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HYUNDAI

CARS THAT MAKE SENSE

Scientists evolve new high yielding variety paddy

MYMENSINGH, Aug 6: Scientists of Bangladesh Institute of Nuclear Agriculture (BINA) achieved another success in evolving a new high yielding variety paddy, reports UNB.

The variety has been evolved through permanent change in reproduction cycle by applying Gama ray in Naizeshail variety of paddy. The new variety has been named Binashail, which is an improved variety in respect of per acre yield and cultivation process.

The Binashail, a latest variety, is being cultivated as transplanted aman in the country. It is suitable for cultivation after flood. The life expectancy of Binashail is less than that of Naizeshail. As a result, it can be harvested 2-4 weeks earlier than the Naizeshail.

The BINA sources said the per acre production of Binashail is 20 per cent higher than its parent variety and well adapted in adverse climatic condition. It yields satisfactorily after planting in the first week of the month of Ashwin.

The plants grow tall and the rice is white, thin and tasty due to high protein content. It requires small quantity of fertilisers. With the cultivation of the variety the farmers will be able to accrue double financial benefit than that of the traditional variety, the researchers said.

Agriculture Extension Department and Bangladesh Agricultural University Extension Centre have jointly taken initiatives to make the variety popular in the country.

Some 220 demonstration plots have been set up in 100 thanas in 33 districts to popularise the variety among the farmers, said a press release.

Sonali Bank officials meet

The Managing Director of Sonali Bank, A Q Siddiqui, has called for ensuring transparency and accountability in banking functions, says a press release.

He made the call at a meeting with the bank's senior executives, heads of principal offices and corporate branches held at the head office of the bank in the city yesterday.

Siddiqui said the bank officials must also improve the clientele service and the bank's business interest.

The Managing Director said necessary steps would be taken soon to encourage people, especially the rural people, to increase their savings. Siddiqui said the business sluggishness caused by the degradation of the bank-client relation would have to be removed rapidly to safeguard the bank's business interest.

He advised the officials to eliminate sluggishness through proper evaluation of good performances of the competent employees and lead the bank towards its cherished goals.

Focusing on the attainment of the bank's top most position in all types of foreign exchange operations including import and export, he opined that the bottlenecks faced by the clients should be eliminated.

Country's total exports exceed target by 2.17 pc in '95-96

By Staff Correspondent

Country's total exports during 1995-96 fiscal year have exceeded the target by at least 2.17 per cent and stood at 3882.42 million US dollars.

According to Export Promotion Bureau (EPB) statistics, in Taka terms, the exports have surpassed its target by about 4.47 per cent. The EPB statistics revealed that the total export target during last fiscal year was fixed at 3800 million US dollars (Taka 15,200 crore) against which the country really fetched 3882.42 million US dollars.

Taka 15,879 crore.

The growth of export in comparison with the previous fiscal year (1994-95) was registered at 11.80 per cent (in dollar terms) and 14 per cent Taka terms.

According to statistics, among the traditional items, raw jute grew fast, at a rate of 29.60 per cent. The target for this golden fibre was fixed at 70 million dollars while the real export was 90.74 million dollars.

Among the non-traditional items, hosiery products ex-

ceeded the target by 57.45 per cent. It was fixed at 380 million US dollars while the real trading was US 598.32 dollars.

The export of chemical fertiliser has fallen during this period. In the last financial year, more than 6.73 lakh metric tons of chemical fertiliser was exported. The figure for the corresponding period of the previous fiscal was 7.75 lakh metric tons.

The export of ready-made garments has also declined. The target for this product was set at two billion dollars while

its actual export was a little more than 1.94 billion dollars.

According to statistics, USA tops the list of importers. It imported goods worth more than 1.19 billion dollars, 30.84 per cent of the country's total export.

During this period, US has imported ready-made garments valued at 879.90 million dollars, followed by knitwear, 121.35 million dollars and frozen shrimp 74.90 million dollars.

US has imported 45 per cent of the country's total ready-made garments.

Tofael tells US economic team Amendment to rules soon to lure foreign investment

Minister for Commerce and Industries Tofael Ahmed said yesterday economic development of the people is the prime aim of the Awami League government, reports BSS.

He said this while US Ambassador to India Frank Wisner and the US economic team called on him at his office in the Secretariat here.

The minister said the present government was fighting for economic development through pursuing regional co-operation and global participation.

Elaborating the steps taken by the government so far to encourage foreign investors, the minister said investment promotion act and other investment rules would be amended very soon. Another law for facilitating private investors to establish new EPZ would be enacted and

Privatisation Board was being revitalised, he pointed out.

The minister said, "We could not take the advantage of Call to reassess EU measures against 'mad cow' against 'mad cow'."

BONN, Aug 6: Germany Agriculture Minister Jochen Borchert called yesterday for an immediate reassessment of EU measures against "mad cow" disease following British studies showing it can be transmitted from cow to calf, reports AFP.

Borchert said he considered it necessary to incorporate the new findings into the plans to compensate the British beef industry for its huge losses because of bovine spongiform encephalopathy (BSE).

A review of the existing trade restrictions and bans on British beef was also urgently called for, Borchert said.

the majority in the parliament as it was in the past. He said a Special Parliamentary Committee comprising members from the Opposition and Treasury Benches had been formed which would scrutinise all the bills before being placed in the Jatiya Sangsad.

"Through this we want to pass bills on the basis of consensus so that the laws will exist after changing of government," he added.

"Lauding the role of the United States in the socio-economic development of Bangladesh since independence, the minister requested the diplomats and team members to inform and motivate US investors about the positive steps taken by the government favouring foreign investors."

Industries Secretary M Akhter Ali and Commerce Secretary A H Mofazzal Karim were present at the meeting.

Cargo handling at Mongla Port hits record

KHULNA, Aug 6: Mongla Port handled a record quantity export and import goods during the last financial year, reports BSS.

A total of 28 lakh 39 thousand metric tons of cargo were handled at the port during the period which is the highest in the port history compared to 28 lakh 26 thousand metric tons during the previous financial year (1994-95) which was 13 thousand tons more than that of the previous year, a PID handout said.

Of the total cargo handled at the port during the financial year 1995-96 24 lakh 43 thousand metric tons were import cargo while three lakh 96 thousand metric tons were export cargo. In the year 1994-95 the port handled 21 lakh 95 thousand metric tons of cargo. 20 metric tons of import cargo while seven lakh six thousand metric tons were export cargo. The port also handled 18 thousand eight hundred 20 container during 1995-96 and 16 thousand 39 container during the previous year, the handout added.

Some 600 projects implemented under FWP in Patuakhali

PATUAHALI, Aug 6: Some 600 schemes have been implemented in the district in last fiscal year under the Food for Works Programme by utilising 3,500 metric tons of wheat, reports UNB.

Of the total, 149 schemes were implemented in sadar, 134 in Bauphal, 58 in Dashmina, 123 in Galachipa, 57 in Kalapara and 66 in Mirzaganj thanas.

The schemes included construction of embankments, roads, bridges, excavation of canal and earth work in different educational and religious institutions.

Besides, 900 metric tons of wheat were utilised for implementation of six schemes in sadar thana during the last financial year.

Another report says: Under the Food for Education Programme 1,500 metric tons of wheat were distributed in 16 unions of the district during the last fiscal year.

Official sources said nearly 19,500 primary students were benefited with the distribution of the wheat under the scheme.

Cellular phone in public sector likely, JS told

Post and Telecommunications Minister Mohammad Nasim yesterday told the Jatiya Sangsad till June '96 the number of cellular telephones in Dhaka city was 3,900, reports BSS.

Replying to a question by Awami League Member Syed Ashrafur Islam (Kishoreganj), the minister said the installation cost of the cellular phones range between Taka 22,500 and 90,000 depending on the type of telephone sets.

Nasim said steps are underway to give licences to more private enterprises to curtail the monopoly of the present system. At the same time measures are being taken to enable the T and T Board installing cellular telephone systems in the public sector.

The minister said with these measures a competitive marketing system would be developed which would reduce the cost of installation of cellular phones.

Replying to another question by BNP Member Gazi Mohammad Shahjahan (Chittagong), Nasim said since August 93 till December 95, the government has earned a revenue of Taka 2,58,27,256 from cellular phones.

Replying to a supplement-

tary question, on ghost telephone bills, the minister said the allegation is an old one and blamed it on the traditional analogue system. He said with the change of the system into the modern digital one gradually, the problem would be minimised.

The minister said within few years all the analogue phones would be turned into digital ones in Dhaka city and with this the corruption related to the telephone billing would be removed as the scope of corruption is little in the digital system.

Iraqi oil export issue Progress made in UN talks

WASHINGTON, Aug 6: The United States said on Monday it had made progress in the last few days in talks at the United Nations on a plan to allow Iraq to export oil in return for food imports and hoped they would be completed very soon, reports Reuters.

"Progress is being made and has been made in the last couple of days", State Department spokesman Nicholas Burns said.

Grains down in Chicago futures trading

CHICAGO, Aug 6: Grains and soy products were down in futures trading here at the Chicago Board of Trade on news of favourable weather in US growing regions, reports AFP.

Under pressure from the forecasts, corn and soy dropped, and pulled wheat down with them, according to Joe Victor of the Allendale Brokerage firm.

"The crops should benefit from heat - necessary to corn in its current pollination phase - and rains will last and if the moisture is going to be enough", he said.

Victor noted that the absence of sales also weighed on the market.

Taiwan might be on the US market this week to purchase 94,000 tonnes of wheat and 74,000 tonnes of corn. Japan might also take advantage of low shipping costs to buy US products, before the upcoming publication of US production estimates.

Wheat was down between 5.50 and 1.00 cents, and corn was down between 10.00 and 1.75 cents.

Soy beans lost between 3.00 and 9.00 cents. Soy meal also dropped, while soybean oil gained.

Countrywide power cut

Malaysia seeks to win back foreign investors' confidence

KUALA LUMPUR, Aug 6: Malaysia will seek to win back foreign investors' confidence after an embarrassing country-wide power cut, International Trade and Industry Minister Rafidah Aziz said today, reports AFP.

The blackout, that lasted up to 16 hours on Saturday, had dented Malaysia's international reputation as an investment centre, the minister told reporters.

"There are investors who require completely uninterrupted power supply and may rethink as they may want strong reassurance from the government that it will never happen again," she told reporters.

Rafidah said the cabinet would discuss ways of regaining investors' confidence at its meeting on Wednesday.

The government is also due on Wednesday to release details on the extent of financial losses suffered by industries as a result of Saturday's power outage.

Rafidah urged local industries, especially high-technology firms, to find alternative power back-ups such as a "second-ring" power supply to overcome any power interruptions.

The minister said that national power firm Tenaga Nasional should prepare a comprehensive guideline to inform investors of alternative

power supplies available in the country.

Although state-owned Tenaga Nasional Bhd monopolises the country's power transmission, it should be more market-driven and service oriented, she added.

The power failure, the second in four years, came just days after she had reassured Japanese investors in Tokyo that the 1992 outage would not recur.

"There I was trying to convince more than 600 businessmen that the 1992 incident was an 'act of god', that power failure was a thing of the past it won't repeat ... a few later, I was in the dark," she said.

Income tax rate for non-resident Bangladeshi

A Rahman

Bangladesh is probably the only country in the world which discriminates against its own people who live abroad (see table at the end). The income tax rate is biased against those Bangladesh expatriates. Sometime ago, the tax authorities decided that Non-resident Bangladeshi (NRB) should have to pay higher income tax compared to resident Bangladeshi vide Section 2 (63) of IT Ordinance, 1984. Currently, total income generated in Bangladesh from investments by NRBs is taxed at a flat rate of 25 per cent which is the highest tax rate in Bangladesh for individual income. No exemptions or allowances or credits are available to NRBs as are available to residents. Since it is a flat rate, there is no benefit of cascading effect of different rate slabs. Many countries, including our neighbour India actually charge a lower tax rate to their non-resident national compared to their resident nationals. A non-resident US national gets a big tax relief for income earned while living abroad (Up to 75,000 dollar is tax exempt for those who qualify for non-resident status). In India, the tax rate for non-resident Indians is half of that for resident Indians for comparable income bracket.

It has been stated by researchers in different fora that successful expatriate nationals can be a valuable source of investment for the developing countries. As for example, India has taken advantage of this source by tapping the Non-Resident Indians (NRIs). It is reported that since its liberalisation programme began in 1991 formal investment by NRIs has totalled approximately 72 billion Indian Ru-

pees (approximately 2.2 billion dollars) till June 30, 1995.

The success of India is also now being followed by other SAARC countries to woo their expatriate national to invest in the motherland. Among other incentives, India is offering lower income tax rates for NRI investors. The current income tax rate ranges from 10 per cent to 20 for the highest bracket compared to the highest tax rate of 40 per cent for resident Indians.

It has been identified in different fora that in order for Bangladesh to attract FDI, one of the first steps should be to encourage NRBs to invest in Bangladesh. This will generate the initial momentum and lead the way for foreigners to invest in Bangladesh as has happened in countries like Thailand, Malaysia, Indonesia and lately, India. It may be mentioned that the recent investment boom in China has been first led by investment by the overseas Chinese (and Taiwanese) when China opened its doors to foreign investors. This lesson has been followed by India in literally halving the highest tax rate on NRI income.

Bangladesh has a large number of successful NRBs who can be an important source of foreign direct investment (FDI) in Bangladesh. NRBs have the necessary capital and exposure to foreign markets and technology which can complement the initiatives of local businesses in forming joint ventures. Our national leaders lament that the NRBs have not been responsive to investment opportunities in Bangladesh. However, if one considers the discrimination in income tax rates and the unfavourable tax rate between that in their resident country

and Bangladesh, one can easily see the reason for poor response from NRBs. In the case of NRBs (most of whom live in the UK and USA/Canada) the flat tax rate of 25 per cent is a disincentive compared to their tax burden in UK, US/Canada. For example, the income tax rate of 25 per cent for NRBs is comparatively higher than the average income tax rate for individuals in the USA of 15 per cent. As in Bangladesh, the individual tax rates are graduated upwards so that after the allowable deductions and exemptions the absolute net tax

Taxable Income		Income Tax for	
		Resident	NRB
First 60,000		0	15,000
60,001-130,000		6,000	10,000
Total		6,000	25,000

burden is much below that implied by the tax rate. As a result, there is very little investment by NRBs in Bangladesh. Consequently, the tax revenue collection by the government from this source is very negligible.

While incentives for foreign corporate investment in Bangladesh is quite competitive compared to the neighbouring countries the same is not true in case of incentives for individual NRBs. Incentives such as tax holidays, duty free import of capital goods, etc. apply mainly to corporations and are the same for any corporate investor foreign or domestic. There is nothing encouraging for the individual NRB investors. However, in the case of Bangladesh, the potential for individual NRBs to invest is far greater than as NRB-owned foreign corporations. Mainly because there are not

many NRB-owned successful large foreign corporations as there are successful individual NRBs. Tax incentives focussed at the individual NRBs would, therefore, be very effective to attract FDI. Given this focus on attracting FDI by NRBs, as mentioned earlier, the income tax rate for NRBs should be reduced from its current level of flat 25 per cent to 10 per cent (It may even be argued that the net beneficial impact would be far greater if the tax rate is reduced to nil initially and then raised to 10 per cent after a period of about five

years, when investment picks up and starts generating income flows. Initially, these investments would not be generating any direct income until after the gestation period, so there will not be any loss whatsoever by eliminating the income tax on individual NRBs. In order to check any abuse of this incentive, the definition of non-resident status should be appropriately revised to make it more restrictive).

Areas of Likely Investment

Individual NRBs would most likely invest in: Shares in a new company eight as direct sponsors or as portfolio investors. This form of investment will greatly encourage small NRB investors looking private sector industrial growth.

Housing. Currently, it is the most important sector in look upon building a retirement asset in their mother country. Additionally, since NRBs will rent out these properties this will not only increase the availability of rental property but also help develop new service enterprises to manage these properties on behalf of the absentee landlords and creating further employment. Such enterprises, which are common in developed economies, are yet to grow in Bangladesh.

Bangladesh. In all modern economies, housing construction is considered a "bell-weather" activity which has great impact on their economies. Investment in multi-unit housing (greater than 2 stories) either wholly or as a unit/flat in a housing society by NRBs would ease the housing crunch as well as generate other investments and growth in related sub-sectors, viz. hardware, sanitary ware, electric ware, cables, furniture, etc. This investment would also be most favoured by individual NRBs since many

likely benefits for the proposed tax incentive: In the short run, it would encourage investment with no concomitant loss in tax revenue for NRB sources. However, NRB investment will lead to increases in income in the related sub-sectors thus increasing collection of tax revenue (VAT and income tax) from these local produc-

ers/suppliers.

In the long run, as NRB investment increases income, this would lead to increases in tax revenue from NRB sources. Increase official transmission of funds by NRBs, thereby, increasing officials' foreign reserves.

Increase employment not only in the housing construction sector but in all related sub-sectors.

Reduce pressure on the government for its own investment in the housing sector.

Increase corporate income tax collection as the corporate sector declares dividends to attract investors.

Disincentive under current tax rules:

Assumption: Two individuals (one resident and the other non-resident) both having adjusted taxable income of Taka 1,00,000.00

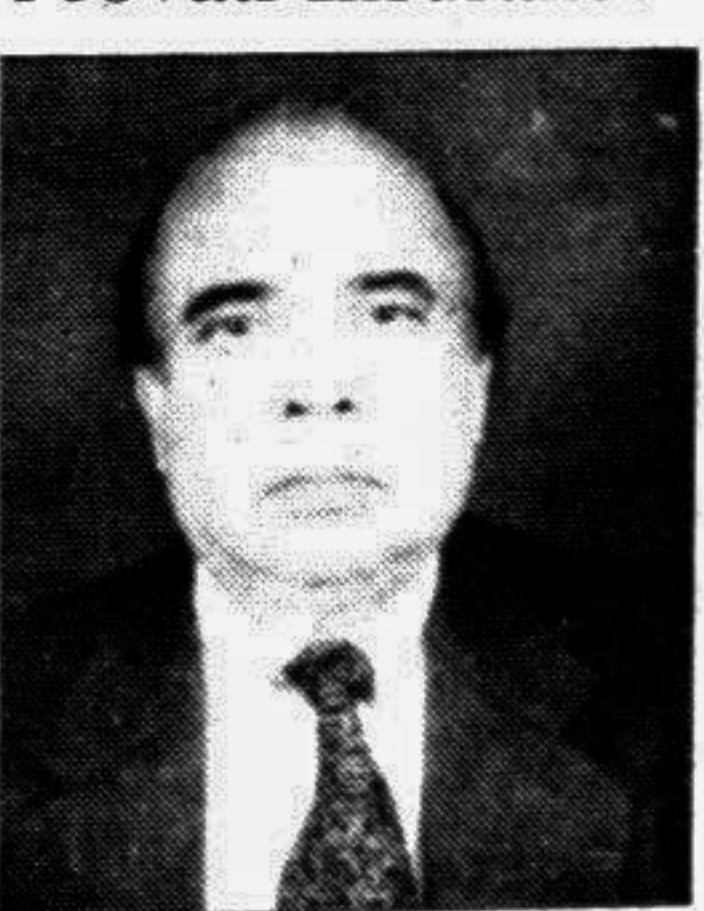
It is quite clear from the above example that an individual NRB is discriminated against under the current tax regime compared to resident tax payer.

Action Needed Amend Section 2 (55) of the Income Tax Ordinance, 1984 to define Non-resident Bangladeshi (NRBs) as those Bangladeshi not living (or physically present) in the country for at least 310 days. This amendment is essential in order to check any abuse of the incentive.

Reduce the income tax rate for NRBs from 25 per cent to 10 per cent. Eligible income: Dividend and rental income.

(The author is a non-resident Bangladeshi)

Amin new MD of Provati Insurance



Ashrafur Amin is the new Managing Director of Provati Insurance Company Limited, says a press release.

He took up his assignment recently. Amin started his insurance career in the year 1953 as a Trainee Officer in Queensland Insurance Co. at Karachi. As Chief Manager of Pakistan Insurance Corporation, he played an important role in the insurance and reinsurance activities of the corporation at the head office level in Karachi.

An ACH from United Kingdom, Amin got his MA Degree from Calcutta University in the year 1951. During his long 43 years of insurance career, he held many responsible position.

From the year 1975 to 1986, Amin was engaged as a Senior Lecturer at Mara Institute of Technology in Malaysia and there he introduced and directed 1-year Certificate of Insurance, 2-year Diploma in Insurance and 3-year Advanced Diploma Course.