

# Three-day Malaysian expo starts

STAR BUSINESS REPORT

A three-day exposition of Malaysian products and services began at Sonargaon Hotel in the city yesterday.

The fair showcases Malaysian companies that are offering health, education, property and real estate, telecom and tourism services.

The Malaysian High Commission in Bangladesh is organising the show in observance of the 40th anniversary of the diplomatic relations between Malaysia and Bangladesh.

Robi Axiata is the title sponsor of the show that will be managed by Triune Exhibition and Event Management Services (TEEMS).

At the inaugural session, Jamaluddin Sabeh, Malaysian high commissioner, said the fair aims to increase Malaysian investment in Bangladesh.

Bangladeshi tourists decreased in number last year from the previous years, so the fair aims to promote and increase tourism, Sabeh said.

The high commissioner also spoke of the "Malaysia My Second Home (mm2h)" programme which enables foreigner to purchase property in the country and reside there.



**Dilip Barua, industries minister; Jamaluddin Sabeh, Malaysian high commissioner, and Kazi Wahidul Alam, chief executive officer of Triune Exhibition and Event Management Services, visit a stall at an expo of Malaysian products and services at Sonargaon Hotel in Dhaka yesterday.**

Real estate companies present at the expo are selling apartments and housing for a minimum of 500,000 Malaysian Ringgit (\$160,000 approx) which is one of the conditions to take part in the mm2h programme.

A number of Bangladeshi travel agencies are offering special tourism packages with discount on tickets and free Malaysian visa.

Dilip Barua, industries minister, inaugurated the fair, which was followed by a

traditional dance performance by Malaysian artists.

The five lakh Bangladeshi expatriates living in Malaysia send \$1 billion every year that could be raised to \$1.5 billion, Barua said after opening the show.

"The remittance could be raised to \$1.5 billion if the Malaysian government cooperates as Malaysia is the largest manpower market for Bangladesh."

He said Bangladesh and Malaysia can work together in the industrial sector taking advantage of the global economic 'recession'.

The minister called upon the Malaysian investors to invest directly or jointly in Bangladesh's potential industrial sector, including shipbuilding, light engineering, ICT, agro-processing, halal food, textile, plastic and handicraft.

Branding Bangladesh as a unique place in South Asia for foreign investment, Barua urged Malaysia to relocate its high-tech industries to Bangladesh.

Robi Axiata Chief Financial Officer Mahtab Uddin Ahmed and TEEMS Chief Executive Officer Kazi Wahidul Alam also spoke.

The showcase will remain open from 10am to 8pm every day.



**AM Hamim Rahmatullah, managing director of Singer Bangladesh, attends a programme to award nine Singer pro dealers with holiday packages to Thailand in recognition to their good performance, at the corporate office of the company recently.**



**M Shahidul Islam, additional managing director of United Commercial Bank, and Gulam Rabbani Chowdhury, managing director of Baraka Patenga Power, exchange documents of a deal in Dhaka recently to arrange a syndicated loan of Tk 220.5 crore to set up a furnace oil-based power plant at Patenga, Chittagong. M Shahjahan Bhuiyan, managing director of the bank, was also present.**

## Summer heats up roadside business

**SAYEDA AKTER**  
It is a hot summer noon and Sheikh Kabir, a pineapple vendor at the Karwan Bazar intersection, is looking quite the pleased man. He is bound to, with his sales receipts rising manifold of late.

Thanks to the exhausting heat wave sweeping the country, thirsty pedestrians are flocking to his stall at regular intervals throughout the day. Kabir's tale of windfall is not an isolated case. Owing to the soaring mercury, many businesses are experiencing a stroke of good fortune.

"The pedestrians, most of whom are people of modest means, come to vendors like me for a refreshing snack at a reasonable price," Kabir said. Each serving consists of half a small pineapple and costs Tk20 at his stall.

Vendors of other refreshing fruits like watermelon, green coconuts are having a good run as well. Sales of Mohammad Bokul Miah, a green coconut vendor at

Hazrat Shahjalal International Airport, have doubled since last week. He now sells more than 400 green coconuts a day on average. Earlier, the figure was around 200 a day.

To further capitalise on the hot spell, Mohammed Bokul Miah has raised the price of his coconuts to Tk 40 now. Like him, retailers of essential summer items like hand fans and umbrella have raised the prices of their wares by Tk10-15.

"The rise in price is not irrational. The demand shot up unexpectedly, so we had to source at a premium due to the short notice," said a vendor at Agargaon.

Mineral water, fresh fruit juices, soft drinks, particularly Pepsi which is available in an economy bottle, are also in great demand at streetside stands.

According to the Met Office, the days of bumper sales for these businesses are set to continue as the high temperatures does not look to besubsiding anytime soon.

## IMF's reform recipe to impact new budget

**FROM PAGE B1**  
The government will also have to initiate various fiscal and monetary reform programmes.

Sadiq Ahmed, vice chairman of Policy Research Institute (PRI), said these targets are all feasible and in the right direction.

The targets are consistent with the sixth five-year plan of the government and the directions set in the past two budgets.

"So, it is hard to find fault with these targets. If properly implemented, the overall effect of these policies would be positive for economic growth and poverty reduction."

World Bank's Senior Economist Zahid Hussain said, "This [ECF reform programme] will create space to boost ADP spending which will benefit further if aid utilisation is improved."

Ahmed of the PRI said the investment rate in the past few years has been stagnant at 24-25 percent of GDP. To achieve the sixth five-year plan's growth and employment targets, the investment rate has to be raised to around 28 percent of GDP.

He said, though two years of the sixth five-year plan have already gone, the investment rate did not improve.

Ahmed said, "It is looking increasingly difficult that the sixth plan's growth and employment targets will be met unless massive efforts are made in the next three budgets to raise public investment and avoid a crowding out effect on private investment."

This calls for a much more aggressive drive to raise tax revenues, reduce energy subsidies and mobilise foreign funding for investment, he added.

On whether reducing subsidy and implementing the IMF's reform programmes would put pressure on common people, Ahmed said, "I am not suggesting

that all energy subsidies should be abolished. Neither should the subsidy be open-ended as presently."

He said the government should do a proper analysis of how to limit the subsidy to a manageable amount and target it to the needy. The government should also think of alternative ways to reduce the adverse effects of higher energy prices on the poor.

Giving an example Ahmed said, instead of subsidising diesel across the board, the government could subsidise public transport, including mass transit. Countries globally have found innovative solutions to limit the fiscal cost of energy subsidies while also protecting the needs of the poor. Bangladesh can learn and adopt appropriate energy pricing policy that balances fiscal pressures with the needs of the poor, he added.

Hussain of the WB said, under the IMF's ECF programme the government has committed to moderate fiscal consolidation by narrowing fiscal deficit by one percentage point over the next three years.

The government will do it, primarily by phasing out off-budget financing of energy and fertiliser related state owned enterprises and increasing the revenue/GDP ratio, he added.

He said the next fiscal year's budget is expected to initiate a range of structural reforms that will facilitate fiscal consolidation while putting in place appropriate safeguards for vulnerable groups.

Ahmed of the PRI explained whether the reforms will go against the interest of the common people.

"I have not seen the analysis that claims that the ECF programme will hurt the common man. Most people talk about higher energy prices that are required to reduce subsidies.

The fear is that this will fuel inflation and hurt the poor."

This is a hugely populist argument without solid analytical foundations, Ahmed added.

"Let us examine this argument carefully. First, there are many countries where fuel prices are not subsidised. Among them are countries that have large energy taxes and are much more energy intensive than Bangladesh. Yet we do not see inflation rates in these countries that are as high as in Bangladesh, which suggests that the underlying causes of inflation are different than global energy prices."

"Second, suppose the government continues to subsidise energy. In fiscal 2012, the subsidy (on-budget and off-budget) is estimated at around 3 percent of GDP, which is 28 percent of our total tax collection. Given other spending priorities including health, education and infrastructure, the government is forced to borrow from Bangladesh Bank to finance the subsidy. That in turn causes money supply to increase beyond prudent limit, which fuels inflation."

So energy subsidies are contributing to inflationary pressure from the financing side rather than helping control it, Ahmed said.

This is a major reason why Bangladesh has higher inflation than many countries that do not have such subsidy and do not resort to deficit financing from the central bank.

Third, it is important to ask who benefits from energy subsidies, said Ahmed.

"To my knowledge much of the energy subsidy through electricity and CNG goes to the rich. How subsidised power consumed by energy guzzling air conditioners and heavily underpriced CNG fitted in Pajeros contribute to lower inflation or equity is completely baffling to my mind."

## Roundtable on food security held

STAR BUSINESS DESK

A roundtable took place in the factory of Golden Harvest Agro Industries in Gazipur on Tuesday under the USAID Feed the Future Initiative to develop food safety regulations and to monitor the food security programme.

The visiting team members include David Leishman, senior attaché for agricultural affairs of the US Embassy; Bruce Ross, director of US FDA; Syed Sarwar Hussain, agricultural specialist of the foreign agricultural service of US Department of Agriculture, and Tanya Jackson, representative of USAID Bangladesh.

Mohius Samad Choudhury, chief operating officer of Golden Harvest, briefed the guests about Golden Harvest's food processing, food safety and security programmes, according to a statement of Golden Harvest yesterday.

The visiting team members explained about the global initiatives of USDA and their monitoring programmes.

They also put emphasis on traceability and good manufacturing practice to maintain an international standard of food security.

After the discussion, the team had a guided tour of the processing facilities of Golden Harvest.

The Foreign Agricultural Service Bangladesh office of the US Department of Agriculture organised the event.

## Stocks fall as confidence erodes

STAR BUSINESS REPORT

Stocks declined and turnover hit a 50-day low yesterday, as investors lost confidence in the market amid uncertainty over a legal battle with sponsors and directors of listed firms.

The benchmark General Index, DGEN, the indicator of Dhaka Stock Exchange, finished the week at 4,797 points, after falling 30.84 points or 0.63 percent. Turnover lost 37.12 percent to Tk 172 crore, compared to the previous day.

Investors were inactive as their confidence eroded because of the ongoing court battle over minimum shareholding, IDLC Investments said in its daily market analysis.

"The DSE dipped for the fourth week as puzzled investors could not find any conclusive direction about the market. Enduring uncertainty about the writ caused the turnover decline significantly," LankaBangla Securities said in its analysis.

Investors are stepping back and waiting for a way out of disagreement among regulators and the spon-

## Muhith may set aside Tk 100cr for women entrepreneurs in budget

FROM PAGE B1

The chamber organised the roundtable to place the demand to the minister. The minister is scheduled to place the budget proposal for the next fiscal year on June 7.

He said it may not be possible to increase the proposed ceiling of tax-free income to Tk 300,000 for women entrepreneurs.

Women entrepreneurs demanded the tax-free income ceiling for them at Tk 300,000 to facilitate their business growth and encourage more female entrepreneurs in the businesses.

He said women empowerment and entrepreneurship in the country progressed a lot over the years mainly for three important reasons: establishment of the Grameen Bank, garment sector and for the introduction of compulsory primary education for all in early 1990s.

"We have already introduced the gender budgeting system for the empowerment of women in the country," he said. Earlier, Selima Ahmad, BWCCI president, placed a charter of demand to the minister.

She demanded a fund of Tk 100 crore for the development of women entrepreneurs, easy loans for women entrepreneurs from the banking system, a special incentive on export by women entrepreneurs and allocation of plots for women in special economic zones.

## EBL salutes Latifur Rahman

FROM PAGE B1

His advocacy for high standards, his high level of corporate governance and his vision to serve the broader community and the people are other examples of his ethical business practices, Lund said.

M Ghaziul Haque, the chairman of EBL, said: "I am sure the award will inspire the new generation of entrepreneurs to make a meaningful contribution to society."

Latifur Rahman's award for ethical business practices has special significance for the country, Haque said.

Ali Reza Iftekhar, the managing director and chief executive officer of EBL, complimented that the recognition puts Rahman in the company of exceptional business personalities, and is an extraordinary honour for



**Abdul Mannan, chairman of Banglalion Communications, opens a Banglalion wimax customer care centre at Shantinagar in Dhaka on Wednesday.**

## Vacancy Announcement for Director Finance & Accounts

Ain o Salish Kendra (ASK), a leading human rights and legal aid organization seeks to recruit a dynamic professional as the Director Finance & Accounts.

The applicant must be a professional accountant (CA or CPA or equivalent) with financial management experience preferably in a large national level NGO or human rights organization.

For detailed job description and instruction please visit ASK's website [www.askbd.org](http://www.askbd.org) Application should be received by 15 June, 2012.

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