

# Democracy speeds up growth

## Wahiduddin Mahmud says at SANEI conference

STAR BUSINESS REPORT

Democracy has always worked for higher economic growth in South Asia, except for Pakistan, said noted economist Wahiduddin Mahmud yesterday.

"Experience of democracy in Pakistan is fragile," the professor said. Only Pakistan gained economic growth in the South Asian region without democracy, he said.

"This is exceptional."

Mahmud said this while chairing a panel discussion on "Economic development in South Asia: sharing experience" at the 11th annual South Asia Network of Economic Research Institutes (SANEI) conference at Ruposhi Bangla Hotel in Dhaka.

SANEI organised a series of sessions at the two-day conference where economists, researchers and academics from the South Asian region took part.

"We are in a risky environment in terms of both natural shock and wealth distribution," said TN Srinivasan, chairman of SANEI Research Advisory Panel.

Increasing agricultural productivity in India for feeding the people has become a challenge now, said Parthasarathi Shome, director and chief executive of Indian Council for Research on International Economic Relations.

Shome called for strengthening techni-



**Economist Wahiduddin Mahmud, second from right, attends a session on "Economic development in South Asia: sharing experience" at the 11th annual South Asia Network of Economic Research Institutes (SANEI) conference at Ruposhi Bangla Hotel in Dhaka yesterday.**

cal cooperation among the South Asian nations for higher productivity in different sectors. He gave example of Vietnam which is now growing economically as India has cooperated with the country silently for the last two decades.

There are a lot of deficits among the South

Asian nations, said M Govinda Rao, director of National Institute of Public Finance and Policy in India. "Among the deficits, trust deficit is the most important."

South Asia is a development paradox, as the pace of economic growth is high, while the number of poor people is also

increasing at the same time, said Mustafa K Mujeri, director general of Bangladesh Institute of Development Studies.

Microcredit programmes have changed the lives of people at the grass-roots level. "We have moved to a services sector economy from the manufacturing economy. The question is that whether the service oriented economy will be able to sustain," Mujeri said.

The power crisis in Pakistan is hampering the economic growth, said Mohsin S Khan, senior fellow of Peterson Institute for International Economics in Washington, USA.

Pakistan will have to decide whether it will accept the military rule to achieve over 6 percent growth or civilian government to achieve 3.5 percent economic growth, he added.

The universal education programme taken by the government of Sri Lanka helped the country gain economic growth, said Asoka Gunawardena, executive governor of Marga Institutes in Sri Lanka.

Opening up trade with India and Pakistan will help unlock the potential of South Asia, said Rashid Amjad, vice-chancellor of Pakistan Institute of Development Economics.

"But corruption is responsible for a lot of illness. We are going through a difficult time," Amjad said.



## Sonargaon draws up Christmas, New Year specials

STAR BUSINESS DESK

Pan Pacific Sonargaon Dhaka has drawn up programmes to celebrate the Christmas and New Year at Café Bazar and Aromaz, a bakery shop.

Sonargaon will organise programmes to celebrate Christmas Eve and Christmas Day and New Year's Eve and New Year's Day, the hotel said in a statement yesterday.

A festive mood will prevail all around, with the Christmas trees, Chocolate house and fairy lights in the lobby and Café Bazar.

To share the joy of Christmas, there will be Santa Claus, Mickey and Mini, magic show, puppet show, mini zoo, fortune tellers, live piano music.

Special Christmas buffet dinner will be available at Café Bazar on Christmas Eve and traditional Christmas buffet brunch on Christmas day, according to the statement.

On New Year's Day, Jharna, a dining restaurant, will offer the Australian prime rib and steak with



**Officials of LG Mobile and Electra Mobile pose with five smartphones of the company at the launch of the mobiles at Sonargaon Hotel in Dhaka yesterday. Changkeun Song, managing director of LG Mobile Bangladesh, was also present.**

## LG Mobile opens distribution centre

STAR BUSINESS REPORT

LG Mobile yesterday opened its distribution centre in the capital and plans to open a branch office with Electra Mobile by March.

At a press briefing at Sonargaon Hotel, the South Korea-based mobile manufacturer also launched five new smartphones for Bangladesh market.

The handsets are: dual core LG Optimus 2X (P990), LG Optimus Black (P970), LG Rosemary (S365), LG Dynamite (GX200) and LG Cherry (T500).

The company will open its service centres in the city tomorrow, said one of its officials. The branch office will deal with all the products of the company including mobiles, he added.

"Bangladesh is a country of opportunity for mobile manufacturers as people have adopted the digital culture," said Changkeun Song, managing director of the company.

The company has no plan now to set up any handset manufacturing plant in Dhaka, he said.

"Basically it's for the first time LG is bringing its handsets in Bangladesh market through a proper channel with the facility of after sales service and guarantee," said Abu Sufian Khan, general manager of Electra Mobile.

The company also introduced five low-end handsets for local market yesterday.

All the handsets will be available at all authorised retail outlets and Grameenphone Centres with a one year local service warranty.



**Raihan Shamsi, deputy chief executive officer of Grameenphone, and Sairam Santharam, chief operating officer of HSBC, attend a programme where the two companies inked a deal in the capital to route GP's countrywide payments through HSBCnet using Bangladesh Electronic Fund Transfer Network. HSBCnet is a state-of-the-art electronic banking system.**

# Bangladesh to get WTO's services waiver: minister

BSS, Dhaka

Bangladesh is to get services waiver in eight months as the committee on trade and development of World Trade Organisation (WTO) plans to take steps to detail out regulations of the services waiver.

Bangladeshis working abroad would be benefited greatly once the policies start functioning, said Civil Aviation and Tourism Minister Faruk Khan.

Khan led a 17-member Bangladesh delegation to the eighth WTO ministerial meeting held in Geneva on December 15-17.

Services waiver is the most important achievement of the meeting, the minister told the news agency.

The WTO's services agreement specifies that each member shall provide non-discriminatory treatment to services and service suppliers of other WTO members.

He said many trade related issues of the least developed countries, including Bangladesh, got paramount importance in the sessions of the meeting.

Citing example, he said, as per Bangladesh's plea, the Travel and Risk Planning Commission would sit to extend the time of trade-related intellectual property rights for Bangladesh as the agreement expires in June 2013.

Listing achievements of the meeting, he said Russia would give duty-free and-quota-free (DFQF) access to Bangladeshi goods, and on the other hand Brazil is expected to allow duty waiver for 97 Bangladeshi items.

Referring to the inclusion of few countries in the WTO meet, he said WTO still remains a very important organisation since it took Russia 18 years to get the WTO membership. He said still there are many countries seeking WTO membership.

He, however, pointed out that breaking the current deadlock in Doha Development Agenda and full implementation of Hong Kong ministerial decision on DFQF market access for LDCs would be the main challenges for the WTO in near future.

The Doha Round of talks, which began in 2001, have missed several deadlines due to differences on the demand by the developed countries on the level of market opening in the developing nations. There are also discords on protection for farmers in the developed world.

"It is shameful for us that the WTO could not reach decisions on the unresolved issues for the last 10 years. This is hampering WTO's credibility," Khan said at the WTO meet.

"I told the meeting that it is 10 years WTO could not reach decisions regarding the Hong Kong Ministerial and DDA. We have waited for long and how long we will show patience? Try to understand that the tedious wait might lead to destroy trust on you (developed nations)."

During the meet, he met trade ministers of different countries, including India, China, Japan, US, Brazil and EU.

The minister said he suggested declaring a package immediately keeping options of trade facilitation and opening for early harvest of Doha Round negotiations.

Asked whether the duty waiver issue of Pakistan was raised before the WTO meeting, he said that was discussed in detail there and Bangladesh's position regarding duty-free waiver to flood-hit Pakistan is clear.

"I have told the meeting that trade and aid should not be mixed up," he said adding that Bangladesh has requested capping eight Pakistani readymade garment products for export to EU. "So far I know cap would be put on seven apparel items," said the minister.

The Ministerial Meeting is the highest decision-making body of the 153-member organisation, which meets at least once in every two years.

## SEC asks bourses to submit plan for demutualisation

STAR BUSINESS REPORT

The stockmarket regulator has asked twin bourses to come up with a detailed plan on demutualisation of stock exchanges by year-end.

The Securities and Exchange Commission (SEC) directed the Dhaka and Chittagong stock exchanges to submit the detailed concept papers to the finance ministry by December 30.

Demutualisation transforms a stock exchange from a mutually-owned entity into a for-profit company owned by shareholders by switching its existing legal structure into a business corporation. It ensures sound corporate governance, alternative business models and operational efficiency.

The SEC issued the directive in line with a requirement of the finance ministry. The finance minister at a meeting with the twin bourses in September asked the stock exchanges to come up with a detailed plan on demutualisation.

Bangladesh's stock exchanges are now non-profit cooperative organisations, owned by the exchange members, who are usually stockbrokers. The Dhaka Stock Exchange was incorporated in 1954 and trading on the bourse started in 1956, while the Chittagong Stock Exchange was established in 1995.

The bourses' responsibilities include listing of companies, providing screen-based automated trading of listed securities and trade settlement.

The SEC also sought opinions from the two bourses on amendments to the rules that govern merchant bankers, portfolio managers; stock dealers and brokers.

The regulator asked them to submit their opin-

## Stocks rise amid optimism

STAR BUSINESS REPORT

Stocks saw moderate gains yesterday, with increasing participation of investors who expected better days ahead.

The main gauge of the Dhaka Stock Exchange, DSE General Index, rose 74 points or 1.46 percent to 5,163. The benchmark index of the prime bourse hit a two-week high.

Seeing a steady behaviour in the last few days' trade, the investors have been anticipating that the market was advancing towards stability, insiders said.

The market was in an upbeat mood, as investors were participating in trading, Green Delta Securities, a stockbroker, said in its regular market analysis.

LankaBangla Securities, a leading stockbroker, said the sellers tried often to down it, but, finally, bulls dispelled the bearish trend.

Activities increased on the prime bourse where turnover, volume and trade were up 24.33 percent, 15.47 percent and 16.19 percent.



**Md Abdul Quddus, deputy managing director of First Security Islami Bank, opens the Kushtia branch of the bank yesterday.**



**Mohius Samad Choudhury, chief operating officer of Golden Harvest Group, hands 600 blankets to Korvi Rakshand, founder of Jaago Foundation, at a programme on Monday. Jaago Foundation will distribute the blankets among its poor students living at Rayerbazar, Korail slum and Tongi.**



**M Shahjahan Bhuiyan, managing director of United Commercial Bank, opens the 112th branch of the bank at Uttarkhan in Dhaka on Tuesday.**