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DHAKA SATURDAY, OCTOBER 19, 1996

Dhaka to get \$90m ADB loan for urban poor

Asian Development Bank (ADB) will give 90 million US dollars as micro credit and fund to Bangladesh for implementing projects to improve the condition of the urban poor. ADB Resident Mission Chief Bhanupol Horayangura said the bank would provide the money under two projects for the poor — reduction of urban poverty and ensuring health-care facilities for the poor. He said 50 million US dollars will be channelled through Bangladesh Bank to different organisations including Non-Government Organisations for the poverty reduction in the urban including improvement of slums and employment generation among the urban poor which will start from next year.

The resident chief said under the poverty reduction programme the urban poor would be given loan for taking up small income generating projects. The slums in the cities will be developed under the project.

Horayangura said the next component of 40 million US

dollars will be provided for the project for ensuring health care services to the urban poor. Under the project healthcare will be provided to the poor through setting up new healthcare centres at places. He said basic services like immunisation by providing vaccines will be given to the urban poor through the centres and mobile healthcare unit, under the project.

He, however, said the bank, which had so far provided 4.7 billion US dollars of soft loan for projects across the country, will continue to give support to the development of rural infrastructure.

The ADB mission chief said bank would continue its assistance to help establish rural growth centres by funding infrastructural development so that the influx of rural poor into the bigger cities could be discouraged. He said the urban population growth currently was at six per cent.

Horayangura said his bank was keen to fund the development projects taken up on the basis of regional cooperation especially in power sector.

He welcomed the decision to

buy power from India and said there was no harm in going for regional projects which had already been proved beneficial for many Asian countries.

Horayangura said his bank was already helping in the process of preparing grounds for private sector investments in power sector. He pointed out that ADB had already committed a fund of 50 million dollars for ensuring transmission of power from Meghna Ghat 400 MW power plant to the capital Dhaka.

The ADB chief said the bank would continue to give stress on funding of agricultural development projects in the country.

He underlined the need for more regional cooperation in scientific side of agricultural sector like innovating new high yielding seeds. He said Bangladesh should have more efficient people working in the field of scientific research in agriculture.

He said that the present government seemed to be firmly committed to improve the condition of the farmers in the country.

Riyadh to reduce work permits for foreigners

RIYADH, Oct 18: The Saudi authorities are to cut back on the number of work permits given to expatriate workers to make way for an extra 190,000 Saudi workers by the year 2000, officials here said today, reports AFP.

Work permits for 13 specialist trades will be suspended, and permits and working visas for another 14 trades will be reduced from the current two years to just one year, the officials added.

The labour ministry's decision, adopted this week, falls within the five years Saudi plan (1995 to 2000) aimed at, among other things, progressively replacing immigrant workers with 190,000 nationals between now and the year 2000, said a Saudi official.

Around 167,000 Saudis are expected to graduate before the year 2000 and enter the labour market.

According to unofficial estimates, there are around six million expatriate workers in Saudi Arabia, including one million Egyptians, out of a total population of 18 million.

Bourses experience turbulent week

Country's two stock exchanges experienced a turbulent week as all the market indicators fluctuated heavily following the imposition of circuit breaker system since the beginning of last week.

The market reacted sharply soon after the circuit breaker days of a bearish trend the price index, the market started improving and bounced back to bullish trend.

As the investors were regaining their confidence in the capital market the last three days of the week witnessed heavy buoyancy.

According to them, the share market would have gone up further if there was no circuit breaker.

The main problem of it is that the shareholders were reluctant to release their stocks within the 10 per cent limit as the demand for every share was many times more than the selling lots, brokers said.

The DSE All Share Price Index gained 76.74 points over the week reaching 2024.43 points which is all-time high record.

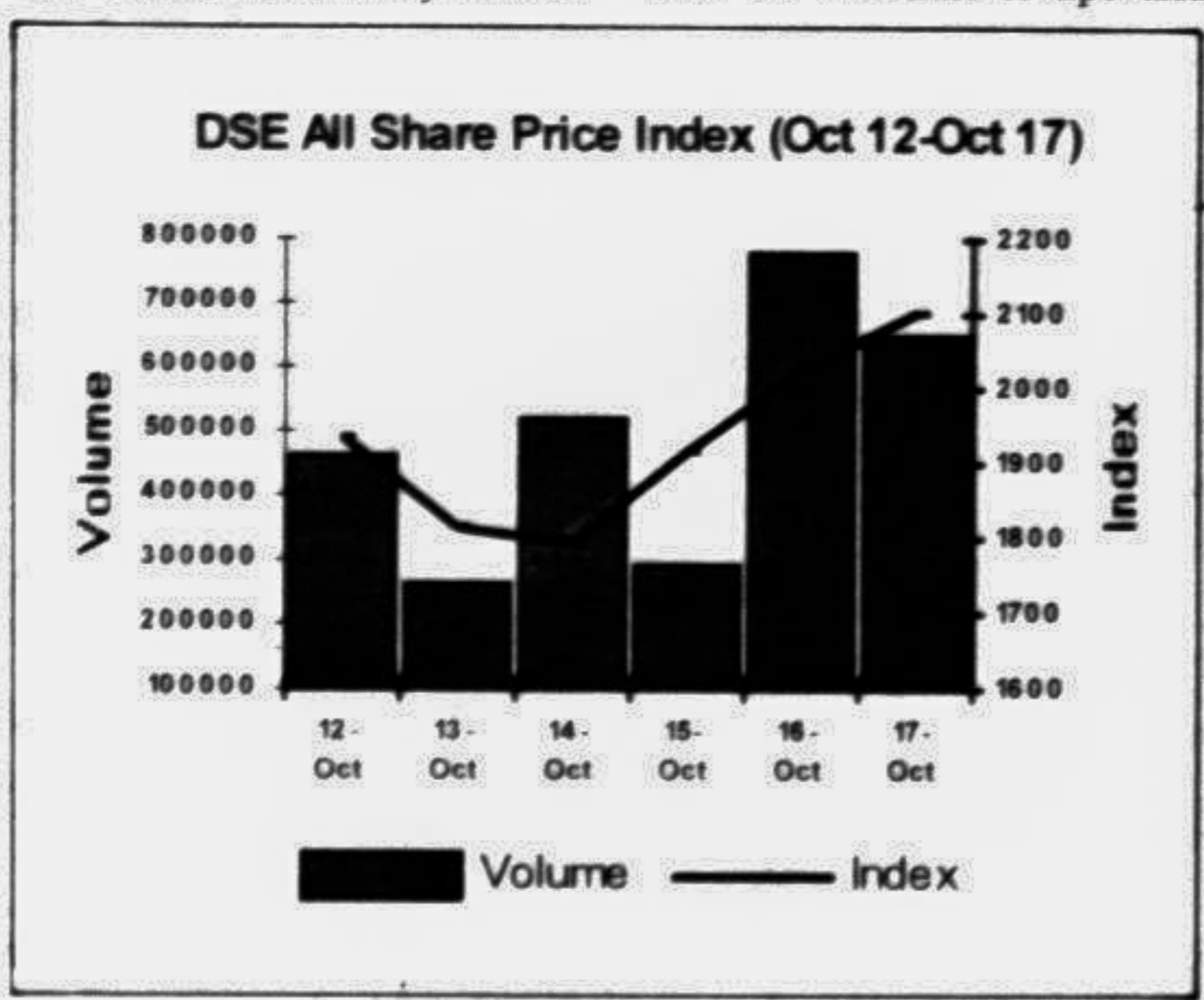
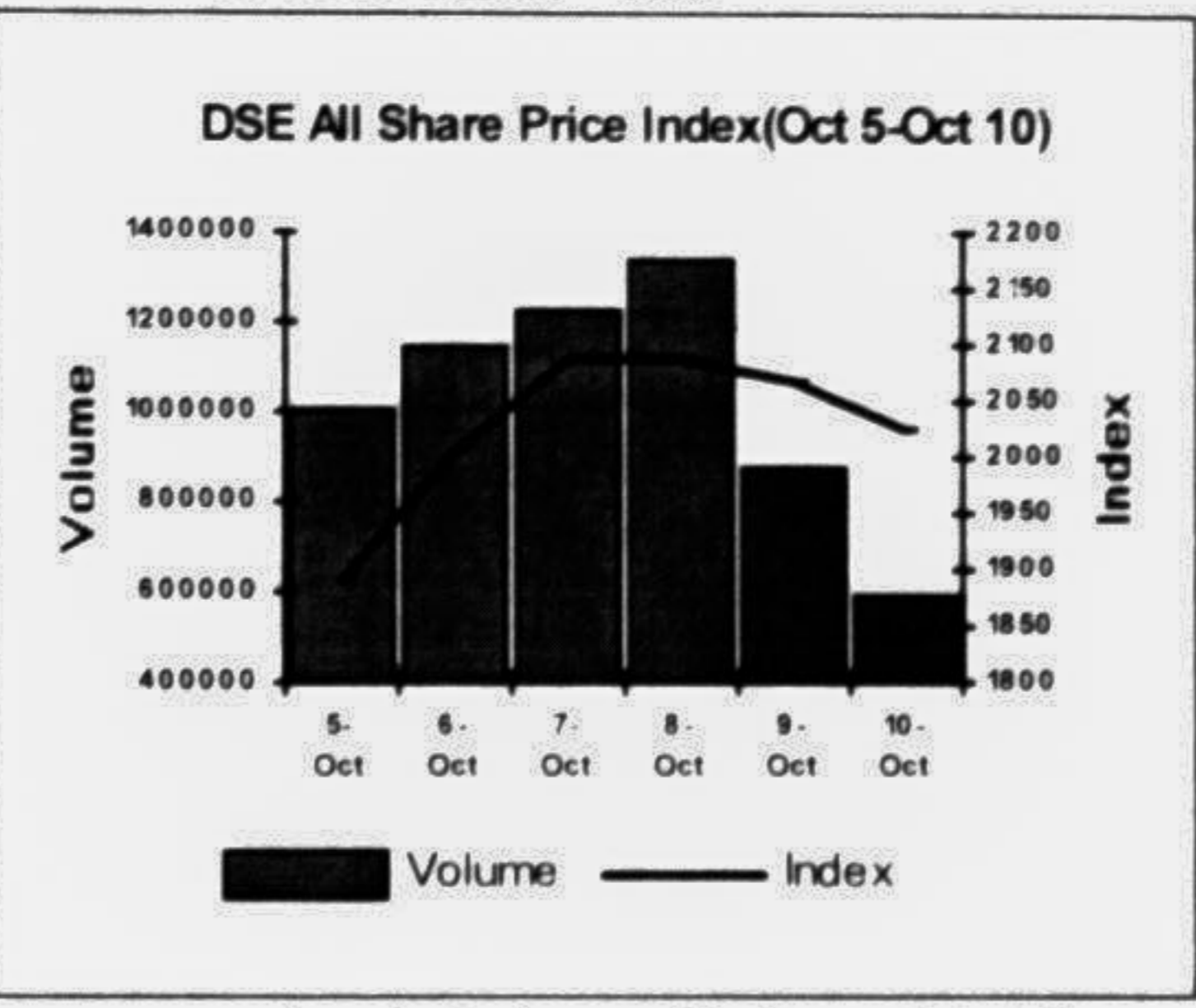
The Market Capitalisation of the country's premier bourse surged by Tk 530 crore and reached Tk 14,700 crore from previous week's position of Tk 14,164 crore.

The market indicators of the Chittagong Stock Exchange (CSE), the second bourse of the country, witnessed slight fall in comparison with the previous week's closing day position.

The CSE All Securities Price Index closed at 883.80 points which is about 21 points lower than the previous week's closing day position.

The Market Capitalisation of the bourse lost Tk 19 crore and came down to Tk 9099.77 crore at the end of the week from Tk 9118 crore.

"Now the market can not settle down according to its own force as the limit of ups and



Famous Indian film star Hema Malini celebrated her Birthday by cutting cake at the White Castle Restaurant at Banani in the city on Wednesday. Among others present on the occasion were Bappi Lahiri Kavita Krishnamurti, Chankey Pandey, representatives of Indian High Commission and members of the Indian cultural team. The Managing Director of the restaurant Saidul Alam (Titu), Director Mujibur Rahman and some of their family friends were also present.

2-day workshop on stock market ends in Sylhet

SYLHET, Oct 18: A two-day workshop on 'what is stock exchange and how to invest in stock market' concluded at the Sylhet Press Club, reports BSS.

Organised by Investors Forum, Sylhet, in association with the Securities and Exchange Commission, the workshop was participated by a total of 233 people.

Dr AKM Sahabub Alam of SEC conducted the workshop while MS Shakil Chowdhury, Chairman, Investors Forum, Sylhet presided.

Foreign Minister Abdus Samad Azad attended the concluding session of the workshop as the chief guest and distributed certificates among the participants.

Dollar strong against German currency

NEW YORK, Oct 18: The dollar on Thursday was strong against the German mark weakened by the sacking of Russian Security Chief General Alexander Lebed, and remained a stable against other currencies, reports AFP.

Traders said Lebed's dismissal influenced the German mark more than other currencies because Germany is a heavy investor in Russia.

Gold lost 20 cents to 380.60 dollars an ounce compared to Wednesday night.

At 4:05 pm (2005 GMT) Thursday, the dollar was trading at 1.528 German marks compared to 1.5395 marks Wednesday and at 111.20 yen compared to 112.25.

US Gillette reports 19 pc profit

BOSTON, Oct 18: Crediting a parade of new products and strong blade and razor sales, Gillette Co. on Thursday reported a 19 per cent increase in third-quarter earnings, reports AP.

Profits in the quarter were 241.5 million dollars or 54 cents per share, compared to 202.2 million dollar, or 46 cents per share, a year earlier. Sales for the three months ended Sept. 30 totaled 1.8 billion dollars, an eight per cent increase over the same period the year before.

was re-imposed and all the market indicators went down subsequently.

Investors had become panic and rushed to the DSE to sell out their stocks. As a result, the share prices of most of the issues declined in the following days.

On Saturday, out of 97 traded issues, 88 suffered losses while only eight gained and one remained unchanged. On the following day, the situation worsened further as share prices of 70 companies went down while only two gained out of 72 traded issues.

A record fall of about 121 points in the price index was registered on the day.

After the week's first three

All the market indicators started going up as buying pressure dominated the floor.

On Tuesday, out of 87 traded issues 84 gained while only two suffered losses.

A crisis of shares was created among the investors as many of them did not get stocks in spite of giving orders two days back.

Most of the stock brokers could not provide their clients with shares as per orders.

Although the market indicators improved slightly in comparison with the previous week's closing day position, the market observers said the share trading was heavily squeezed due to imposition of circuit breaker.

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down was restricted by the circuit breaker system," said Iftit Hossen, Chairman of the DSE.

He said that the Securities and Exchange Commission was formally informed of the situation arose soon after the imposition of the system but there was no initiative from the government side in this regard.

He hoped that the government would withdraw the circuit breaker system considering the existing crisis in the capital market.

Further off-loading of government's shares in different national and multi-national companies is the only way to minimise the present crisis, according to the DSE chairman.

Integration of the poor in national planning stressed

Integrating the underprivileged people in the national planning for alleviation of poverty was emphasised at a seminar in the city on Thursday.

The United Nations Development Programme (UNDP) organised the seminar marking the UN-declared International Year for the Eradication of Poverty. The speakers of the seminar observed that the poor women and rural people should

be brought to the local point of all attempts to reduce the poverty level.

The participants in the seminar discussed the UNDP's annual Human Development Report on Bangladesh. The report, which was released recently, comprises three volumes on a pro-poor agenda — an overview of poverty, a profile of human development indicators and the perspective of the poor on poverty.

UNDP Deputy Resident Representative in Dhaka Michael Constable presented in the seminar the first volume of the report that focuses on a pro-poor agenda.

Presenting the second volume, Dr. Debopriyo Bhat-tacharya said Bangladesh's HDI was better compared with its GDP growth till 1992. But from 1993, he added, the HDI had gone down by five points although the GDP index im-

proved.

Prof Mosharrar Hossain of Dhaka University told the seminar that mere industrialisation could not help the country in its efforts to alleviate poverty. Even industrialisation could not succeed unless the agriculture sector was given proper attention, he added.

Addressing the seminar, the State Minister for Foreign Affairs, Abul Hassan Choudhury said, the government is giving top priority to agriculture. "The first budget by the present government reflected this policy", he pointed out.

He further said the present government is ready to attract investment for industrialisation but not at the cost of agriculture.

Waliur Rahman, a former ambassador in his speech, found lack of transparency in the bureaucracy as regards the government plan to eradicate poverty.

Noted economist, Dr. Atiur Rahman criticised the bureaucrats for their lack of learning and suggested establishing good governance in the country.

Chairman of the Securities and Exchange Commission, Harun-Ur-Rashid spoke of right tools, right strategies and right approaches for human development and poverty alleviation.

Mohammad Zamir, Additional Secretary, Foreign Ministry, Selina Khaleq, President of the Federation of University Women, Omar Faruk Khan, an official of the Home Ministry and Dr. Mahfuzul Haq also spoke at the seminar.

EU complains to WTO about US law on Cuba

GENEVA, Oct 18: The European Union took a US law to punish companies trading with Cuba to arbitration at the World Trade Organisation (WTO) on Wednesday, throwing the fledgling trade body into its first major international dispute, reports AFP.

If the United States opposes arbitration, the motion will be referred to November 20, a WTO spokesman said.

The so-called Helms-Burton Law, part of the US drive to isolate President Fidel Castro, provides for sanctions against companies trading with or investing in Cuba.

The EU claims the law violates the territorial sovereignty of other states.

The act allows for penalties in US courts against any company anywhere which, in doing business in Cuba, benefits indirectly from assets expropriated by the communist authorities there.

The US permanent represen-

tative to the WTO, Ambassador Booth Gardner, said: "We don't think that the WTO is the appropriate forum. This is a political issue and not an economic one."

The request for arbitration from the EU is backed formally by Canada and informally by most members of the organisation.

The complaint rests on whether or not a member of the WTO is entitled, by national law, to restrict trade by a third country.

WTO procedures permit a period of up to 18 months after arbitration has begun, in this case on November 20, for settlement of a dispute.

Between May 6, the EU and United States held two rounds of consultations.

The WTO now finds itself embroiled in its first major dispute.

Cuba has already protested against the law, which was promulgated by US President

Bill Clinton, on March 12, arguing that it violated regulations governing world trade.

The act enables plaintiffs in US courts to pursue individuals or companies benefiting from assets confiscated by the Cuban government since January 1, 1959, and to claim damage and interest.

It also allows for refusal of entry to the United States for any foreigner involved in such trade.

Clinton approved the bill after two small US civil aircraft had been shot down by the Cuba, were violating Cuban territory and had been involved in activities against the government.

Cuba also recalled that in 1960 it had set up arrangements to compensate people for expropriation or anti-nationalisation of assets. Many countries, but not the United States, had availed themselves of this.



Khondkar Ibrahim Khaled, Managing Director of Agrani Bank, disbursed loans at Gopalganj branch among the entrepreneurs of fish cultivation project under "Small Enterprise Development Project" of the bank recently.

Herbal beauty aid wins \$ 210000 global order

NEW DELHI, Oct 18: Shahnaz Hussain, whose herbal beauty aids are used by Princess Diana and Barbara Cartland, has won a 210,000-dollar global order for cosmetics based on the margosa tree, reports AFP.

The Press Trust of India news agency quoted Hussain as saying in Bombay that the line, named *ajurvedic* bio-origins, were made from the bark, leaf and fruit of the tree.

The leaves from the margosa tree are traditionally used to fumigate houses.

Hussain, who started working in a dingy garage in New Delhi, did not say who placed the order.

Hussain has "star salons" in Beverly Hills, frequented by Hollywood celebrities, and also has exclusive counters in several department stores including Bloomingdale's, Harrods and the galleries Lafayette.

proved.

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Taxphobia: How to overcome it

By Mohammad Delwar Husain

have offered him attractive tax break for personal investment. Now he has to find out his total investment and determine the exact sum he is entitled to. He knows that investment claim is restricted to a fixed monetary ceiling i.e. 20 per cent of total income or one lac Taka whichever is less. Let us see how he has worked out his investment claim:

Investment Claimed:

P.F. contribution (self)	Tk. 2,000
P.F. contribution (employer)	Tk. 2,000
Contribution to DFS	Tk. 5,000
Purchase of share of Public Ltd. Companies	Tk. 50,000
ICB Unit/Mutual fund purchase	Tk. 15,000
Life insurance premia (self, spouse and dependent children)	Tk. 2,000
Total investment claim:	Tk. 76,000
Admissible investment:	Tk. 36,160

Due to restriction in law as stated above, he can claim admissible investment allowance to the extent of Taka 36,160 only while the actual investment is Taka 76,000. Admissible investment here is derived by deducting employee's contribution to PF from total income; 20 per cent of the resultant sum i.e. Taka 36,160 is the claim he is legally entitled to for investment tax credit. He has invested in the areas approved by the law. Investment in unapproved areas will not figure in the calculation of admissible investment. Investment in savings certificate including DSC is not approved for tax credit.

Having thus completed the second stage, he now steps into the final and the most crucial stage of figuring his tax. He knows the tax rate. He also knows that he cannot claim the admissible sum of investment as outright deduction from his income. He is just entitled to investment tax credit @ 15 per cent on the sum so admissible. Here is how he figures his tax, showing treatment of investment tax credit.

Figuring Tax

Total Income (Salary):	Tk. 1,82,800	(Tax nil)
Tax on the 1st 55,000 nil	Tk. (-) 55,000	
	1,27,800	
Tax on the next 75,000 @ 15 pc	(-) 75,000	Tk. 11,250
Tax on the balance @ 20 pc	52,800	Tk. 10,560
Tax on the next 1,60,000 @ 20 pc		
Tax on the balance @ 25 pc		
Total Tax	Tk. 21,810	

Less 15 per cent tax credit on investment of

	Tk. 36,160	Tk. 5,424
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Total Tax Payable **Tk. 16,386**

If the employee had only employment income, his tax computation problem would have ended here. But as he has multiple sources of income, he is to further proceed in computing his net income from each source along with income aggregation and finally figuring their tax. Let us now see how he does it.

Situation-II

Rental Income from House Property:

Gross rental rent (Tk. 10,000*12)	Tk. 1,20,000	Tk. 1,20,000 (annual value)
Admissible deductions:		
One fifth of the annual value for repair, collection etc. (one fourth is allowable if evidence produced)	Tk. 24,000	
Municipal tax	Tk. 5,000	
Land revenue	Tk. 1,200	
Interest on building loan	Tk. 30,000	
Property insurance premium	Tk. 1,500	
	Tk. 61,700	
Income (net income) from house property:	Tk. 58,300	

(The writer is a Commissioner of Income Tax)
(To be continued)

Every taxpayer, regardless of nationality detests income tax. Income tax, as the name suggests, is a tax on income. Controversy, however, goes on as to what constitutes income. Here I do not intend to go into that controversy. Scope of income being vast, I would mainly try to address the needs of an individual taxpayer having primarily employment income. He may have also such income as house property income, interests on bank deposit, dividend income and agricultural income. In order to compute net income under each of these heads, a taxpayer needs to know the basic modality governing their taxability. Without being a taxman or a professional tax consultant he can, if he really wants to, acquire some basic knowledge of income taxation. This knowledge will certainly embolden him to face his real life tax scenario and help him change his usual cynical and sometimes hostile attitude towards income tax. The basic reason behind a man's innate abhorrence to income tax lies in his primordial tendency not to part with his possessions. Since the State by virtue of its coercive power has made income tax an obligation on its citizens, its default is, therefore, an offence for those who evade and avoid it. We are aware that income tax is as real as life itself. It recurs every year and prolongs as life goes on. The best weapon to combat income tax is to know about it. If you can gather basic literacy in tax, you would get rid of the gnawing phobia and learn to relive the 'brave new world.'

While dwelling on tax matters here I have kept in view that class of taxpayers who have primarily employment related income plus a few common sources I have come across in their records in my fairly long experience as a taxman. In the discussion that follows, I have sought to solve a practical dilemma as to how to compute one's net income from each individual source, total income by aggregating all sources and then to figure tax. It should be kept in mind that tax is calculated on total income comprising all heads of income — not on each head separately. The example that follows will answer the following:

what are the components of basic pay?
how much of the allowances received by an employee are exempt and how much of it constitutes income?
what are the areas of approved investment and how much of it is admissible for investment tax credit?
how to calculate tax payable on salary income?
how to compute total income by aggregating all sources and figure tax thereon?
finally, how to figure average tax rate?

Computation of Salary Income (Assessment Year 1995-96):

Situation-I	Basic Pay	Tk. 1,30,000	
	Bonus	Tk. 16,000	
	Dearness allowance	Tk. 10,000	
	Special allowance	Tk. 5,000	
	Basic pay plus its components:		Tk. 1,61,000
	Certain employment related allowances and payments enjoy partial or full exemption. Following exercise demonstrates how these are worked out.		
			(income components)
	Entertainment allowance: (the entire sum is includible in total income)		Tk. 6,000
	Conveyance allowance:	Tk. 8,000	
	Less exempt	Tk. 4,200	
	House rent allowance:	Tk. 70,000	
	Less exempt	Tk. 60,000	
	(50% of the basic pay or Tk. 60,000 whichever is the less)		Tk. 10,000
	Medical allowance:	Tk. 2,400	
	Less actual expense (assuming it is actually spent and supported by evidence)	Tk. 2,400	
	Employer's contribution to P.F. (such contribution constitutes component of income and hence includible in total income)		Tk. 2,000
	Total income (net income) from salary:	Tk. 1,82,800	

The employee in the multi-stage income-cum-tax computation has correctly completed the first stage. Tax laws