

COMMODITIES		ASIAN MARKETS				CURRENCIES					
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
0.59%	0.27%	\$1,182.90	\$55.67	28,192.62	19,754.36	3,410.13	3,687.81	76.90	81.22	113.13	0.64
4,506.55	8,353.28	(per ounce)	(per barrel)					BUY TK	SELL TK		
								77.90	85.22	117.13	0.67

**সম্বন্ধিত্র (শেপান)** স্বিগুণ আয়ের শ্রেষ্ঠ উপায়

মুদারাবা স্বিগুণ বৃদ্ধি ডিপোজিট ফ্রিস

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# star BUSINESS

DHAKA TUESDAY MARCH 24, 2015, e-mail:business@thedailystar.net

## Non-farm activities generate the bulk of rural income

REJAUUL KARIM BYRON

Rural households earn more from non-farm activities than agriculture due to the low price of farm products and lack of an appropriate marketing system, a recent survey by Bangladesh Bureau of Statistics found.

Of their average annual income of Tk 91,739, 22.77 percent comes from agriculture sector and 77.23 from the non-agriculture sector, according to the Rural Credit Survey 2014.

The reason, according to Khondker Ibrahim Khaled, former chairman and managing director of Krishi Bank, was that the production cost for agriculture is much higher, which may have eaten into the incomes.

Plus, agricultural products often have to be sold at lower prices due to shortage of storage capacity, said Zahid Hussain, lead economist of World Bank's Dhaka office.

As a result, farmers do not get returns proportionate to their investment, he added.

Subsequently, BBS in the survey report called for making the marketing system of agricultural products more efficient.

Intermediaries in the distribution system in the market should be minimised and free or low-cost storage facilities established in concentrated localities, it said.

A certain time-gap from harvesting should be considered by the loan providing institutions so that farmers can hold out for better prices of their crops rather than sell-

ing those right away to repay the loans.

About the higher share of non-farm sector income, Hussain credited it to the substantial economic diversification currently taking place in rural areas.

He also said at least one person from most of the households send remittances from abroad, which inflates their non-farm income.

Furthermore, Khaled said a big portion of the loans taken by farmers are used in the non-farm sector.

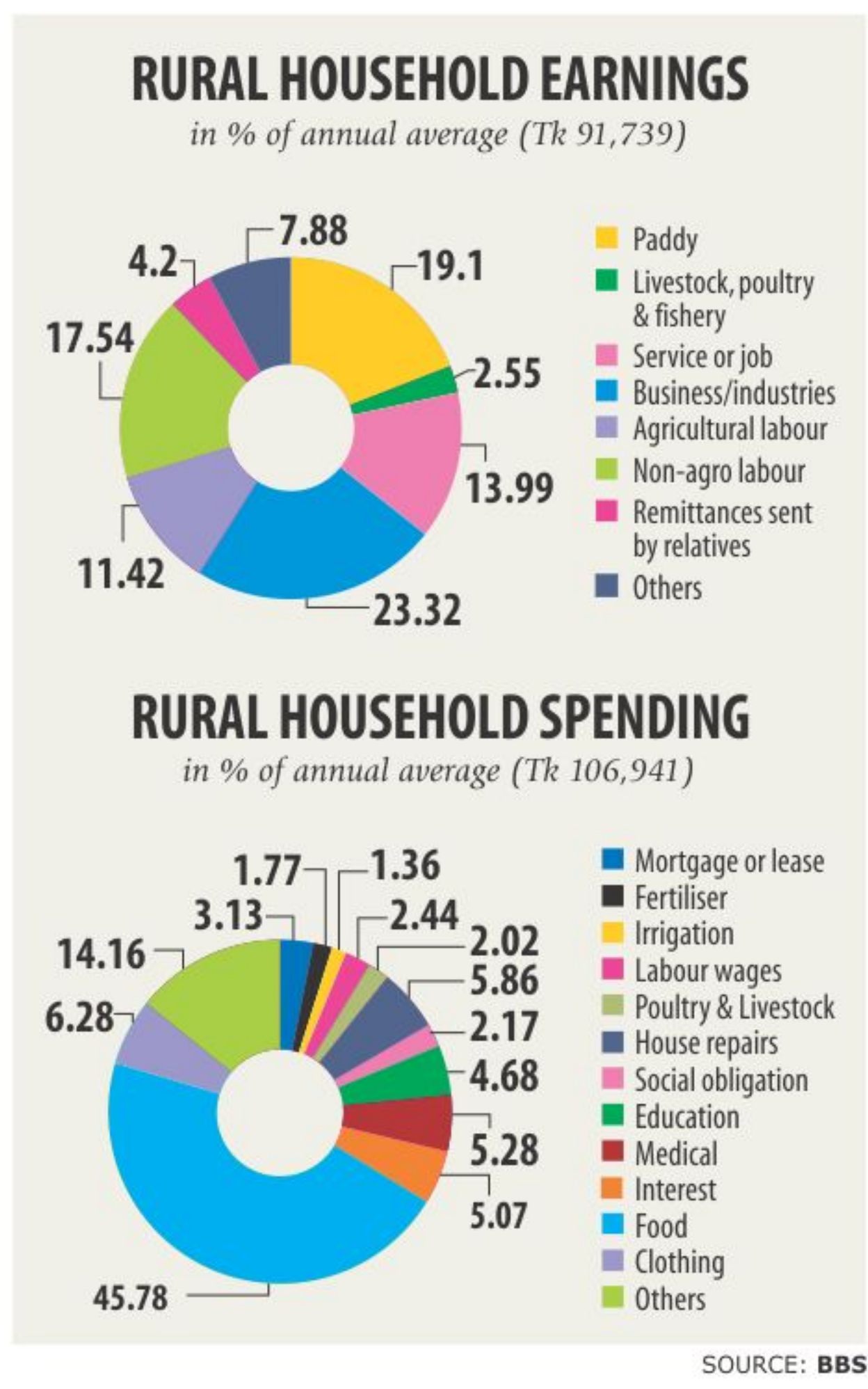
Meanwhile, the survey, which was conducted after 26 years in January 2014 to enable the government to make appropriate policies, found that agriculture was still the dominant sector of the economy, engaging about 47 percent of the labour force.

In 2013, the total number of rural households was estimated at 2.47 crore. Of them, 1.2 crore took agricultural loans.

Some Tk 36,579 crore was disbursed in rural credit by different institutional and non-institutional providers during the calendar year.

Of the amount, 17 percent was disbursed through banks, while the nongovernmental organisations distribute 67 percent.

Non-institutional agri-loans, which account for 11 percent of the total credit, are distributed by local moneylenders and friends and so on. The survey also revealed that the majority of the rural borrowers were women (58.5 percent).



## Yunus, NBR in tax dispute

SOHEL PARVEZ

A tax dispute has arisen between the National Board of Revenue and Nobel Laureate Prof Muhammad Yunus over gifting of earned money to family members.

The NBR argued that the Nobel laureate had given out about Tk 77 crore as gifts to his family members and others over three assessment years, against which Tk 15.39 crore as tax was payable to the state.

But a legal counsel for Yunus said the amount should get tax exemption as per rules as the money was given to family members for maintenance.

Earlier this month, the microcredit pioneer went to the High Court challenging the NBR decision to impose tax on the amount he had given out from his already-taxed money. The case is still pending.

Meanwhile, a field office of the tax authority, Tax Zone-6, yesterday issued a letter to Yunus asking him or his representatives to attend a meeting with Tax Commissioner Md Meftha Uddin Khan at the commissioner's office on March 29.

Kazi Ershadul Alam, legal adviser to Prof Yunus, acknowledged the receipt of the letter. He said an authorised representative would attend the meeting.

"Since the matter is sub-judice, we would like to wait until the court decides the matter," said Alam.

The dispute surfaced last year when the NBR's field office claimed the gift tax against the money he had handed over as gifts through three trusts during the income assessment years of 2011-2012, 2012-2013 and 2013-2014.

The field office imposed the tax in January last year, saying the money given away to these trusts do not fall within the

tax exemption list of Gift Tax Act, 1990.

Following the decision, Yunus appealed to the tax office only to be turned down. He then went to the Taxes Appellate Tribunal, which in November last year upheld the decision of the tax office.

Later, the Nobel laureate filed an application before the High Court.

Since the beneficiaries of these trusts are family members (wife and daughters) of Yunus, the gifts should be exempted under the Gift Tax Act, Alam said.

Asked, the tax commissioner said the scheduled meeting is part of the routine work of his office to realise dues from taxpayers.

The NBR now claims Yunus owes Tk 11.77 crore as gift tax, as he has already deposited Tk 3.6 crore and Tk 2.07 crore before filing the appeal at the Tax Appellate Tribunal and the High Court respectively in line with the rules.

*Earlier this month, the microcredit pioneer went to the High Court challenging the NBR decision to impose tax on the amount he had given out from his already-taxed money. The case is still pending*

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## Brokers call for more time for lowering banks' stock exposure

STAR BUSINESS REPORT

Top brokers yesterday recommended extending the deadline for bringing down banks' investment exposure in the stockmarket by another two years.

As per the recommended deadline, if allowed, banks will have until July 2018 instead of the existing July 2016 for lowering their exposure to the permissible limit.

The extension, the brokers believe, will ensure banks' active participation as institutional investors in the secondary market, which is now ailing.

The top brokers also urged the stockmarket regulator not to approve the initial public offerings the proceeds of which will be used for loan repayment.

They also requested the Dhaka Stock Exchange board and management to sit with Bangladesh Securities and Exchange Commission and Bangladesh Bank to find ways to stabilise the stockmarket.

The proposals came at a meeting between the DSE and top 50 stockbrokers at the premier bourse, organised to find solutions to arrest the current volatility in the market.

## Denim exporter sees robust growth ahead

REFAYET ULLAH MIRDHA

Bangladesh is becoming a major source of denim products as international retailers prefer the country to other destinations for its low prices, said a leading entrepreneur.

Bangladeshi manufacturers are also increasing their production capacities because of the higher demand from foreign customers, said Mostafiz Uddin, managing director of Denim Expert Ltd, a Chittagong-based apparel maker.

Denim will play an important role in raising exports of Bangladesh, which is already the second largest garment exporter worldwide after China, he said.

Currently, 25 denim factories are in operations in Bangladesh. Five new companies -- Square, Thermax, Zaber & Zubair, Bashundhara and Fakir-- have also set up factories to join the ranks.

"I have been receiving amazing responses from international retailers, as they are coming in with an increased volume of work orders, thanks to low prices," said Mostafiz.

Among the global players in the \$60 billion denim market, Bangladesh lags behind China, the US, Italy and some Latin American countries.

"I hope Bangladesh will become the third largest denim exporter, after the US and Italy, in the next five years," Mostafiz said, adding that denim will contribute around \$2 billion to the country's garment export target of \$50-billion by 2021.

A shift in work orders from China to Bangladesh is a major reason for the growth of denim here. China is losing out on its denim business for high costs of production and a shortage of workers, he said.

The entrepreneur said he received an overwhelming response from international buyers when he took part in one of the largest exhibitions for denim products -- Munich Fabrics Star -- in Germany last month.

The Munich denim show is important for global denim makers, exporters, retailers and producers as almost all stakeholders participate in the annual fair, Mostafiz said.



Mostafiz Uddin

He takes part in almost all the important international shows related to denim, as he is also a designer and has his own brand, BlueXonly.

Denim Expert supplies its products to boutiques in different European countries, including the Netherlands, Belgium, Hungary and Italy. It makes jeans for both men and women, while 60 percent of its products are sold under its own brand.

"The rest of my products are sold to different European retailers like Primark, Tesco and New Yorker," said Mostafiz, who has been involved in the denim business for the last 16 years.

During the global recession in 2007 and 2008, customers in the West had either bought fewer garments, or preferred to purchase items that are less expensive than the comparatively expensive denim products.

Global denim makers also shifted to other fibres from cotton to make jeans as the prices of

the latter went up to a maximum of \$2.50 a pound in 2010 and 2011, from 60 cents in 2009.

However, denim garment buyers are making a comeback as the economies in the West are on the rebound, and the cotton prices have also dropped to nearly 80 cents a pound.

The global denim market will cross \$65 billion in the next four to five years, Mostafiz said.

"It is high time for Bangladesh to grab a greater share of the global denim market. Foreseeing a business potential, four to five new denim makers are entering the Bangladesh market every year."

The country's share in the global denim market stands at about \$1 billion, said the chief executive of Denim Expert.

Local denim factories produce around 20 million yards of the fabric a month, meeting half of the local consumption.

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## Future bright for apparel exports to Canada: envoy

STAR BUSINESS REPORT

Bangladesh's apparel exports to Canada have been on the rise in the last five years due to duty benefits, newly appointed Canadian High Commissioner in Dhaka Benoit Pierre Laramee said yesterday.

Canada is a bright spot for Bangladeshi apparel, with garment and textile products making up a bulk of Canada's imports from Bangladesh, Laramee said.

In 2013-14, garment exports to Canada from Bangladesh reached \$1 billion, which was \$595.55 million in 2009-10, Laramee said.

About 96 percent of Canada's imports in a year from Bangladesh are apparel items, he added.

However, garment exports to Canada have been slowing in recent months due to some oddities in the domestic market.

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## Summit to supply 165MW electricity this year

STAR BUSINESS REPORT

Summit Group is set to supply 165 megawatts of electricity to the national grid from later this year.

The electricity will be supplied from two sources -- a 110MW power plant in Barisal and another 55MW one in Narayanjanj -- the construction work for which is going on in full steam, Summit said in a statement.

So much that Summit Group expects the two plants to go into production in December, ahead of the timescale agreed with the Power Development Board.

As per the electricity purchase and implementation agreements signed, Summit is due to start supplying electricity from the two plants by the middle of next year.

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**Wheat tender reissued**

Bangladesh's state grains buyer reissued two tenders on Monday to import a total of 100,000 tonnes of wheat as the country's extensive import programme continues.

The closing date for both the tenders is April 8 and shipment expected within 40 days after contract signing, a senior official of the state grains buyer said.

The tenders were earlier cancelled as bidders failed to comply with terms and conditions. The Directorate General of Food plans to ship in 900,000 tonnes of wheat in the year to June 2015. -- Reuters

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