

Tk 110 cr project launched to encourage sea fish catches

The government has launched a new development project involving Tk 110 crore to encourage sea fish catches through cooperatives for the overall welfare of the fisherman community, says UNB.

LRGD and Cooperatives Minister Zillur Rahman formally inaugurated the project at the LGED Bhaban here on Wednesday, said a handout.

He handed over documents of mechanised fishing boats and modern appliances to the members of 50 cooperative societies of the country.

Speaking on the occasion, the Minister hoped that the flood-affected fishermen will be benefited from the project.

Among others, president of National Samabadi Union Habibur Rahman Mollah MP spoke on the occasion.

**BRAC, PKSF sign Tk 80cr loan accord**

An agreement between BRAC and Polli Kormo Shohayok Foundation (PKSF) for a loan of Tk 80 crore for BRAC's poverty alleviation programme through micro-credit for income generation for the poor was signed in city on Wednesday, says a BRAC press release.

Fazle Hasan Abed, Founder and Executive Director of BRAC, and Dr Salehuddin Ahmed, Managing Director of PKSF, signed the deal on behalf of their respective organisations at the PKSF Head Office. A cheque for Taka 10 crore was handed over as the first loan installment.

It may be mentioned that BRAC has so far disbursed Tk 3383 crores to 29 lakh poor households whose repayment rate is over 98 per cent. During this year, BRAC will disburse Tk 1,200 crore at the rate of Tk 100 crore per month.

**Skilled Asian immigrants key to US tech boom**

**SAN FRANCISCO**, July 1: The US high tech boom is increasingly driven by skilled immigrants from China, Taiwan and India, who now run one out of every four Silicon Valley companies, according to a study released on Wednesday, says Reuters.

"We are seeing dramatic evidence that foreign-born scientists and engineers are making significant and growing economic contributions," University of California researcher AnnaLee Saxenian said of her study, conducted for the Public Policy Institute of California (PPIC).

Using a customised database, Saxenian found that in 1998 Chinese and Indian engineers were in charge of a total of 2,775 Silicon Valley companies, which accounted for \$16.8 billion in sales and more than 58,000 jobs.

The pace of immigrant entrepreneurship also appears to be picking up, she found.

Chinese and Indian CEOs ran 13 per cent of Silicon Valley companies launched between 1980 and 1984, but 29 per cent of those started between 1995 and 1998.

Saxenian said her research was aimed at demonstrating that immigrant entrepreneurs were just as significant in the high tech fields as they are in traditional immigrant industries such as small-scale retail stores and garment manufacturing.

The study may also play a role in the debate over increasing the number of US H-1B visas issued to highly skilled immigrants, the PPIC said, noting that the focus of discussion could shift from how foreign-born workers displace others to how immigrant entrepreneurs create jobs, wealth, and global economic links.

**S'pore office rental rates slip sharply**

**SINGAPORE**, July 1: Average office rental costs in Singapore have dropped 24.1 per cent in the past six months to \$38.60 per square foot (meter), a news report said Thursday, reports AP.

Singapore slid to 31st place on a list of the world's most expensive locations in the period from last December to June this year, The Strait Times newspaper said.

The wealthy city-state was ranked 24th in the last half of 1999, and 14th in the first half, the newspaper said. It was quoting results of a twice-yearly survey by CB Richard Ellis, a real estate consultancy.

Singapore's office rents are now roughly half of those in Hong Kong, which came in 6th in the latest survey at \$73.91 per square foot, the newspaper said.

Singapore was viewed as competitors for the position of top Asian business and financial hub.

## Projected earnings from income tax seem an uphill task One third of TIN-holders actually pay income tax

By Inam Ahmed

It sure does look like an uphill task for the government if you take a view of its projected earnings from income tax and the number of people who actually pay the same.

It has been estimated in this year's budget that an amount of Tk 2791 crore would be realised as income tax.

In a country of some 120 million people, where there are only 6,77,638 people having the Tax Identification Number (TIN), this really appears to be a Herculean job. But that is not

even half the truth. In reality, only 2,94,226 persons of the total TIN holders actually file their returns.

There are more frustrating figures in store.

Of those who file their returns, 2,11,802 persons pay income taxes of up to Tk 5000 each. That leaves only 82,424 people who pay above this paltry amount.

Of them, 31,929 pay income taxes up to Tk 15,000.

Some 12,265 people pay taxes in the range of Tk 15,000

to Tk 30,000.

Only 4937 persons pay their income taxes above Tk 30,000 and below Tk 50,000, while 3584 pay the same between Tk 50,000 and Tk 100,000.

There are only 1860 people who pay taxes above Tk 100,000 to Tk 250,000, while 909 pay up to Tk 10,00,000.

And finally, there are 411 persons who pay income taxes above Tk 10,00,000.

"This is surely a sad scenario," said a NBR source. "This means that a chunk of the tax-

able persons are not paying their dues. We have tried to bring them under the tax net in the current budget."

BRD officials now hope that with the simplification of the tax system and introduction of some measures like spot assessment and tax payment during car registration would help change the situation.

"Direct tax is the main mode of revenue collection in the modern world and we also should look into that avenue," said a NBR official.

## First local pvt co to produce power by November

Rural Power Company (RPC) Ltd., the first private power-generating company of the country, is expected to add 70 megawatt electricity to the national grid by the end of this year, reports BSS.

The RPC, a public corporate company, is scheduled to begin experimental production in its first barge-mounted power plant at Shambhuganj in Mymensingh by November next.

Managing Director of the company Mohammad Moksudul Karim told newsmen at his Hanmondi office yesterday.

Karim said the Asian Development Bank (ADB)-financed project is expected to cost nine

million US dollars less than the estimated 62 million dollars.

The company, of which 51 per cent share are owned by the Rural Electrification Board (REB) and the rest 49 per cent by five Palli Bidyut Samitys of the REB, has already received the barge on the site on June 26.

The Managing Director said his company has signed an agreement with a French company AGT to set up another land-based power plant to produce 70 megawatt at the same compound. Construction of the second power station is expected to be completed by August 2000, he said.

## High taxes alleged

Water transport owners threaten to stop services

**Star Business Report**

The private passenger and cargo vessels and oil tankers' owners will stop their services from tomorrow unless the government amends the taxes imposed on the sector, says a joint statement of various water transport owners' association.

The statement added that the government imposed a huge amount of tax on the earnings of various water transports without any discussion with the owners.

The owners proposed to fix tax at the rate of Tk 20 per gross ton on cargo vessels and oil tankers and Tk 10 per person on passenger carrying vessels.

## Slow global growth hits poor hardest

**UNITED NATIONS**, July 1: Despite the recovery of most financial markets, the world economy is still growing slowly and the poorest countries continue to suffer the most, a UN report says, reports AP.

Economic growth this year in developing nations is on track to be lower than any year this decade, according to "The World Economy in 1999," which was to be released Thursday.

The report suggests that a per capita growth rate of about 3 per cent a year needs to be sustained to allow progress in raising living standards and reducing poverty. Only 13 developing countries are forecast to meet that benchmark in 1999, compared to 39 countries in 1996.

And 32 countries are forecast to see per capita output fall in 1999.

The financial crises of the past two years, and ensuing economic slowdowns, have dealt a stunning blow to world development prospects," Nitin Desai, UN undersecretary-general for economic and social affairs, said in a statement.

## LG launches flat screen TV

**Star Business Report**

LG Electronics Inc. of Korea, one of the leading household consumer electronics companies, in collaboration with Butterfly Marketing Limited (BML) has launched ten new models of colour televisions in the local market.

"LG, one of the global leaders in consumer electronics production, has become a major force in marketing consumer electronics goods, home appliances, and IT products in Bangladesh," Moon H. Lee, Deputy Managing Director of LG Inc., said while addressing a press conference at Hotel Sheraton in the city yesterday.

The amount will be spent for infrastructural development of the EPZ, said Sang.

He said over 100 investors of Japan, USA, UK and Korea have so far applied for spaces to set up various mills and factories in the EPZ.

**New GrameenPhone programme in Sharishabari**

GrameenPhone's innovative Village Phone programme is gradually expanding. Late last month, 37 Village Phone subscriptions were handed over in Sharishabari thana of Jamalpur district. With the new subscriptions, a total of 532 village phones are now in operation throughout the country, says a press release.

The new subscriptions were handed over by Khalid Shams, Chairman of the Board of Directors of GrameenPhone, at a simple ceremony in Sharishabari. GrameenPhone's Sales and Marketing Director Mehbوب Chowdhury was also present on the occasion.

The Village Phone programme is GrameenPhone's unique method of bringing connection to the rural areas of Bangladesh.

Grameen Telecom, established by Grameen Bank and one of GrameenPhone's major shareholders, administers this programme.

The Village Phone programme enables Grameen Bank's borrowers to retail telephone services in their respective villages, and has the potential to penetrate the rural areas rapidly and effectively.

The Village Phone operators are selected on the basis of their past borrowing records with Grameen Bank. Once selected, a borrower purchases a handset, upon receiving a loan from the Bank, and then sells telephone services to villagers.

The process allows the Village Phone operators to uplift themselves economically through a new means of income generation while at the same time provides valuable telephone service to the rural areas of Bangladesh.

GrameenPhone has the widest coverage among all the mobile telephone companies operating in the country.



Khalid Shams, Chairman of the Board of Directors of GrameenPhone Ltd., hands over a Village Phone subscription in Sharishabari recently.

— GrameenPhone photo

Financial storm not yet over for Asian banking sector

**SINGAPORE**, July 1: At least 60 Asian banks have wound up and many others are facing a massive overhaul two years after a financial storm rippled through the region, but analysts warn the shakeout is far from over, says AFP.

Banks, which had grown rapidly from loans fuelling Asia's bustling economies, were among the worst hit by the financial crisis triggered by the devaluation of the Thai baht on July 2, 1997.

Loans worth billions of dollars went sour as the crisis slammed the brakes on rapid economic growth, ruined businesses and forced bankruptcies.

"Despite heavy provisioning for NPLs (non-performing

loans) to meet strict guidelines, we still have a long way to go (before banks return to a firm footing)," Takahira Ogawa, director of sovereign ratings for Standard and Poor's, told AFP.

Ogawa cited weak foreclosure and loan default procedures as an example. There must be cooperation among borrowers and lenders, regulatory bodies, accountants, lawyers and courts for a better banking structure.

P K Basu, senior economist with Credit Suisse First Boston, said: "While substantial progress has been made across the region, banks are not yet in a position to begin making net new loans even as a large proportion of NPLs have been re-

moved from the books."

Basu said that in an ideal bank workout existing bank shareholders and management need to bear the brunt of the cost of restructuring to deal with "moral hazard."

"And this is indeed what has happened in most Asian workouts," he said.

In Indonesia, the biggest casualty of the Asian crisis, banks are unlikely to extend new credit before the year-end, said Eko Budianto, head of the Indonesian Bank Restructuring Agency's asset management unit.

The agency says it has 230 trillion rupiah (\$2.8 billion dollars) of NPLs under its supervision.

bank", the Korea Asset Management Corp has acquired 44 trillion won (\$38 billion) of non-performing loans from distressed South Korean financial institutions in the last 18 months.

For many economists, a key to the continuing recovery is the famous tendency of the Asian housewife to squirrel away the family's savings, in countries where the social welfare system is still primitive.

The national savings rate in South Korea, for instance, was an estimated 42.5 per cent of GDP last year against 34 per cent in 1997, when it was already among the world's leaders.

That was during the time when extravagant weddings were discouraged and citizens, responding to a government appeal, exchanged more than \$2 billion worth of their gold jewelry and holdings for won to help alleviate the balance of payments crisis.

"We all loved Asia back before anyone had ever heard of the (Thai) baht crisis, because of the high savings rate," Warburg's Courtney said.

## Reformed Asia fights back from brink

month in Hong Kong.

The countries at the heart of the crisis — South Korea, Thailand, Malaysia and Indonesia — were close to, and in some cases past, the turning point, he said.

"Even in Indonesia, where macro-economic stabilization took longest, economic activity is expected to pick up in the second half of the year," said Fischer.

Manufacturing sector output in January-March was up 5.5 per cent on a year earlier, against the 6.2 per cent annual rise seen during the year.

"Agricultural growth ... has been good and will have a ripple-effect on allied industries and manufacturing sector," said Aashish Pitale, head of re-

search at JP Morgan.

In India, where two-thirds of the population depend on agriculture for a livelihood, a bumper crop can boost incomes, which in turn can revive demand in the industrial sector.

The entire rise is due to a recovery of the agriculture sector. Industry has not contributed to it at all," said Ashok Desai, a former chief economic consultant to the finance ministry.

Manufacturing sector output in January-March was up 5.5 per cent on a year earlier, against the 6.2 per cent annual rise seen during the year.

Analysts said growth in the services sector — mainly hotels, trade, transport and communication — had also boosted GDP growth for 1998/99.

GrameenPhone has the widest coverage among all the mobile telephone companies operating in the country.

than two per cent for the year.

**Singapore's stock market at record high**

Singapore's stock market is reflecting a strong rebound in its trade-based economy. The key Straits Times Index finished on Friday at 2,178 points, easing on profit-taking after hitting new peaks on the previous two days fuelled by a rise in property stocks — a feature of the pre-crisis Singapore market.

Economists expect Singapore's economy to grow five per cent in 1999 compared with last year's growth of 1.5 per cent.

The Asian recovery may get a further lift from the slow revival of Japan, the world's second largest economy and the elephant in all of their living rooms.

Japan's economy grew at a stunning annual pace of 7.9 per cent in the first three months of the year, breaking 15 months of contraction.

Japan is