

Five more units in CEPZ start operation by June

Japanese businessmen cite investment problems

CHITTAGONG, Feb 28: Five more new Japanese industries with a total investment outlay of about Taka 16 crore (4.204 million dollar) are expected to go into operation by June this year, reports BSS.

Of the five industries, four are one hundred per cent Japanese investment while one is in the joint venture, a senior official of the Chittagong Export Processing Zone told newsmen Thursday during their visit to some industries in the CEPZ, organised by the Japan External Trade Organisation (JETRO).

The official said these industrial units, one of them is already in trial production, would initially generate employment to about 625 Bangladesh workers. The infrastructural work of the four industries is nearing completion and are now in the process of installing machinery.

JETRO, a non-profit government supported trade promotion agency, which co-

ordinates with trading firms and industries in Bangladesh, organised the visit to the Japanese industries in the CEPZ.

With the commissioning of these new industrial units, the number of Japanese industries in CEPZ will stand at 13, capital investment being Taka 152 crore (40 million dollar).

The new industries are Meije Industries Ltd, Cosmo Bangladesh Ltd, Sane-ai Construction Company Ltd, T M I Bangladesh Ltd and Atlantic Standard Time. They are in the fields like manufacturing of automobile parts, camera lens, construction equipment, DC fan motor, fishing reel, etc.

Bangladesh Export Processing Zone Authority (BEPZA) has given sanction to set up 77 industries in the CEPZ. So far 41 industries of different countries including the host country Bangladesh have gone into operation, employment about 12,000 people.

Tomoki Baba, President of Dream Bangla Garments Ltd, Hiroaki Onizuka, Managing Director of Sigma Bangladesh Manufacturing Company Ltd, Otsuka Nobuhida, General Manager of Bangladesh Seibu Electronic Industrial Company Ltd and Yumimassa Gotoh, Director of Fujii Glove Company Ltd, while talking to the newsmen, said despite some problems they were facing the working conditions here was quite encouraging and the workers were quick in picking up.

They pointed out some of the problems like uncertainty in shipment because of customs and strike, telecommunication and transport.

Tomoki Baba, who is also Vice-Chairman of the recently formed 22-member Japan Association in the CEPZ said that they had arranged a meeting with the BEPZA authorities on March 1 to discuss various issues and problems like visa, work permit, telephone,

transport, export and import. Japanese embassy officials and JETRO representative in Bangladesh will be present in the meeting he said.

The association Vice-Chairman suggested that during export goods could be checked strictly but there should be relaxation at the time of import of raw materials like Taiwan and other free zones of the world.

The Japanese entrepreneurs alleged that they had to undergo unnecessary "delay and harassment" during import of raw materials and export of finished products by the custom officials.

They are of the view that the customs should be cooperative to attract more foreign investors in Bangladesh.

Earlier, talking to newsmen Naoyoshi Noguchi, JETRO representative said his organisation, for the first time, was going to introduce a special trade and business directory of Bangladesh in Japanese lan-

guage for the business community and industrialists in Japan to promote trade between the two countries as well as to attract more Japanese investors.

For this purpose, Noguchi said, questionnaires had been supplied to about 200 companies. Of them, he said, 50 had already given positive response. He hoped that others would also respond soon.

Some of the Japanese management executives said their units were presently running at loss but they were confident that within six months to one year they would be able to improve the situation and reach at a point of no profit and no loss. And after another one year they hope to earn profits.

Hartal and strike calls outside the CEPZ also hamper production in the industries as the workers cannot attend their work places, they pointed out.

Discarding the notion that

Bangladesh workers are lazy and inefficient they said within a few days the workers, mostly fresh recruited, could acquire all attainment for working with the most sophisticated machinery.

A number of employees and workers including K Moraddek Hossain, M Kamal Huda, Halima and Fatima Khatun who talked freely to the journalists expressed their rare unanimity in saying that they were happy with the employment conditions.

The top management executive, though a foreigner, behaves with us like our friends. Right from the chief to the junior most worker all take lunch at the same time and at the same dining table. They said adding "we are also provided with free transport."

All these lead to a better management-worker relationship which in turn yields positive results of enhanced production, the journalists observed.

Commentary

Fiscal measures should be rationalised to help grow capital market

By Abu Ahmed

The phenomenon of tax evasion is widespread in Bangladesh. People with taxable income try to avoid taxes.

As a result more and more people are required to be brought in the tax bracket to keep government revenue from falling.

Although tax evasion is a common phenomenon none expects the low income people to make up the shortfall. But that is exactly what's happening in Bangladesh. The government gave tax exemption for an annual income of Taka 30,000 from investment in shares of public limited companies. This was done considering the contribution of small investors to capital market.

Two types of investors will benefit from the exemption: Persons with taxable incomes will enjoy the benefit of exemption of Tk 30,000 for investment in shares of public limited companies. Others, whose income is not taxable, will not pay this tax at all. In the latter case, the investors are to submit a certificate from the tax office saying that their dividend income will not exceed Tk 30,000.

Thus, there are now two categories of dividend income earners: one category pays income tax, the other does not require to pay it. But both the categories are discontent over the taxing of dividend income.

The big dividend earners think that this is too harsh as they are already paying too much tax. The small earners think that it is burdensome as it is not possible to avail the exemption for various reasons.

They say that when they approach the tax office for a certificate, the first question they are asked is whether they maintain a tax file or submit tax returns annually. When they reply that they do not earn enough to pay tax, they are asked for evidence that they do not earn enough. Thus the small investors who don't pay any tax, are afraid to approach tax officials for a certificate which will help them

avail the benefits of the exemption.

The tax levied on dividend income is to be deducted by the companies at the source. The government wanted to do the small investors some favour. But they are now victims of a complex situation.

The big investors in shares have the scope of adjusting the tax on dividend income at the source along with their total tax payments. The small investors do not have that opportunity as they do not maintain any file with the tax office. So far only a few small investors have approached the tax offices for certificates that would help them stop the deduction. Many of them returned without the desired certificates because of the costs and complexities involved in the pro-

cess. Some public limited companies circulated letters among their shareholders which said that 10 per cent of dividend income would be deducted at the source, unless shareholders can produce the certificate. Others did not even care to notify the investors and they are enthusiastically obeying the government instruction. Some companies however, have shown better understanding in this regard and honour declaration from dividend income earners that their total dividend income from shares of public limited companies will not exceed Tk 30,000. Islami Bank is one of such companies.

The author was in touch with the tax office in this regard. He was told that both the procedures are right. When asked what happens if a dividend income earner gives false declaration, the tax official said that the investors are expected to give a true statement. There is also a confusion

about levying this tax through the 1991-92 Finance Bill as already there are six per cent development levy and four per cent Jamuna surcharge. This year government imposed more tax on dividend income as if this is one of the very potential sources which has so far remained unnoticed. Hastily and without any coordination between the Ministry of Finance and the National Board of Revenue, government decided to impose this tax in the current Finance Bill.

When confronted as to why so many types of taxes were levied on dividend income, the Finance Minister expressed his surprise that the development levy was still there and assured that in the next financial year it would be withdrawn. Whether the tax on

should be encouraged, the government is doing just the reverse. It floated its saving certificates which bear very high interest rates. Five types of saving certificates are now available in the market which offer higher interest rate than the market's competitive rate. These are bond-type certificates with the exception that they are not transferable and cannot be transacted in the secondary markets. Thus they are safer and more lucrative than other high-risk financial assets like shares and company debentures.

Investors are now withdrawing from share markets and turning to these saving certificates. Is the phenomenon good for the economy? Definitely not. But this situation was created, to a great extent, by the government itself. It taxes heavily the share market income but keeps the saving certificates tax-free. This is a violation of basic rules for encouraging investment in industry via share markets.

But why does the government do this? It does it simply because it wants more money for revenue expenditures. Money from the sale of saving certificates goes to government accounts and money collected from taxes also goes there. This is exactly what the government wants. It wants more money to meet rising revenue expenditure obligation.

The government is taking away a big income of shareholders in the form of corporate income tax. Corporate income ranges from 45 to 55 per cent of total income. Statutory reserve and tax holiday reserve constitute the major part of the rest. Not much of income is then left for distribution as dividend among the risk-taking shareholders. When they finally get their dividend, they find to their utter dismay that 20 per cent of that meagre amount has been taxed away under various names.

Conflicting and discriminatory fiscal measures are bound to harm the share market. When risk-taking investment

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dividend income was imposed in confusion or not, or without proper coordination is not the big question. The big question is whether we can afford to tax the dividend income, specially when the investors are leaving the share markets with the whatever meagre saving they still can save from the whirls of the share market.

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New chief of local Standard Chartered Bank

By Staff Correspondent

Roger Wright has assumed the position of Chief Executive of Standard Chartered Bank in Bangladesh.

Wright has a long 33-year experience of serving the bank in Nigeria, India, Malaysia and the Philippines.

His last assignment was in Calcutta where he spent the last four years.

Tokyo shares mixed, dollar edges lower

TOKYO, Feb 28: Tokyo share prices were mixed in slow trading Friday as the market stood virtually still, while the US dollar edged lower against the Japanese yen, reports AP.

The 225-issue Nikkei Stock Average gained just 5.11 points, or 0.02 per cent, closing the week at 21,338.81. On Thursday, the average lost 31.07 points, or 0.15 per cent.

The Tokyo Stock Price Index of all issues listed on the first section, which added 1.64 points Thursday, gained 0.84 points to 1,554.49.

An estimated 180 million shares changed hands, down from Thursday's 221 million shares. Advancing issues outnumbered 467 to 466, with 185 unchanged.

Stock traders said trading was sluggish without much selling and buying due to a lack of incentives to move in either direction.

A clear direction for the Nikkei average hasn't been established, but the bottom line is being somewhat consolidated after the market closed below 21,000 points on Jan. 20, Akira Kodaka of Yamatane Securities said.

Jan 20 marked the first time the Nikkei average closed below 21,000 points since October 1990.

Dollar in US mixed

NEW YORK, Feb 28: The dollar finished narrowly mixed after a day of nervous trading that focused mainly on speculation about lower interest rates both in the US and abroad, reports Reuter.

The market was edgy ahead of Friday's release of revised fourth quarter US Gross Domestic Product (GDP) data. Traders said a week number could push the federal reserve lowered ease.

No rice import during last two years

Bangladesh did not import rice during last two and a half years as food production was satisfactory and adequate in the country, reports BSS.

This was stated in the third meeting of Parliamentary Standing Committee on Food Ministry held Thursday at the Jatiya Sangsad Bhavan with Food Minister M Shamsul Islam in the chair.

The meeting stressed the need for further strengthening the food management by reducing subsidy in food sector and accountability, responsibility, efficiency and sincerity of the concerned officials to ensure proper distribution of food.

It also had elaborate discussions on matters relating to Pali and Pura rationing system, foodgrains carrying and movement system, construction of food godowns and open market sale.

The meeting was attended by M Azizur Rahman Chowdhury, M A Matin, Mosharrar Hussain, Advocate M Abdul Hamid, M Abdul Khaleq, Salahuddin Kamran and Mirza Golam Azam.

Food Secretary, Director General of Food and other senior concerned officials were present.

Fun run to mark Tourism Week held

By Staff Correspondent

A "fun run" was held Friday the fifth day of Tourism Week '92 from National Museum to Bijoy Sarani. Sadeq Hossain Khoka, State Minister for Youth and Tourism inaugurated the run as chief guest while Abdul Mannan State Minister for Civil Aviation and Tourism attended the function as special guest.

Members of Rotary, Rotaract, Leo clubs and Boy Scouts took part in the run.

Besides, ministers, officers and employees of Ministry of Civil Aviation and Tourism, Bangladesh Parjatan Corporation and Sonargaon Hotel also took part in the event.

Finally a raffle draw was held at Bijoy Sarani. Four prizes were awarded to first four winners by courtesy of Saudia, Kuwait Airways, Biman Bangladesh Airlines and Sonargaon Hotel.

The State Minister for Civil Aviation and Tourism, Abdul Mannan distributed prizes among the winners.

Secretary, Ministry of Civil Aviation and Tourism Habibur Rahman, Chairman of Bangladesh Parjatan Corporation (BPC), AMM Nasrullah Khan were also present on the occasion.

Iraq rebuilds 76 pc damaged industries

BAGHDAD, Feb 28: Iraq has rebuilt 76 per cent of its industrial facilities destroyed or damaged during the Gulf War a year ago, local newspaper Al Thawra reported Thursday, according to Xinhua.

Amer Hamoudi al-Saadi, Minister of Industry and Minerals was quoted as saying that the Gulf War caused huge damage to Iraq's industries and total destruction to some sectors, the power industry, for example.

In an interview with the paper, he estimated the total material losses of the industrial sector at a billion US dollar.



Syed Shamim Ahsan, Secretary of Railway Division and Director General of Bangladesh Railway, visiting Pahartali railway workshop in Chittagong Thursday.

Poor women can work miracle if given opportunity

Poor rural women can quickly shake off centuries of traditional discrimination and legal restraints to earn economic independence for their families if given an opportunity to set up their own enterprises, says IFAD, reports UNB.

The International Fund for Agricultural Development, a Rome-based UN agency, has also found that the best way to raise the status of women is to assist them in creating their own income-producing ventures.

IFAD organised the first

summit on the economic advancement of rural women in Geneva on February 25-26 to highlight the special burdens

"The traditional view that rural women only cook food, take care of the children and look after the home is only partly true", that rural women face in the developing world and to show that there are ready, cost-effective solutions to assist them, a press release received

in Dhaka Friday said. Some 70 First Ladies attended the summit along with UN Secretary General Boutros Ghali, chiefs of other UN agencies, and of international financial institutions, women's groups and other guests.

The traditional view that rural women only cook food, take care of the children and look after the home is only partly true", says Indriss Jazairy, the President of IFAD. "Women are the statistically invisible and too often unacknowledged backbone of the

rural economy. In Bangladesh, the IFAD-supported Grameen Bank, begun in 1976, works only with the poorest of the poor in one of the most densely populated and impoverished nations of Asia, mostly with women, an overwhelming majority of whom are from landless families.

The Grameen Bank lends money on the simple premise that the poor are poor because they have no access to capital. The premise says that if poor rural residents can get capital,

they will find escape from the poverty that has seemed perpetual to them. The programme has shown

The Grameen Bank lends money on the simple premise that the poor are poor because they have no access to capital. Membership in the bank grew from just 50,000 in 1983 to over one million by end of 1991, of which 82 per cent

are women. The women's payment record is 97 per cent, which is a higher rate than the men's.

IFAD is also supporting a smallholder livestock development project, involving close collaboration with the Bangladesh Rural Advancement Committee (BRAC), which provides technical advice, training and credit to landless or near-landless, predominantly women, to improve and expand poultry and goat production on home compounds.

Dhaka Stock Prices

At the close of trading on Feb 19 and Feb 27, 1992

Company	FV/ML*	February 19		February 27		1991-92	
		Take	Take	Take	Take	High	Low
BANKS (10)							
AL Baraka Bank	1000/1	1080.00	1090.00	1200.00	760.00		
AB Bank	100/5	188.00	188.00	188.00	155.00		
City Bank	100/5	268.00	268.00	290.00	172.00		
I.F.C.	100/5	180.00	183.00	200.00	170.00		
Islami Bank	1000/1	1750.00	1810.00	1900.00	1190.00		
National Bank	100/10	107.00	106.00	118.00	103.00		
1st ICB M Fund	100/5	102.00	102.00	110.00	85.00		
Rupali Bank	100/10	90.00	90.00	110.00	68.00		
U.C.B.L.	100/5	120.00	121.00	131.00	118.00		
Uttara Bank	100/5	155.00	158.00	200.00	155.00		
INVESTMENT (08)							
ICB	100/5	90.00	90.00	95.00	90.00		
1st ICB M Fund	100/5	340.00	340.00	400.00	340.00		
2nd ICB M Fund	100/5	150.00	153.00	190.00	150.00		
3rd ICB M Fund	100/5	131.00	130.00	160.00	125.00		
4th ICB M Fund	100/10	126.00	125.00	145.00	120.00		
5th ICB M Fund	100/10	88.00	88.00	128.50	88.00		
6th ICB M Fund	100/10	63.50	62.50	91.50	155.00		
Unit Certificate							
Sales Price		116.00	116.00	116.00	—		
Re-purchase		111.00	111.00	111.00	—		
INSURANCE (04)							
BGC	100/10	115.17	114.00	121.00	104.50		
Green Delta	100/10	129.00	128.00	139.25	106.00		
Peoples	100/10	130.00AL	130.00	150.00	120.00		
United	100/10	130.00	145.25	154.00	116.50		
ENGINEERING (19)							
Afah Automobils	100/5	182.00	182.00	208.00	182.00		
Atlas Bangladesh	1050	36.00	34.50	49.97	34.00		
Aziz Pipes	100/5	235.00	233.00	300.00	218.00		
Bangladesh Autocars	100/5	80.00	80.00	105.00	70.00		
Bangladesh Lamps	105/5	225.00	225.00	266.00	225.00		
B.Thai Aluminium	100/10	87.25	85.00	110.00	75.00		
Bengal Carbide	100/5	220.00	220.00	250.00	220.00		
Bengal Steel	100/50	18.00	18.00	100.00	75.00		
Eastern Cables	100/5	80.00	79.00	102.00	97.00		
Howlader PVC	100/10	104.00	104.00	122.00	97.00		
Kurtin Pipe	100/5	128.00	126.00	139.00	112.00		
Metalex Corp.	100/5	105.00	104.00	153.07	75.00		
Monno Staffers	100/5	200.00	200.00	200.00	200.00		
Monno Jute	100/5	240.00	233.97	240.00	210.00		
National Tubes	100/10	108.00	106.25	148.46	103.00		
Panther Steel	100/50	6.00	6.00	—	—		
Quasem Drycells	10.50	7.56	6.80	9.30	6.80		
Renwick Jaineswar	100/5	73.50	73.50	100.00	46.00		
Singer Bangladesh	100/5	1100.00	1050.00	1100.00	700.00		
FOOD & ALLIED (23)							
AB Biscuit	100/5	180.00	180.00	200.00	180.00		
Alpha Tobacco	10/50	48.00	48.00	48.00	48.00		
Amari Sea Food	100/5	33.00	33.00	40.00	32.00		
Apex Food	100/5	500.00	490.00	500.00	270.00		
Aroma Tea	100/5	70.00	70.00	85.00	45.00		
Bangas	100/5	145.00	145.00	155.00	145.00		
Bengal Food	100/5						