The Daily Star
BUSINESS

DHAKA FRIDAY JUNE 30 1995

BRIEFS

Most rich states cut aid to the poor

PARIS, June 29: Most of the world's leading industrialized nations cut aid to poorer countries again last year, the Organization for Economic Cooperation and Development said in a report released Wednesday. After having fallen five per cent in 1993, the total figure fell an additional 1.8 per cent in 1994 to 57.8 billion dollar said the OECD. The annual report noted that private capital pumped into developing nations hit a record 97 billion dollars, reports AP.

Japan suspends rice talks with DPRK

TOKYO, June 29: Japan suspended talks with North Korea on emergency rice aid Wednesday after apparent discord over conditions for the delivery of the 300,000 tonnes offered to relieve a food crisis in the communist state. "We won't negotiate any longer today. I don't know what will happen tomorrow," a Japanese foreign ministry official said, reports AFP.

IA may cut 50 pc flights for strike

NEW DELHI, June 29: Indian Airlines (IA) is reported to have prepared to cut more than half of its flights as unionized pilots go ahead with their threat of begin 'non-cooperation' strike from July 3, Civil Aviation Department sources said here today. According to a note being put up to the IA Board of Directors in Bombay today, flights to far-flung areas in the country would be the hardest-hit, reports Xinhua.

Confce on Asian economies July 3-4

MANILA, June 29: The Organization for Economic Cooperation and Development (OECD) is to host a two-day international forum on the Asian Economies in Paris on July 3-4, co-sponsor Asian Development Bank (ADB) said Thursday. The conference, which will gather officials, business executives and economists from eight Asian and European countries, will tackle international trade partners, Asian capital markets, and regional cooperation, an ADB statement said, reports AFP.

US remains top debtor nation

WASHINGTON, June 29: The United States maintained its position as the largest debtor nation last year as the gap widened between foreign holdings in the United States and American assets abroad. The Commerce Department reported Wednesday that the nation's net debtor position worsened by 24.9 per cent from a revised 545.3 billion dollars the end of 1993 to 680.8 billion dollars last year, reports AP.

Tk 174cr Canadian aid for poverty alleviation

Canada will provide Bangladesh with wheat worth Taka 174 crore to assist the country's poverty alleviation programmes, reports UNB.

A memorandum of understanding (MOU) to this effect was signed between the two countries in the city yesterday, officials said.

Lutfullahil Majid, Secretary of Economic Relations Division and Canadian High Commissioner in Bangladesh, Jon J. Scott, signed the MOU on behalf of their respective governments.

A Canadian High Commission press release said most of the wheat, to be delivered over a period of three years, would be used to increase self-sufficiency and income-generating capacity of the most vulnerable rural groups, destitute rural women in particular.

Rural Maintenance Programme (RMP), Vulnerable Group Development (VGD), Rural Development Programme (RD) are the main projects through which the wheat will be channelled.

The bulk of wheat will be monetized at the port of entry and the proceeds will be used to employ destitute rural women in year-round maintenance of earthen roads and to provide training to help create self-employment opportunities, said the release.

Wheat will also be provided to the Vulnerable Group Development Programme implemented by the government. This programme supplies food as income transfer to poor rural women participating in income-generating and training activities.

Canada wishes to contribute to national efforts aiming at poverty alleviation by increasing the productive capacity of the poor, particularly women, the press release said.

ERD Secretary Muhammad Lutfullahil Majid and High Commissioner of Canada to Bangladesh John J Scott signed the memorandum of understanding on behalf of their respective governments in the city yesterday under which Bangladesh will receive wheat worth Tk 174 crore from Canada. — PID photo

Rajbari poura budget announced

RAJBARI, June 29: Rajbari Pourasava has announced a Tk 7.87 crore budget for the next fiscal year, without imposing fresh taxes, reports UNB.

Chairman of Rajbari Pourasava Ali Newaj Mahmud Khaiyam announced the budget at a press conference at the pourasava auditorium today.

A total of Tk 1. 87 crore has been allocated from its own resources and Tk 6 crore from ADB assistance for town infrastructure and slum development.

The development programmes include setting up of underground water reservoir of fire extinguishing project, shishu park, babytaxi and truck stands, setting up of a water pump to facilitate water supply, development of roads, construction of drains and culverts, and tree planting.

United Insurance declares 16 pc dividend

United Insurance earned a premium income of Tk 11.16 crore last year which is 23 per cent higher than the previous year's total premium of Tk 9.07 crore, says a press release.

The company declared a dividend of 16 per cent for 1994 against 15 per cent in 1993 and gave three months' salary as bonus to all staff.

The company held its 10th annual general meeting at a local hotel yesterday.

The company earned an underwriting profit of Tk 2.10 crore and a pre-tax profit of Tk 2.05 crore during the year. The assets of the company stood at Tk 38.74 crore and its reserves and retained profit amounted to Tk 4.98 crore till December 31, 1994.

According to the press release, for the first time in the history of the country's insurance industry, election of directors from the public subscribers was held on the same day.

M Harunur Rashid, K Kamrul Hoda, M Hafizullah, M G Pir and Yasmeen Murshed were elected directors from the public subscribers.

Call money rate

Money rates in the call money market during the week ended Wednesday ranged from 3 to 7 per cent, says a press release.

During the week, interest rates offered by the Bangladesh Bank on certificate of deposits varied from 3 to 7.75 per cent.

The bank rate, however, remained unchanged at 5.50 per cent.

Inspire investors, PM to Italy's new envoy

Prime Minister Begum Khaleda Zia asked Italy's new envoy to Dhaka to inspire Italian investors to invest in Bangladesh for further strengthening the economic ties between the two countries, reports UNB.

She made the request when Raffaele Miniero paid his first call on the Prime Minister at her office here yesterday.

Begum Zia said Bangladesh produces quality leather and urged Italian industrialists to set up joint-venture leather industry here.

The Prime Minister and the ambassador both termed the existing Dhaka-Rome relationship excellent and hoped it would further consolidate in the years to come.

Begum Zia assured the envoy of her government's all cooperation during his tenure in Bangladesh.

Tk 9.18cr Jhenidah poura budget

JHENIDAH, June 29: Jhenidah Pourasava today announced Taka 9.18 crore plus budget for 1995-96 fiscal year.

Pourasava Chairman Anisur Rahman announced the budget at a press conference at his office at noon.

Of the total, Tk 2,33,20,288 will come from its own resources while Tk 1.80 crore from government grants. For project the government loan or grant is Tk 5.2 crore. Tk 3,20,229 will come from other sources.

A total of Tk 7.27 crore will be spent in the annual development programmes of the municipality.

The development programmes include construction of roads, bridge and drains, development of shishu park, development of non-government schools, local press club, health, sanitation, family planning and water supply.

In the fiscal 1994-95, 57 projects were completed at a cost of Tk 1.79 crore.

Dhaka Stock Prices

New Issues

Company	Lesco Limited
Issue opens	July 9, 1995
Issue closes	July 13, 1995
Instrument	Ordinary shares
Size of public issue	47,500
Offer price	Tk 100 each at par
Project	100% export-oriented tannery
Bankers to the issue	ICB, Sonali, Janata and AB

Company	Delta Life Insurance Co Ltd
Issue opens	July 15, 1995
Issue closes	July 24, 1995
Instrument	Ordinary shares
Size of public issue	1,50,000
Offer price	Tk 100 each
Project	Life insurance
Bankers to the issue	Pubali, Uttara, Janata, IFIC, BKB, Prime, AB, Sonali, NBL, Banque Indosuez, City, NCCBL, ANZ Grindlays and ICB.

Tk 4.24 cr earned from betel leaves export

By Staff Correspondent

The country earned Taka 4.24 crore by exporting betel leaves to 10 countries during first nine months of the outgoing fiscal year.

This was disclosed by the Commerce Minister M Shamsul Islam while replying to a question by treasury bench member Md Niamat Ullah in the Jatiya Sangsad yesterday.

The importing countries were the United Kingdom, Pakistan, Saudi Arabia, Bahrain, United Arab Emirates, Kuwait, Qatar, Japan, Germany and Italy, he said.

The UK bought the highest quantity of betel leaves worth Tk 1,82,03,000 followed by Pakistan of Tk 1,71,09,000.

US dollar up in Takyo

TOKYO, June 29: The US dollar edged higher here on Thursday, reports AP.

The US dollar also rose as news of the last-minute trade agreement played out on overseas markets, but eased slightly in the afternoon as players took profits.

Japan's chronic trade surpluses with the United States has been a major factor behind the dollar's weakness

At the close of trading on June 29, 1995

4 more points add to index

Star Report

The Dhaka Stock Exchange All Share Price Index posted another significant rise on Thursday.

The price index reached 776.87553 from Wednesday's 773.08173, indicating an increase of 3.79 points. Total market capital rose to Tk 47.85 billion from Tk 47.62 billion.

The transaction in volume fell by 15.35 per cent and the transaction in value showed a decline of 16.73 per cent. A total of 229021 shares worth Tk 35.33 million changed hands as against 270553 shares valued at Tk 42.43 million.

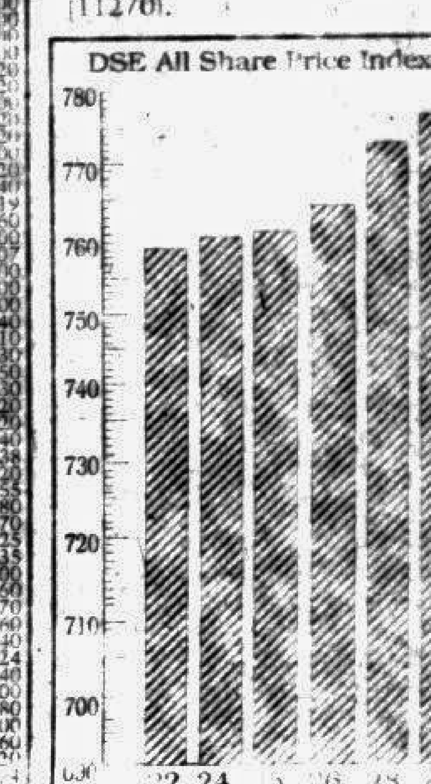
The number of issues traded dropped to 82 from 92, in which 37 gained, 34 incurred losses and the share prices of 11 issues remained unchanged. Singer Bangladesh and Monno Jutex were the leading gainers.

Volume leaders of the day were: Beximco Pharma (57600), Ashraf Textile (24400), BOC Bangladesh (21100), B Dyeing (12820) and Apex Footwear (11270).

Trading at a glance

DSE All Share Price index	776.87553
Market Capital Tk	47853781291.06
Transaction in Volume	229021
Transaction value Tk	35331010.50
Total issues traded	82
Issues gained	37
Issues incurred losses	34
Issues unchanged	11

Company's name	Change (per share) Tk		Numbers of shares traded
National Bank	1.08	(G)	30
Pubali Bank	5.00	(G)	5
Rupali Bank	.00		10
IDLC	36.90	(G)	240
United Leasing Com	14.06	(L)	40
2nd ICB M Fund	3.52	(G)	227
6th ICB M Fund	2.87	(L)	690
Aftab Automobiles	3.67	(G)	115
Aziz Pipes	39.93	(L)	145
Bengal Carbide	4.17	(G)	90
Bangladesh Lamps	61.38	(G)	75
Monno Jutex	222.14	(G)	6
Monno Jute	.00		20
Singer Bangladesh	266.19	(G)	257
Atlas Bangladesh	2.09	(G)	1600
Bangladesh Autocars	.01	(L)	200
Quasem Drycells	.00		2100
National Tubes	2.00	(G)	50
B Thai Aluminium	1.99	(L)	700
Bd Electricity	70.57	(G)	70
Alpha Tobacco	2.67	(G)	100
Amam Sea Food	54.50	(G)	50
Apex Foods	39.07	(G)	418
Bengal Food	.01	(L)	1460
BTC	1.04	(L)	584
Dhaka Vegetable	1.43	(L)	200
Zeal Bangla Sugar	.06	(L)	1500
Rupon Oil	.06	(L)	100
Beximco Fisheries	.39	(L)	60
Bengal Biscuits	1.42	(L)	640
Meghna Shrimp	5.24	(G)	5540
BOC Bangladesh	5.93	(L)	21100
Northern Jute	.83	(G)	600
Shine Pukur Holdings	1.74	(G)	4300
Saleh Carpet	.05	(L)	1200
Ashraf Textile	.12	(G)	24400
Eagle Star Textile	.27	(G)	1300
Desh Garments			20
Padma Textile	10.00	(G)	420
Apex Spinning	12.15	(G)	1400
Beximco Knitting		(G)	520
Dynamic Textile	.10	(G)	420
Mithun Corporation	.00		700
B Dyeing	.23	(L)	12820
Delta Millers	.25	(G)	1240
Apex Weaving	1.23	(L)	6919
Dandy Dyeing	.14	(L)	5360
Sonargaon Textiles	1.41	(L)	4000
Beximco Textiles	.87	(G)	12707
Ambee Pharmaceutical	.39	(L)	1400
Beximco Pharma	.13	(L)	57600
ACI Ltd	.77	(L)	600
Kohinoor Chemical	2.00	(L)	40
Ibn Sina Pharma			10
Rahman Chemicals	1.09	(G)	30
BCIL			650
Beximco Infusions	3.79	(G)	130
Beximco Synthetic	20.40	(G)	1320
Libra Pharma	4.88	(L)	420
Orion Infusion	1.30	(L)	1940
Square Pharma	.50	(L)	138
Maq Paper	2.13	(L)	1720
Apex Tannery	42.83	(G)	455
Bata Shoe	.23	(L)	4080
GQ Ball Pen	.09	(G)	2570
Monno Ceramic	42.78	(G)	225
Usmania Glass	.47	(L)	35
Beximco Ltd	.90	(L)	5700
Chittagong Cement	4.85	(L)	60
Apex Footwear	10.65	(L)	11270
Eastern Housing	5.78	(L)	3960
Confidence Cement	2.07	(G)	1540
Meghna Cement	6.15	(L)	10024
Eastern Insurance	.22	(G)	340
Phonix Insurance	.00		200
Eastland Insurance	.00		680
Central Insurance	.38	(G)	400
Karnaphuli Insurance	.08	(G)	460
Rupali Insurance	.33	(L)	20
National Life Insurance	.82	(G)	1724
People Insurance	2.61	(G)	100
B Knitting (Deb)	.00		75



Exchange Rates

Following are the Sonali Bank's dealing rates to public for some selected foreign currencies effective on 29th June.

(Figures in Taka)

Currency		Selling TT & OD	Selling BC	Selling TT Clean	Buying OD Sight	Buying OD Transfer
US Dollar	1=Tk	40.2650	40.3175	39.9575	39.8100	39.7125
GBP	1=Tk	63.7253	63.8084	62.7377	62.5061	62.3530
DM	1=Tk	29.0081	29.0459	28.4797	28.3746	28.3051
F Franc	1=Tk	8.2728	8.2836	8.1229	8.0929	8.0731
C. Doll	1=Tk	29.4172	29.4556	28.8811	28.7745	28.7040
S Franc	1=Tk	34.9450	34.9906	34.3035	34.1768	34.0931
Jap Yen	1=Tk	0.4766	0.4773	0.4631	0.4614	0.4603
IRS	1=Tk	1.2888	1.2985	1.2670	1.2480	---
Pak Rupee	1=Tk	1.3009	1.3107	1.2789	1.2597	---
Iranian Riyal	1=Tk	0.0231	0.0233	0.0227	0.0224	—

A) T. T.(DOC) US Dollar Spot Buying Tk 39.8837

B) Usance Rate:

30 Days	60 Days	90 Days	120 Days	180 Days
39.6084	39.3254	39.0424	38.7593	38.1933

C) US Dollar sight export bill 3 months forward purchase: To be deducted Tk. 0.20 from O. D. sight export Bill buying rate.

D). US Dollar 3 months forward sale: Add cushion of Tk: 0.20 with BC selling.

Indicative Rates (B. Tk. For one unit of foreign currency)

Currency	Selling T.T. & O.D.	Buying O. D. Transfer
S Riyal	Tk 10.7359	Tk 10.5880
UAE Dirham	Tk 10.9636	Tk 10.8117
Kuwaiti Dinnar	Tk 134.7557	Tk 132.8177
D Guilders	Tk 26.0059	Tk 25.6408
S Krona	Tk 5.5653	Tk 5.4851
Malaysian Ringgit	Tk 16.5237	Tk 16.2903
Singapore Dollar	Tk 28.8576	Tk 28.4412

Chairman of Beximco Group, A S F Rahman, addressing the certificate giving session of Stroke Management course jointly organised by Neurology Department, IPGMR, and Beximco Pharmaceuticals Ltd in the city on Wednesday. Other speakers were: (from left) Prof M Tahir, Director, IPGMR, Prof Farida Haque, Medical Director, Beximco Pharma, Prof Anisul Haque, Course Coordinator, Prof Rashiduddin Ahmed and Prof Kamrul Islam.

DSE Shares and Debentures

Company	FV/ML (Taka)	Closing Rate (Taka)
BANKS (13)		
AB Bank	100/5	188.00
Al Baraka Bank	1000/1	1100.00
City Bank	100/5	255.00
Eastern Bank	100/20	100.00
IDLC Ltd	100/20	903.92
I F I C	100/5	140.00
Islami Bank	1000/1	1980.00
National Bank	100/5	125.00
Pubali Bank	100/5	100.00
Rupali Bank	100/10	90.00
U C B L	100/5	95.00
ULC	100/20	505.00
Uttara Bank	100/5	100.00
INVESTMENT (7)		
ICB	100/5	150.00
1st ICB M Fund	100/5	1025.00
2nd ICB M Fund	100/5	488.52
3rd ICB M Fund	100/5	336.00
4th ICB M Fund	100/10	430.00
5th ICB M Fund	100/10	3310.29
6th ICB M Fund	100/10	193.38
ENGINEERING (20)		
Aftab Automobiles	100/5	278.65
Aziz Pipes	100/5	624.83
Bengal Carbide	100/5	650.00
Bangladesh Lamps	100/5	3596.00
Bengal Steel	10/50	20.00
Eastern Cables	100/5	197.52
Howlader PVC	100/10	53.00
Karim Pipe	100/5	130.00
Metalex Corp	100/5	62.00
Monno Jutex	100/5	2000.00
Monno Jute Staf	100/5	805.00
Singer Bangladesh	100/5	4857.49
Atlas Bangladesh	10/50	89.94
Bangladesh Auto	100/5	121.01
B Thai Aluminium	100/10	151.00
BD. Electricity	00.00	378.57
National Tubes	100/10	132.00
Panther Steel	10/50	8.00
Quasem Drycells	10/50	22.80
Renwick Jajneswar	100/5	65.00
FOOD & ALLIED (26)		
A B Biscuit	100/5	190.00
Alpha Tobacco	10/50	65.00
Amam Sea Food	100/5	987.00
Apex Foods	100/5	2337.92
Aroma Tea	100/5	55.00
Bangas	100/5	265.00
B D Plantation	100/5	520.00
Bengal Food	100/5	245.99
B L T C	100/5	725.00
B T C	10/50	159.85
N T C	100/5	245.00
Dhaka Vegetables	100/5	134.50
Zeal Bangla Sugar	10/50	7.00
E L Camellia	100/5	2200.00
Froglegs Export	10/50	3.50
Gemini Sea Food	100/5	100.00
Modern Industries	100/5	300.00
Raheya Flour	10/100	NT
Rupon Oil	10/100	8.00
Ctg. Vegetables	100/10	118.00
Hili Plantation	100/5	498.33
B Fisheries	100/20	176.00
Bengal Biscuits	100/20	162.94
Meghna Shrimp	100/20	157.91
Tulip Dairy	100/10	50.00
Yousuf Flour	10/50	13.00
FUEL & POWER (4)		
BOC Bangladesh	10/50	164.52
Eastern Lubricant	10/50	14.00
National Oxygen	100/10	80.00
Padma Oil Co	10/50	100.00
JUTE (12)		
Ahad Jute	100/10	NT
Anowara Jute	10/50	NT
Delta Jute	10/50	8.50
Gawsia Jute	10/50	NT
Islam Jute	100/5	95.00
Jute Spinner	100/5	165.00
Mutual Jute	100/5	120.00
Northern Jute	10/50	22.00
Shamser Jute	100/5	100.00
Specialised Jute	10/50	NT
Sonali Aansh	100/5	180.00
Saleh Carpet	10/200	6.45
TEXTILE (29)		
Ashraf Textile	10/50	39.83
GMC Ind Corp	10/50	14.80
Alhaj Textile	10/50	N
Apex Spinning	100/20	360.98
Arlaec Textile	100/10	112.00
B Knitting	100/20	166.00
Apex Weaving		151.42
Desh Garments	100/10	105.00
Dulamia Cotton	100/10	124.00
Dynamic Textile	100/20	90.95
Eagle Star Textile	10/50	14.97
Mita Textile	100/20	107.00
B Dyeing	100/20	184.92
Delta Millers	100/20	104.25
Mithun Corpn	100/20	128.00
Modern Dyeing	100/5	62.00
Padma Textile	100/20	95.00
Quasem Silk	10/100	6.40
Quasem Textile	10/50	9.20
Rahim Textile	100/5	104.80
Saiham Textile	100/10	103.00
S T M (ORD)	100/5	18.00
Stylecraft	100/5	360.00
Swan Textile	100/5	30.00
Tallu Spinning	100/10	150.00
Tamijuddin	100/10	230.00
Dandy Dyeing		120.75
Sonargaon Textiles		120.08
Beximco Textiles		126.96
PHARMACEUTICALS & CHEMICALS (23)		
A C I	10/50	132.00
Ambee Pharma	10/50	19.94
Bangla Process	100/5	78.48
BCIL	100/10	325.00
Beximco Infusion	100/00	475.46
Beximco Pharma	10/50	80.46
B Synthetic	100/20	191.00
Libra Pharma	100/20	382.29
Glaxo	10/50	125.00
Ibn Sina	100/10	120.00
Kohinoor Chemical	100/5	178.50
N Polymer	100/10	285.00
Petro Synthetic	10/50	10.00
Orion Infusion	100/200	177.61
Pharma Aids	100/5	150.00
Pharmaco	100/5	125.00
Progressive Plastic	100/5	22.00
Rackitt & Colman	10/50	140.00
Rahman Chemicals	100/10	62.00
Renata Ltd	100/5	800.00
Square Pharma	100/20	909.57
Therapeutics	100/5	125.00
Wata Chemical	100/20	326.83
PAPER & PRINTING (7)		
Eagle Box	10/5	23.50
Maq Paper	100/20	156.13
Monospool Paper	100/5	48.21
Paper Converting	100/5	105.00
Paper Processing	100/10	20.53
Padma Printers	10/50	25.00
Sonali Paper	10/50	30.30
SERVICE (3)		
Bangladesh Hotel	10/50	12.00
Bd. Service	10/50	NT
S Pukur Holdings	100/5	92.30
INSURANCE (13)		
BGIC	100/10	375.50
Central insurance	100/20	164.97
Eastern Insurance	100/20	231.00
Eastland Insurance	100/20	190.00
Green Delta	100/10	370.00
Janata Insurance	100/20	165.90
Karnaphuli Insurance	100/20	163.98
Peoples Insurance	100/10	500.00
Phoniex Insurance	100/20	358.0
Rupali Insurance	100/20	217.00
United Insurance	100/10	305.00
National Insurance		137.25
Federal Insurance		187.14
MISCELLANEOUS (21)		
Apex Footwear	100/20	486.11
Apex Tannery	100/5	984.60
Aramit	10/50	40.00
Bata Shoe	10/100	124.32
Beximco Ltd	10/100	52.53
B.S.C.	100/5	85.00
Ctg. Cement	100/5	499.17
Confidence Cement	100/20	229.75
Eastern Housing	100/20	147.38
G.Q Ball Pen	10/50	154.09
High Speed	100/5	[illegible] 75
Himadri Ltd	10/100	6.00
Milon Tanneries	100/5	20.00
Monno Ceramic	100/5	796.67
Meghna Cement		158.15
New Dhaka Refac	100/20	10.00
Phoenix Leather	[illegible]	310.00
Savar Refractories	[illegible]	[illegible]
Tha [illegible]	[illegible]	[illegible]
Texpick Ind	[illegible]	[illegible]
Usmania Glass	[illegible]	449.43
DEBENTURES (8)		
BCIL (17%)	1000/1	[illegible]
Beximco (17%)	[illegible]	[illegible]
B Infusion [illegible]	[illegible]	[illegible]
B Pharma (17%)	[illegible]	[illegible]
B Synthetic (14%)	[illegible]	[illegible]
B Fisheries (14%)	[illegible]	[illegible]
B Knitting (14%)	[illegible]	[illegible]
E Housing (15%)	[illegible]	[illegible]

Note: FV= Face Value ML=Market Lot
NT=Not Traded

Budget discriminates against non-resident Bangladeshis

By Z Ahmed

This year's budget has been quite liberal in making sweeping reduction in customs and other duties. However, it was noted that while most Bangladeshis got some relief in one form or another, the concerns of the non-resident Bangladeshis (NRBs) have been completely ignored. Nowhere in the budget speech did the Finance Minister mention the importance of the NRBs in generating investment in Bangladesh. It has been reported in private circles that the Finance Minister often complained at the poor response from the overseas Bangladeshis i. e., non-resident Bangladeshis (NRBs) to invest in Bangladesh. But has he looked at his income tax structure for these NRBs? Currently, taxable income of 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 investment credits are available to NRBs as are available to residents. Compared to this, the average income tax rate for individuals in the US is 15 per cent (although the highest marginal tax rate is 39.6 per cent for taxable income over 250,000 dollars). As in Bangladesh, the individual tax rates are graduated upwards so that after the allowable deductions and exemptions the absolute net tax burden is much below that implied by the tax rate. So why would an individual NRB residing, say, in the US invest his savings in Bangladesh and pay a flat tax rate of 25 per cent on his income generated from that investment. This flat tax rate provides very little incentive to the NRBs to invest in Bangladesh compared to investing in a comparable investment in the US (or UK as the case may be).

It is needless to state that successful expatriate nationals can be a valuable source of investments. India has taken advantage of this source by tapping the non-resident Indians (NRIs). It is reported that formal investment by NRIs has totalled approximately 72 billion Indian rupees (approximately 2.2 billion US dollars) since its liberalisation programme began four years ago. The success of India is also now being followed by other SAARC countries to woo their expatriate nationals to invest in the motherland.

Bangladesh has a large number of successful NRBs who can be an important source of foreign direct investment (FDI) in Bangladesh. But, why would they invest here when they are discriminated against? 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. NRBs have the necessary capital and exposure to foreign markets and technology which can compliment the initiatives of local businesses in forming joint ventures. 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.

While incentives for foreign corporate investment in Bangladesh are quite competitive compared to 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 as many NRB-owned successful large foreign corporations as there are successful individual NRBs. For individual NRB investors, net income (after taxes) is a very important motivating factor. Unless this net income is higher in Bangladesh than in their country of residence then the NRB has no incentive to invest in Bangladesh. So tax incentives focussed at the individual NRBs would be very effective to attract FDI. Therefore, the income tax rate for NRBs should be reduced from its current level of flat 25 per cent. It may be argued that the beneficial impact would be tremendous 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. 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.

Areas of Likely Investment:

Individual NRBs would most likely invest in:

Shares in a company either as direct sponsors or as portfolio investors;

Housing/Flats. 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 two storeys) 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., sanitary wares, electric wares, cables, hardware, etc. This investment would also be most favoured by individual NRBs since many look upon building a retirement asset in their mother country. Since NRBs will rent out these properties this will greatly reduce the housing shortage. In addition, new service institutions will develop to manage the properties on behalf of the absentee landlords creating further employment.

The Finance Minister talked about all kinds of fiscal incentives to corporate investors in Bangladesh and all kinds of appeals for FDI by foreigners. But I am surprised he has not said a single word to encourage the millions of individual NRBs who can be a great source of FDI in Bangladesh. Nonetheless, the recent planned trip by the business community led by FBCCI to solicit explicitly the NRBs to invest in Bangladesh is rightly directed. Perhaps this trip could have been more attractive to the NRBs if the FBCCI leaders could carry with them some positive news regarding the prevailing discrimination in income tax rates for the NRBs.

The author is an economist. He occasionally contributes to The Daily Star.