

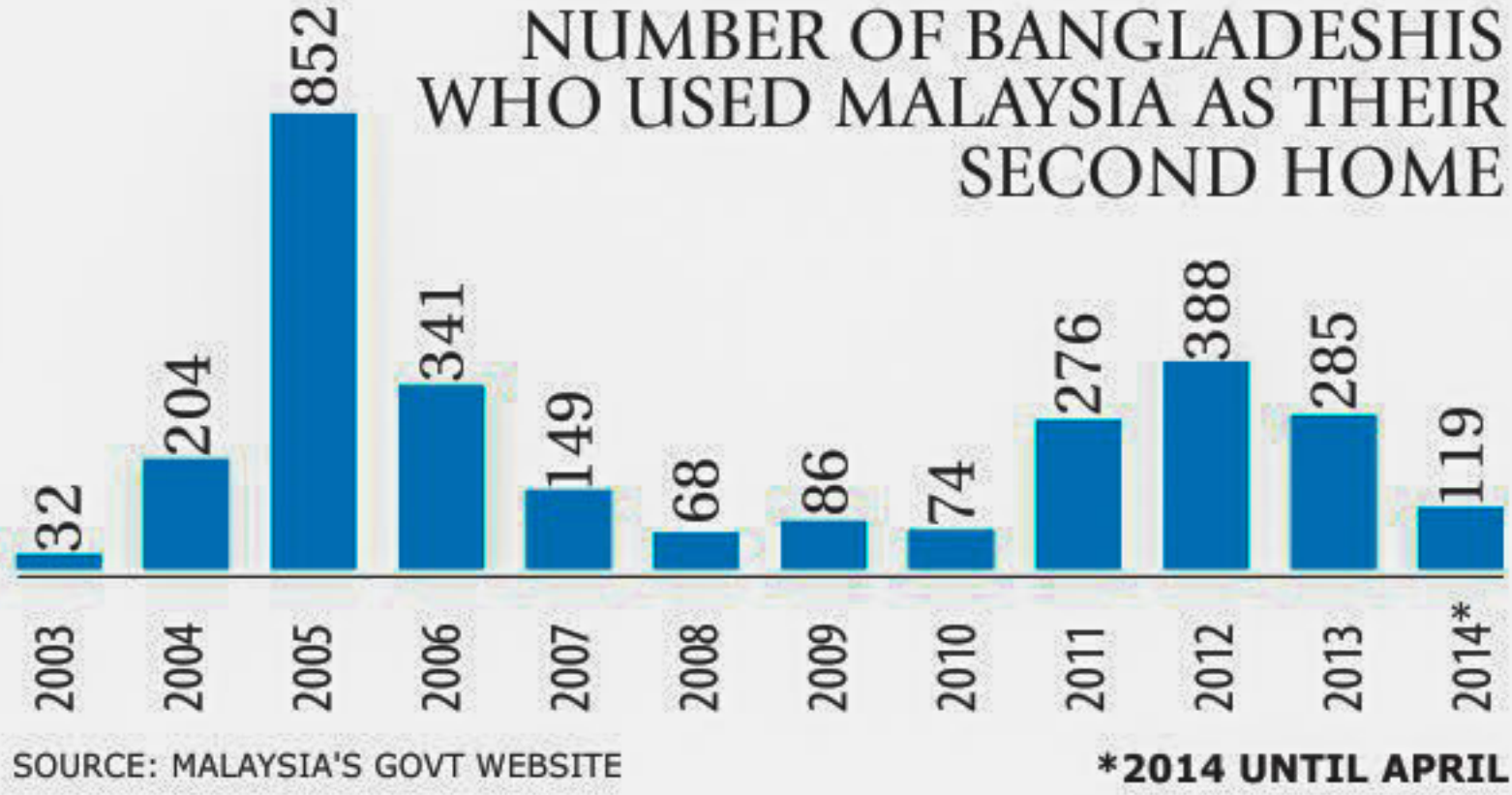
More join queue for Malaysian 'second home' scheme

Capital flight may amount to Tk 3,506cr as of April this year

SAJJADUR RAHMAN

The number of Bangladeshis enrolling on the Malaysia My Second Home (MM2H) programme has been on the rise since 2011 after a decline during 2007-10, meaning more money is flying off the country.

The Bangladeshis started to take up the offer in 2003 when 32 citizens chose to settle in Malaysia under the programme. The number jumped to 204 in the following year, 852 in 2005 and 341 in 2006, according to the Malaysian government.



But the number started to decline and stood at 149 in 2007 apparently due to a political changeover in Bangladesh.

In the following three years, from 2008 to 2010, a total of 228 Bangladeshi citizens took the offer.

The number has started to rise again since 2011. During 2011-2013, some 949 Bangladeshi citizens settled in Malaysia, and in the first four months of the current year, the number of such persons stood at 119.

Till April this year, a total of 2,874 Bangladeshis enrolled on the MM2H programme, meaning at least Tk 3,506 crore was taken away from Bangladesh.

Bangladesh also ranks third on

the list of foreigners making Malaysia their 'second home', after China and Japan, and the number is four times higher than those from Pakistan and India.

According to the Malaysian government rules, to settle there under the programme, one needs to deposit liquid assets worth at least RM 500,000 (about Tk 1.22 crore) and show offshore income of RM 10,000 (about Tk 2.45 lakh) per month.

Most of the money was channelled through informal ways as Bangladesh's central bank does not allow its citizens to take such big amounts abroad without its approval.

Still Bangladesh Bank is helpless as it cannot detect who took the offer so far, and how much money was sent abroad.

"No money (for MM2H) was sent through banking channels. It was sent through hundi (an informal channel of money transfer) or transferred to Malaysia from a third country," Mahfuzur Rahman, executive director and spokesman of BB, told The Daily Star.

The central bank's financial integrity unit tried to get the list of Bangladeshis from the Malaysian government, but failed.

"Malaysia declined to give the list of our citizens who enrolled on the

programme, saying it is a confidential matter," Rahman said.

He, however, said the BB has got evidence of only three to four persons and sent those documents to the Anti Corruption Commission and law-enforcing agencies for further investigation.

The MM2H is a government-endorsed programme introduced in 2002 particularly to attract foreigners wishing to live in Malaysia for extended periods.

Beneficiaries under the programme are given a renewable, ten-year, multiple-entry visa from the Malaysian immigration department.

Other incentives include house and car purchases and tax exemption on pensions and foreign income brought into the country. The programme also enables the children of the applicants to study in international schools in Malaysia.

As of April this year, some 25,506 expatriates have settled in the Southeast Asian country since 2002, the Malaysian government's data shows.

China topped the list with 5,659 persons, followed by Japan's 3,346. Some 2,119 people from the UK and Northern Ireland settled in Malaysia and 1,297 from Iran.



Jim McCabe, CEO of Standard Chartered Bangladesh, speaks at a press conference yesterday to announce Bangladesh Investment Summit to be held in Singapore. Sohail RK Hussain, CEO of City Bank, is also seen.

Summit to highlight Bangladesh's success to foreign investors

SCB, City Bank to sponsor the event in Singapore

STAR BUSINESS REPORT

A daylong summit to tell Bangladesh's success story and lure in foreign investors is set to take place early next month in Singapore, Asia's financial hub.

Dubbed the second Bangladesh Investment Summit in Asia, the forum, which is expected to be attended by nearly 300 Asia-based delegates, will be an important platform for businesses and policymakers to showcase Bangladesh as an exciting investment destination.

FinanceAsia and AsianInvestor, both published by Haymarket Financial Media Group, is organising the event at the Four

Seasons Hotel Singapore on September 4.

Standard Chartered Bangladesh is the summit's headline sponsor and City Bank Ltd is the platinum sponsor.

At a press conference yesterday to announce the event, Jim McCabe, chief executive officer of SCB, said the country has demonstrated rapid progress since independence and has been "rightly" identified by Goldman Sachs as one of the next 11 emerging markets.

The summit will "unfold the interesting story of Bangladesh, its sustained growth and immense opportunities to potential investors and the international finance sector in general", he said.

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Second from right, Supun Weerasinghe, chief executive of Robi, speaks on the business performance of the mobile operator at Ruposhi Bangla Hotel in Dhaka yesterday. Mahtab Uddin Ahmed, chief operating officer, was also present.

Robi posts marginal rise in net profit

STAR BUSINESS REPORT

Robi's net profits increased 2.6 percent year-on-year to Tk 113.7 crore in the second quarter of the current year.

The country's third largest mobile operator added another 17 lakh new users to its network in the first six months of 2014, Robi said in a statement yesterday.

Robi invested Tk 2,800 crore in different fields, including Tk 870 crore for 3G licence acquisition and spectrum fees, in the last 12 months.

The company achieved 5.8 percent year-on-year revenue growth to reach Tk 1,230 crore in the second quarter of this year, according to the statement.

"Due to significant price pressure in the market, the company has experienced slower growth voice revenues.

In contrast, data revenue has witnessed an unprecedented growth of 122.4 percent during the same period—a clear reflection of changes in subscriber behaviour and competitive dynamics."

"Robi has recorded stable growth across all parameters since the start of the year. We are investing significantly towards expanding our 3.5G network across the country and to support growth in data usage," said Supun Weerasinghe, CEO of Robi.

"Given the slow growth in voice revenues and imposition of new taxes, the overall growth may be impacted in the next half of the year."

The company installed 1,400 new base stations for 3G service across the

country in the second quarter of 2014, which has affected the financial result, said Ruhul Amin, executive vice president for finance.

They spoke at a press briefing to present its financial results, at Ruposhi Bangla Hotel in Dhaka yesterday.

In the first half of 2014, Robi paid more than Tk 1,210 crore to the state coffers, representing 50.7 percent of the company's revenue, according to the statement.

Around 8 percent of the country's smartphone users use Robi connections, said Mahtab Uddin Ahmed, chief operating officer.

Making profits will be impossible if the number of 3G-enabled smartphones cannot be increased, he said.

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Tyre maker CEAT to serve northeast India from Mymensingh plant

SUMAN SAHA

India's tyre giant CEAT aims to export back at least 30 percent of the products to be manufactured at its plant in Mymensingh, taking advantage of the duty benefits the neighbouring country has extended to Bangladesh.

The Mumbai-based company last year signed a joint venture agreement with the local AK Khan and Company to set up the plant with an initial investment of \$67 million last year.

In November 2012, India extended duty-free benefits to Bangladeshi products, except for 25 alcoholic and beverage items.

"We are particularly looking at the northeast region of India for its geographical proximity. At present, CEAT has to bear huge transportation cost to reach that region," said Salahuddin Kasem Khan, chairman of the newly-formed company CEAT Bangladesh Ltd.

The move will also be beneficial for Bangladesh as the country will be able to earn a huge amount of foreign currency in the process, he said, adding that high officials of CEAT are due in Bangladesh in the first week of September to discuss the plant's progress.

About the progress of the plant, Anant Goenka, managing director of CEAT Limited, recently said in an interview with Indian news channel CNBC-TV18 that it is still undergoing civil work.

It will take a little over 14-16 months for the plant to be ready and then perhaps another 10-12 months for capacity utilisation to go up to 75-80 percent, he said.

"So we are still over two years away from high capacity utilisations in Bangladesh," he said, adding that the tyre giant is looking



ing to expand the plant's production capacity to 65 tonnes a day.

About CEAT's expectations from the joint venture, Goenka said they are looking at a turnover of Rs 400-500 crore from the Bangladesh market at best.

"Bangladesh itself is not a very large market, so the kind of benefit or turnover will not be substantial. But margin should be attractive and long-term profitability is expected to be good because competition there is very limited.

"Like in Sri Lanka, there is place for only one player in Bangladesh and we hope to occupy that very quickly from a manufacturing perspective," the CEAT MD said, adding that the company will be able to provide "a lot of benefit with respect to after-sales service to the Bangladesh consumer".

The joint venture, which is one of the largest Indian investments in the country's manufacturing sector, will create jobs for around 1,000 people, according to Khan.

The plant will make tyres for trucks, light commercial vehicles and motorcycles. The tyres manufactured would also come in the Tata Motors and Bajaj Auto vehicles sold in Bangladesh.

CEAT, which will have 70 percent stake in the plant, will provide technical and business expertise and manage the operation, while AK Khan will bring in knowledge of the Bangladeshi market besides providing the strength of goodwill and local presence.

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Far East Knitting debuts on bourses today

STAR BUSINESS REPORT

Far East Knitting and Dyeing Industries will make its share trading debut on the Dhaka and Chittagong stock exchanges today.

The company, which raised Tk 67.5 crore through initial public offering (IPO), will be the 35th listed firm in the textile sector that accounts for around 4 percent of the premier bourse's total market capitalisation.

The export-oriented garment manufacturer floated 2.5 crore ordinary shares of Tk 10 each at an offer price of Tk 27 each, including Tk 17 as premium.

IDLC Investments managed the IPO, the proceeds of which are being used for BMRE (balancing, modernisation, rehabilitation and expansion) and to repay term loans of banks.

As of March 2014, the company's net profit was Tk 18.6 crore with basic earnings per share (EPS) of Tk 2.04.

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ADB signs \$125m loans to upgrade municipalities

STAR BUSINESS DESK

The Asian Development Bank yesterday signed a deal with the government to roll out \$125 million loans to improve services and governance in municipalities, making them more livable and attractive.

Mohammad Mejbahuddin, secretary of the Economic Relations Division, and Kazuhiko Higuchi, country director for

ADB's Bangladesh Resident Mission, signed the deal in Dhaka.

"Bangladesh needs to develop livable district towns with well-managed quality infrastructure to reduce overcrowding in big cities," said Higuchi.

"ADB is pleased to help achieve this goal of creating model towns with proper planning, improved governance and infrastructure and other

services."

The project will provide assistance to 30 municipalities with a total population of 2.2 million.

These administrative, trade and economic centres and transportation and distribution hubs are crucial for more balanced development in Bangladesh, the Manila-based lender said in a statement yesterday.

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