

# Japan tax hike boosts inflation

AFP, Tokyo  
Inflation hit a three-decade high and unemployment dipped further in Japan, data showed Friday, as the government's bid to jumpstart the economy takes hold, but analysts warned it was too early for celebrations.

Japanese consumer inflation, stripping out volatile fresh food prices, rose 3.4 percent year-on-year in May, the fastest pace in 32 years, according to data from the internal affairs ministry.

The rise, which matched market expectations, was largely driven by a consumption tax hike in April that took the rate from 5.0 percent to 8.0 percent.

Other data from the ministry showed household spending plunged 8.0 percent in May on-year after a pre-rise shopping spree.

The tax rise was seen as crucial for shrinking Japan's mammoth national debt, proportionately the worst among wealthy nations. However there have been fears it will derail a budding economic recovery by taking a bite out of consumer spending.

Separate data from the ministry of economy, trade and industry seemed to bear that out, showing retail sales edged

down 0.4 percent in May following a 4.3 percent fall in April.

But economists say the downturn in consumption in the aftermath of the tax rise was largely a simple displacement.

Consumers had gone on a spending spree ahead of the first sales tax jump in 17 years, snapping up everything from big-ticket items such as cars and refrigerators to everyday goods like toilet rolls and rice.

Takeshi Minami, economist at Norinchukin Research Institute, told AFP that "the belief is that the drop will be temporary and that labour shortages in some sectors will continue".

Other official data showed Japan's jobless rate edged down to 3.5 percent in May, the lowest level in nearly 17 years. The jobs-to-applicants ratio stood at 1.09, the highest in more than two decades, meaning there were 109 job offers to every 100 job seekers.

The improved ratio and unemployment figures will add pressure on firms to raise wages to attract workers, said Junichi Makino, economist at SMBC Nikko Securities.

"That's good for households, and will also help add to inflation," as companies have to raise prices to account for higher wages, he said.

# An exciting investment opportunity

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Some of them have been trained by the National Circus School of Hanoi in Vietnam and the National School of Rosny-sus-Bois in France, he said.

The project was set up with the help of Grameen Credit Agricole Social Business Fund of France, and the team has performed in the UK and France.

Phare Circus was among 40 social business projects that were presented at the programme.

Grameen Trust and Sampan, a project for creating jobs for the visually-impaired people, showed its products—bound registers.

"We make 250-300 registers a day," said Nurul Islam, who sews the registers under a project that employs 10 visually-impaired individuals, with their monthly income ranging between Tk 5,000 and Tk 10,000.

"We have created jobs for the blind people, and we sell the registers to schools, colleges and universities," said Zakaria Arefin, head of the project.

Grameen Intel Social Business has developed an application to help farmers solve cultivation-related problems.

"Our application will help farmers find instant solutions," said Saqif Nayeem Khan, project officer of Grameen Intel Social Business.

Yunus, who pioneered the social business concept around the world, said: "In Bangladesh we are addressing the problem of unemployment. We are trying to turn the unemployed into entrepreneurs through equity investment from social business funds."

"We have developed a project, Nobin Udyokta [New Entrepreneurship] to overcome the unemployment issue. We are not jobseekers, we are job creators."



Mahtabuddin Ahmed, chairman of Rangpur Foundry Ltd (RFL), attends the 34th annual general meeting of the company at Trust auditorium in Dhaka on Wednesday. RFL announced 22 percent cash dividend for 2013. Ahsan Khan Chowdhury, managing director, was also present.



Dilip Kumar Agarwal, managing director of Diamond World, cuts a cake to mark the inauguration of the company's Diamond World Life Style Showroom in Chittagong on Friday.



SME Foundation Chairperson KM Habib Ullah presides over the 8th annual general meeting of the foundation at The Daily Star Centre in Dhaka yesterday. Syed Md Ihsanul Karim, managing director, was also present.

# Spain reports zero-percent inflation

AFP, Madrid

Spain reported Friday a zero-percent annual inflation rate in June, even as the European Central Bank fights off a deflationary threat hanging over the region.

Consumer prices were unchanged in the year to June, held down by the low cost of food, soft drinks and electricity, the National Statistics Institute said in a preliminary estimate calculated in line with European Union-agreed norms.

# Surcharge slapped on mobile users

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The tax holiday privilege will remain open until June 30, 2019, meaning anyone setting up a rice bran oil factory or a cinema hall outside the country's two biggest cities within this timeframe can seek tax holiday for the next 10 years.

Supplementary duties on toothpastes, soaps, detergents, razors, stainless steel have been raised to 20 percent from the proposed 15 percent, while that on float glass and cosmetics have been kept at the existing 45 percent against the pitch to bring it down to 30 percent.

The import duty on hybrid cars of lower engine capacity has been reduced, too. In the proposed budget, a flat 60 percent supplementary duty advocated; but now, it would be 45 percent for cars up to 1,800CC and 60 percent for cars between 1,801CC and 2,500CC.

To keep the market price of LPG cylinders

static, import duty has been cut to 10 percent from 25 percent.

In his concluding speech, Finance Minister AMA Muhith said the Padma bridge project will be implemented timely and that there would not be fund problems.

He said the government will try to divert the foreign aid that was originally committed for the Padma bridge project to other sectors.

Muhith said there is an overwhelming demand for gas connections but it cannot be met as the supply of gas is very limited. To address the problem, the government has taken initiative to import LNG, to be supplied in cylinders.

About the law and order situation, the minister said, political stability is required for the situation to improve and all politicians have big responsibilities.

"In this case, we will have to take an initiative to end all political divisions."

# Yunus, followers vow to combat unemployment

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Yunus Centre, which promotes ideas and philosophies of the Grameen Bank founder, organised the event around the theme "We Are Not Job-Seekers, We Are Job-Givers—Turning Unemployment into Entrepreneurship."

"This year's event has particularly targeted the unemployment issue, as everybody is frustrated by the economies' behaviour, as it teaches us to chase money for life and forces us to act like robots. There are some toxic elements within businesses," he said.

Known as the Banker to the Poor, Yunus said he now targets elimination of unemployment as his next mission.

The founder of Grameen Bank, which has already lifted millions out of poverty through its model in Bangladesh and Grameen-inspired organisations across borders, said unemployment is torture for youth who want to work.

Yunus has launched a project to create new entrepreneurs, which is to focus on youth unemployment. "We are looking at them as job-givers," he said, adding that Bangladesh is becoming a world example of how to tackle unemployment.

He blamed the education system, saying the wrong system is creating an inhibited labour force. "We have made almost a culture of education that teaches students to focus on a job with the best company. That is the life objective taught. It is a shame for a human being to be limited like that."

The delegates composed of local and foreign investors, economists, entrepreneurs, researchers, academia, and students spent the whole day discussing, sharing and learning the ways to employ the new economic theory to combat unemployment.

The theme of the annual event is timely as unemployment is rising in Bangladesh, where two million youths join the workforce every year as per official statistics. Unemployment in parts of the world is threatening national and international security as countries struggle to provide jobs.

On the day, Yunus and his social business idea were showered with praise.

Australia has decided to use part of its official development assistance to promote the private sector, Greg Wilcock, high commissioner of Australia said. "We will also support innovation and new ideas. And what better idea than that of social business?"

"Social Business Day is not just an event for sharing information. It is a social movement, uniting people around the world," said Lee Yun-young, the South Korean ambassador to Bangladesh.

"Social business is an effective and creative movement, and it will be fruitful in the future," he said.

Mahmoud Ezzat, ambassador of Egypt, termed the social business as "a great idea from a great man".

"This has given Bangladesh a very special place on the global map."

A passionate supporter of Grameen Bank and Yunus, outgoing US Ambassador Dan Mozena said: "I love the philosophy of Grameen Bank. I have visited centres of Grameen Bank in many villages. I have visited Grameen America. Everywhere I go I can see the magic of Grameen."

It has taught people how to use resources and improve their livelihood, and the magic of social business will propel Yunus to greater heights, he said.

Bangladesh has produced some of the great development ideas, and one of them—microcredit—has already become an important tool of the UNDP's fight against poverty, said Nick Beresford, deputy country director of the UN organisation.

The government in France is also working to make social business a part of the official development assistance, said Emmanuel Faber, vice-chairman of the Danone France.

"People who have perished during the war would have to be proud to say while Paris has the Eiffel Tower, New York has the Statue of Liberty and Cairo has the pyramids, Bangladesh boasts not bricks but a man—a man admired by every country on earth, a man who has become synonymous with all that is admirable about Bangladesh, Dr Muhammad Yunus," said Kerry Kennedy, president of the US-based Robert F Kennedy Centre for Justice and Human Rights.

She began her keynote speech

with remembering the independence martyrs of 1971, the Pakistani forces' brutality, and her uncle Senator Edward Kennedy's stance in favour of the Bangalees.

The contribution Yunus has made is changing the fate of millions of poor people around the world, Kennedy said.

"The programme established by Prof Yunus at the Grameen Bank is the single most important development in the Third World in the last 100 years, and I don't think any two people will disagree."

An accomplished human-rights activist and writer, Kennedy said small groups of people should never be underestimated. "That is exactly what this conference is all about."

"It is about all of us, small groups of people who have committed their lives to eradicating poverty or providing healthcare or education or human rights or women's empowerment, talking together, learning, from one another, forming coalitions and creating change."

"The idea behind social business is, we are not in it for ourselves, but for our communities—for stopping poverty, assuring universal quality education, protecting and promoting healthcare, empowering women and stopping violations of human rights."

"That is why the idea of social business appeals to the best of us, the part of us that says we can make a difference no matter how daunting the challenges may seem, the spirit that keeps pushing the boulder up the hill."

Her centre teaches 500,000 students about Grameen Bank and social business in one their chapters at different levels.

A Social Business Design Lab session was held during the event where social businesses from five countries were presented. There was also a Social Business Marketplace showcasing social businesses from around the world.

Pror Yunus said: "The social business family is getting bigger, diverse and deeper every year. The excitement is enormous."

He set up the Social Business Design Lab to take care of budding entrepreneurs, Yunus said. "So far, we have got 222 projects. Of them, 210 have already been approved.

Everyone will be financed. There will be no shortage of fund."

At the Social Business Design Lab, where six social business projects were presented from various countries, Md Yeasin, a Bangladeshi student, made a carom board in less than five minutes as the translator was talking about the project.

Speaking on the viability of the project, Rokia Afzal Rahman, president of the Metropolitan Chamber of Commerce and Industry, said: "This has a huge potential. This is a bankable project. This will create a number of jobs in the country."

A social business is a non-dividend company dedicated entirely to achieving a social goal. In social business, the investor gets his/her investment money back over time, but never receives dividend beyond that amount. The sole purpose of the business is to solve a predetermined social problem in a sustainable way.

Six concurrent workshops also took place at the same venue. Topics covered include social businesses in the academic world, fighting youth unemployment with social business, innovative financing for social business social business in marketing.

A group of Phare Social Business from Cambodia, which trains street children to become circus artists, captivated the audience with their splendid performance.

Joining the opening ceremony were nine elected directors of the Grameen Bank board, which is now regarded the world's most successful social business company.

On the occasion, Tahsina Khatun, a director and spokesperson for the board, opposed the changes to the rules that oversee the election of the independent directors.

"The rules have been changed without talking to us, although we control 75 percent of the bank's shares. If elections are held as per the amended rules, politics will penetrate the bank, and the consequences will be dangerous."

Yunus, who was unceremoniously removed from the bank as its managing director, said he would continue to work to protect the bank so it can work in line with its original mission of eliminating poverty.



Alan Loo, general manager of Mustafa Mart Bangladesh, and Tonya Tan, managing director of SDL Group, attend the launch of Brut and Denim fragrances at Mustafa Mart at Bashundhara City shopping mall on Friday.

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