatoli cattle market, the only permanent one in Dhaka, centring Eid-ul-Azha. The overhead shade-providing tarpaulins are a telltale sign that this spot will be more comfortable than the rest, reserved for cattle that are highly prized and which can cost nearly a fortune. The photo was taken on Wednesday.

PHOTO: PALASH KHAN

