

Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-0.17%) lost 6.73 points and closed the week at 3,960.58 points. The blue-chip index DS30 (-0.47%) lost 6.32 points and stood at 1,325.43 points. The Shariah-based index DSES (-0.13%) lost 1.24 points and stood at 918.56 points. The large cap index CDSET (-0.27%) lost 2.14 points and closed at 784.88 points. DSEX, DS30, DSES and CDSET all showed negative YTD returns of -11.06%, -12.42%, -8.13% and -12.77% respectively.

Total Turnover During The Week (DSE): BDT 3.4 billion (USD 39.9 million)

Average Daily Turnover Value (ADTV): BDT 0.7 billion (Δ% Week: -4.2%)

Market P/E: 11.53x

Daily Index Movement during the Week:

The market performed five sessions during this week. Market opened this week with a negative movement of 0.08% and continued to be negative in the second session by 0.15%. Market rebounded in the third session by 0.06% and remained positive in the fourth session by 0.03%. However, market closed on a negative note of 0.03% in the last session.

Sectoral Performance:

- The financial sectors showed mixed performance during this week. Life Insurance booked the highest gain of 0.63% followed by Mutual funds (+0.02%) and Banks (+0.01%). General Insurance experienced the highest loss of 0.14% followed by NBFIs (-0.01%).

- The non-financial sectors showed mixed performance during this week. Pharmaceuticals reported the highest loss of 0.14% followed by Power (-0.13%) and Telecommunication (-0.01%). Food & Allied reported the highest gain of 0.04% while Engineering remained unchanged.

Macroeconomic arena:

- The central bank asked banks not to downgrade the classification status of any borrowers for defaulted loans between the period of January and September this year. Borrowers will not be labelled defaulters, even if they failed to pay back their bank loans, till September this year – as the Bangladesh Bank has extended the facility considering the lingering economic fallout of Covid-19.

- Banks' lending from the Bangladesh Bank through REPO has increased more than 44 times in the last three months (March-May) due mainly to the government's heavy borrowing from the banking sector to meet expenditure amid the ongoing coronavirus pandemic.

- With a fear of global remittance flow declining to a historic low this year, the United Nations' International Fund for Agricultural Development (IFAD) has urged countries to develop more conducive policy and regulatory environments that enable competition, regulation and innovation on the remittance market, and declare these services essential.

- Total deposits of all banks in the country decreased by BDT 256.0 billion to stand at BDT 12.3 trillion at the end of April this year from BDT 12.5 trillion in January 2020. The banking sector anticipates a fresh liquidity crisis as the propensity of clients to withdraw funds has increased in the wake of the coronavirus pandemic and reduced deposit interest rates.

- The finance minister in Thursday's speech announced 15% supplementary duty, a significant rise from last fiscal year's 10%. Industry insiders said people are likely to limit their usage to avoid paying the extra or use apps to make calls more often and save their spending on voice calls.

Stock Market arena:

- Stock exchanges have reset the lower price limit for the securities to be traded on block board to enhance turnover value without affecting the broad index. As a result, the prices of listed securities in block transactions can go below 10.0% of the floor prices recently set to contain abnormal market fall.

- The proposed budget has brought no cheers for stock investors, who have been battered by a prolonged slump in indices, but promised measures to develop the country's bond market. Though the government wants to allow investment of black money in the stock market, investors say such a move barely yielded good return in the past.

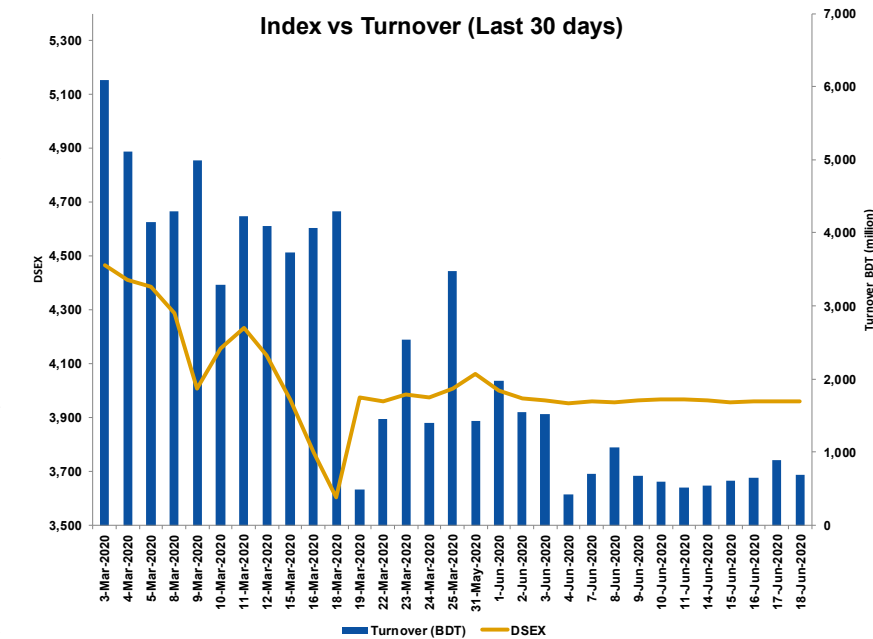
Table 1: Index

Index	Closing	Opening	Δ(Pts)	30-Dec-2019	Δ% Week	Δ%YTD
DSEX	3,960.58	3,967.31	-6.73	4,452.93	-0.17%	-11.06%
DS30	1,325.43	1,331.75	-6.32	1,513.35	-0.47%	-12.42%
DSES	918.56	919.79	-1.24	999.83	-0.13%	-8.13%
CDSET	784.88	787.02	-2.14	899.76	-0.27%	-12.77%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	15,521,874.1	15,517,022.0	0.0%
	Mn USD	182,696.3	182,639.1	
Turnover	Mn BDT	3,392.5	3,542.9	-4.2%
	Mn USD	39.9	41.7	
Average Daily Turnover	Mn BDT	678.5	708.6	-4.2%
	Mn USD	8.0	8.3	
Volume	Mn Shares	130.7	121.6	7.5%

Figure 1: DSEX & Turnover in last four weeks



Associate:
Md. Rafiqul Islam
 mrafiqulislam@bracepl.com

Associate:
Md Mahirul Quddus
 mmahirul.quddus@bracepl.com

Table 3: Top Ten Gainers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Eastern Lubricants	890.90	804.00	10.8%	885.6	16.89	38.7x	6.2x
Reckitt Benckiser	3,626	3,320.30	9.2%	17,131.4	91.49	37.6x	66.3x
Dacca Dyeing	3.80	3.50	8.6%	331.2	1.62	NM	0.2x
ICB Employees Provident MF 1 Scheme 1	6.50	6.20	4.8%	487.5	19.33	NM	0.5x
Linde Bangladesh Limited	1,315.80	1,262.80	4.2%	20,024.2	174.56	16.9x	5.5x
National Tea	489.30	471.60	3.8%	3,229.4	9.04	NM	3.2x
Asian Tiger Sandhani Life Growth Fund	7.00	6.80	2.9%	432.5	4.23	NM	0.5x
Prime Bank	14.60	14.30	2.1%	16,531.3	16.97	6.7x	0.6x
ICB AMCL 2nd MF	7.80	7.70	1.3%	390.0	1.46	NM	0.6x
National Life Insurance Company Ltd.	220.00	217.20	1.3%	23,874.8	1.80	NM	22.0x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Beximco Syntehtics	5.50	5.90	-6.8%	476.9	4.77	NM	0.3x
Indo-Bangla Pharmaceuticals Limited	20.10	21.10	-4.7%	2,241.3	92.28	11.9x	1.6x
Beximco Pharmaceuticals	63.20	66.30	-4.7%	25,631.2	293.41	7.8x	0.9x
Phoenix Finance 1st Mutual Fund	8.20	8.60	-4.7%	492.0	41.82	NM	0.7x
ACI Formulations Limited	107.10	112.20	-4.5%	4,819.5	19.35	57.7x	2.0x
Power Grid Co. of Bangladesh Ltd.	40.70	42.50	-4.2%	18,759.2	18.04	4.7x	1.7x
Central Pharmaceuticals Limited	13.00	13.50	-3.7%	1,557.4	87.83	3.2x	0.8x
Beximco Limited	13.00	13.50	-3.7%	11,392.1	88.15	9.4x	0.2x
Anlimayarn Deying Ltd.	30.30	31.20	-2.9%	541.4	10.43	50.2x	2.7x
Desh Garments	104.90	108.00	-2.9%	767.4	3.67	639.5x	5.8x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Beximco Pharmaceuticals	63.20	66.30	-4.7%	25,631.2	293.41	7.8x	0.9x
Linde Bangladesh Limited	1,315.80	1,262.80	4.2%	20,024.2	174.56	16.9x	5.5x
Indo-Bangla Pharmaceuticals Limited	20.10	21.10	-4.7%	2,241.3	92.28	11.9x	1.6x
National Bank	6.80	6.80	0.0%	19,858.7	91.97	5.9x	0.4x
Reckitt Benckiser	3,625.70	3,320.30	9.2%	17,131.4	91.49	37.6x	66.3x
Bangladesh Submarine Cable Company Limited	77.90	78.10	-0.3%	12,846.1	90.57	17.8x	2.1x
Beximco Limited	13.00	13.50	-3.7%	11,392.1	88.15	9.4x	0.2x
Central Pharmaceuticals Limited	13.00	13.50	-3.7%	1,557.4	87.83	3.2x	0.8x
EXIM Bank	9.10	9.00	1.1%	12,851.5	63.96	4.6x	0.5x
Square Pharmaceuticals	172.50	172.50	0.0%	145,631.2	54.43	11.0x	2.2x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Glaxo Smithkline	2,046.30	16.51%	24,650.6	84.8x
Reckitt Benckiser	3,625.70	13.54%	17,131.4	37.6x
M.I. Cement Factory Limited	43.80	12.31%	6,504.3	NM
Bangladesh Steel Re-Rolling Mills Limited	53.50	9.63%	12,629.7	7.9x
LafargeHolcim Bangladesh Limited	35.90	6.85%	41,693.3	23.2x
ACI Limited	192.50	6.06%	11,044.2	NM
MJL Bangladesh Limited	64.70	2.21%	20,493.9	11.1x
Linde Bangladesh Limited	1,315.80	1.29%	20,024.2	16.9x
The ACME Laboratories Limited	61.10	0.33%	12,928.9	9.0x
Bata Shoe	693.20	-0.42%	9,483.0	19.6x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1090.43	1090.36	1319.28	0.01%	-17.35%
NBFIs	1360.50	1360.65	1565.13	-0.01%	-13.07%
Mutual Funds	569.14	569.04	591.17	0.02%	-3.73%
General Insurance	1538.11	1540.34	1927.02	-0.14%	-20.18%
Life Insurance	1747.55	1736.65	2194.70	0.63%	-20.37%
Telecommunication	3336.07	3336.39	3993.59	-0.01%	-16.46%
Pharmaceuticals	2429.63	2433.16	2492.51	-0.14%	-2.52%
Fuel & Power	1426.08	1427.94	1515.21	-0.13%	-5.88%
Cement	1182.07	1182.07	1132.29	0.00%	4.40%
Services & Real Estate	949.76	949.76	886.70	0.00%	7.11%
Engineering	2021.04	2021.04	2257.22	0.00%	-10.46%
Food & Allied	11282.27	11277.84	12121.49	0.04%	-6.92%
IT	1766.27	1766.27	1823.13	0.00%	-3.12%
Textiles	947.37	947.49	1042.04	-0.01%	-9.08%
Paper & Printing	5034.65	5034.65	5233.20	0.00%	-3.79%
Tannery	1667.26	1667.26	1826.45	0.00%	-8.72%
Jute	7919.94	7919.94	11393.28	0.00%	-30.49%
Ceramics	389.73	390.02	459.10	-0.07%	-15.11%
Miscellaneous	1662.88	1670.95	1745.96	-0.48%	-4.76%

Table 7: Sector Trading Matrix

Sector Name	Daily average this	Daily average last	% Change	% of Total Turnover	P/E	P/B
Banks	71.2	55.9	27.32%	18.31%	5.9x	0.6x
NBFIs	3.0	3.8	-20.66%	0.78%	79.2x	1.8x
Mutual Funds	27.5	11.2	146.56%	7.08%	NM	0.4x
General Insurance	7.8	9.5	-18.58%	2.00%	10.8x	1.0x
Life Insurance	0.6	2.0	-70.20%	0.16%	NM	7.2x
Telecommunication	26.7	46.5	-42.51%	6.88%	9.5x	6.9x
Pharmaceuticals	155.7	246.7	-36.88%	40.06%	16.1x	2.1x
Fuel & Power	60.7	57.1	6.32%	15.60%	9.3x	1.7x
Cement	0.5	3.5	-84.35%	0.14%	24.0x	2.2x
Services & Real Estate	0.6	1.4	-55.75%	0.15%	56.8x	0.8x
Engineering	2.3	3.9	-42.35%	0.58%	12.2x	1.2x
Food & Allied	5.0	30.5	-83.72%	1.28%	20.2x	6.4x
IT	0.8	1.1	-30.77%	0.20%	15.7x	2.3x
Textiles	5.8	6.3	-7.90%	1.49%	NM	0.7x
Paper & Printing	0.2	0.1	143.47%	0.05%	250.0x	1.3x
Tannery	0.1	1.0	-94.27%	0.01%	20.6x	1.8x
Jute	0.0	0.4	-88.84%	0.01%	NM	3.6x
Ceramics	0.5	1.3	-64.60%	0.12%	24.2x	1.5x
Miscellaneous	19.8	25.9	-23.53%	5.10%	18.3x	1.0x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
BRAC Bank	31.90	-39.94%	42,295.5	8.2x
Eastern Cables	140.10	-29.67%	3,362.4	NM
Lankabangla Finance	12.90	-28.33%	6,620.0	11.7x
City Bank	16.20	-23.22%	16,465.5	6.3x
Runner Automobiles Limited	46.10	-22.52%	5,234.2	9.1x
Dutch-Bangla Bank	56.90	-20.20%	28,450.0	5.8x
Prime Bank	14.60	-19.78%	16,531.3	6.7x
Singer Bangladesh	147.00	-18.51%	14,656.3	14.2x
Shahjalal Islami Bank	19.20	-17.95%	17,921.7	12.3x
Heidelberg Cement	137.30	-16.69%	7,757.9	48.9x

Important News: Business & Economy

Bangladesh Bank (BB) blames banks' misrepresentation of trade policy amid Foreign Direct Investment (FDI) fall

■ The Bangladesh Bank on Wednesday blamed authorised dealer banks for misrepresenting the country's trade policy and putting Bangladesh's economy at stake even after adoption of a liberal trade policy in the 1990s. A BB circular issued by its executive director Mohd Humayun Kabir on the day raised the allegation at a time when many global businesses were exploring their options to shift their manufacturing units elsewhere from China amid the mounting US-China trade war. Besides, the 56.0% fall in foreign direct investments last year could be another reason behind issuing the BB circular. The country's FDI inflow dropped to USD 1.6 billion in 2019 from USD 3.6 billion in the previous year.

■ According to an official of the central bank said that the banks were mostly unaware of the government's policy on foreign direct investment attraction which was why many of the banks, dealing with foreign customers, failed to provide them with the required guidelines. As a result, many potential clients got the wrong idea about the country's liberal trade policy, prompting the central bank to come up with the circular.

■ The BB circular said that the liberal trade policy adopted in the 1990s was still in place and the central bank had been issuing guidelines to the authorised dealers based on demands. It was observed in recent times that the authorised dealer banks had been providing confusing information to customers without being aware of the updates on the country's foreign exchange system.

■ Mentioning foreign exchange transaction as a means to get connected with the global economy and as a gateway to attract foreign direct investment, the BB circular said that the banking system and its associates played a vital role in doing so.

<https://www.thedailystar.net/business/news/some-sectors-get-relief-advance-tax-1915813>

National Board of Revenue (NBR) moves to realise VAT from streaming site subscriptions

■ The National Board of Revenue has moved to realise value-added tax from subscriptions of online streaming sites such as Netflix, Amazon Prime, ZEE5, Hoichoi and HBO Now. A 15.0% VAT is applicable on the fees that subscribers pay to the online entertainment sites.

■ As part of the move, the NBR's VAT intelligence and Investigation Directorate has requested the Bangladesh Bank to instruct the commercial banks to deduct the applicable VAT from the fees while remitting it abroad on behalf of the subscribers.

■ According to the VAT intelligence director general, the subscribers of the online streaming sites paid the fees from the country in foreign currency and in most cases, they used personal credit cards to make the payment. As per the VAT and Supplementary Duty Act-2012, subscription to such channels is considered a service which is subject to VAT payment under the service code 099.20. But the revenue board is not able to generate any revenue from the sector.

■ The commercial banks can deduct 15.0% VAT while making the payment and the payment is completed using credit card, he wrote to the central bank. However, the VAT intelligence was informed that the banks were not deducting the VAT as they had received no such instruction from the Bangladesh Bank in this regard. Under the circumstances, the

BB has been requested to give the necessary instructions to the commercial banks for deducting the VAT from the sector.

<https://www.newagebd.net/article/108655/nbr-moves-to-realise-vat-from-streaming-site-subscriptions>
<https://today.thefinancialexpress.com.bd/last-page/no-more-free-lunch-1592415433>

Bangladesh Bank (BB) prods banks over stimulus

■ The central bank has asked the commercial banks to take effective measures to implement the government-announced stimulus packages immediately to help revamp the country's overall economic activities. The advice was given at a meeting of the bankers online on Wednesday with Bangladesh Bank (BB) Governor Fazle Kabir in the chair. According to an executive director of the central bank, the central bank assured the bankers of all-out support for implementation of the packages. Bangladesh Bank is ready to disburse funds from our refinancing schemes to help the banks in implementation of the packages

■ Prime Minister Sheikh Hasina has so far announced a total of 19 stimulus packages worth BDT 1.03 trillion to offset the shock of the novel coronavirus (Covid-19) pandemic on various sectors of the country. The packages, which are 3.7% of the country's gross domestic product (GDP), will be implemented under the supervision of the central bank and the ministry of finance.

■ Most of the bankers are now working to provide loans under different stimulus packages, announced by the government and the central bank to help the business community amid the pandemic, according to the private banker.

<https://today.thefinancialexpress.com.bd/first-page/bb-prods-banks-over-stimulus-1592415192>

Achieving GDP target for FY 2020-21 almost impossible: Economist AB Mirza Azizul Islam

■ According to AB Mirza Azizul Islam, an economist and a former adviser to the caretaker government, if the government borrows too much from private banks, it will affect the inflow of funds into the private sector and investment. The government has targeted borrowing BDT 850.0 billion from the banking sector to meet the deficit in the proposed budget for the fiscal year 2020-21. However, this will hamper flow of money to private investors who are already in a crunch due to the coronavirus outbreak, the economist said.

■ The noted economist also added that achieving 8.2% GDP growth during this pandemic is almost impossible as GDP growth and revenue collection will be lower this year because of slow business. According to Ahsan H Mansur, executive director of Policy Research Institute (PRI), the country needs to be realistic and pragmatic in budget proposal. The government must bring drastic reforms in tax administration. The former chairman of National Board of Revenue (NBR) suggested that the government not increase tax on mobile talk time and not impose tax on use of reconditioned cars as many lower income people use such cars.

■ Planning Minister said the government has been working to protect people's jobs by introducing different stimulus packages. The government's target is to bring down poverty

level to 20.0% from 35.0%, a number that increased due to the coronavirus pandemic.

<https://www.thedailystar.net/business/news/achieving-gdp-target-fy-2020-21-almost-impossible-1916349>
<https://today.thefinancialexpress.com.bd/first-page/budget-fictional-lower-gdp-growth-inevitable-1592414976>

Factories continue job cut amid virus

■ Industrial units across the country barring those in Dhaka metropolitan area terminated nearly 11,000 workers in the past two weeks, according to reliable sources. The factory owners took recourse to shedding jobs as part of their move to dilute the adverse impact of the Covid-19 pandemic on their businesses.

■ According to Industrial Police (IP), a total of 129 industrial units under its jurisdiction of six industrial zones, except Dhaka Metropolitan area, terminated more than 21,000 workers until Wednesday. Of them, the job duration of 13,942 workers was less than one year. The number of total terminated workers was 10,493 until June 01 last, according to IP data.

■ Eighty-six member mills of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) have shed 16,853 jobs and 16 units of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) 2,298 jobs. Four mills under Bangladesh Textile Mills Association (BTMA) have also cut 258 jobs.

<https://today.thefinancialexpress.com.bd/first-page/factories-continue-job-cut-amid-virus-1592414902>

No defaulting till September even if instalment payments missed: The Central Bank

■ The central bank asked banks not to downgrade the classification status of any borrowers for defaulted loans between the period of January and September this year. Borrowers will not be labelled defaulters, even if they failed to pay back their bank loans, till September this year – as the Bangladesh Bank has extended the facility considering the lingering economic fallout of Covid-19.

■ The central bank – in a circular yesterday – asked banks not to downgrade the classification status of any borrowers for defaulted loans between the period of January and September this year. As part of its crisis mitigation strategy, the Bangladesh Bank, earlier, on March 19 directed banks to provide this facility to all borrowers for six months – from January 1 to June 30. Banks are allowed to follow existing rules and regulations in interest calculation though they have been barred from imposing any penalty or additional interest on the loans for the period.

■ Bank directors and different trade bodies had been calling for extending the facility till December this year as they believe many borrowers will not be able to repay their loans in the interim. However, the banks were instructed to upgrade the classification status of loans if any borrowers manage to repay loans regularly.

■ On June 10, the central bank, in its guidelines on a bank-loan interest waiver for the months of April and May, allowed banks to collect the suspended interest of the two months in equal monthly instalments in twelve months starting from July 2020.

<https://tbsnews.net/economy/banking/banks-will-not-charge-penal-interest-default-loan-repayments-3-more-months-93607>
<https://www.thedailystar.net/business/news/bb-extends-loan-status-classification-sep-30-it-fears-pandemic-would-ram-1915289>
<https://www.newagebd.net/article/108481/borrowers-get-more-relief-in-repayment-till-sept>
<https://www.dhakatribune.com/business/banks/2020/06/15/bb-extends-loan-default-facility-until-september>

Parliament passes supplementary budget for FY 2019-20

■ Parliament on Monday passed the supplementary budget of BDT 465.2 billion for fiscal year (FY) 2019-20 ending on June 30. After the passage of the budget, the original fiscal blueprint of BDT 5.23 trillion of the outgoing fiscal year has now come down to BDT 5.01 trillion. The supplementary budget is an additional amount for a given fiscal year given out from the national exchequer in favour of divisions and ministries in addition to their already approved allocations.

■ The finance division got the highest allocation amounting to BDT 363.6 billion. The local government division got BDT 28.08 billion, ministry of disaster management and relief BDT 12.33 billion, the Prime Minister's Office BDT 2.14 billion, Cabinet Division BDT 598.8 million, Supreme Court BDT 33.9 million, the Election Commission Secretariat BDT 2.99 billion, the Public Service Commission BDT 183 million, the Economic Relations Division BDT 651 million, Planning Division BDT 3.79 billion, the implementation, monitoring and evaluation division BDT 533.4 million, the Statistics and Informatics Division BDT 2.90 billion, ministry of defence at BDT 455 billion, Armed Forces Division BDT 925.8 million, the Public Security Division BDT 2.94 billion, the ministry of social welfare BDT 127.9 million, the ministry of women and children's affairs BDT 399.8 million, the ministry of labour and employment BDT 539.6 million, the ministry of housing and public works at BDT 8.43 billion.

■ Also, the allocations for the ministry of religious affairs were BDT 5.27 billion and those of the ministry of industries were BDT 4.50 billion, the ministry of textile and jute BDT 5.59 billion, energy and mineral resources division BDT 4.94 billion, the ministry of water resources BDT 8.37 billion, the ministries of shipping and CHT BDT 732.7 million and BDT 15.4 million respectively.

<https://today.thefinancialexpress.com.bd/first-page/js-passes-supplementary-budget-for-fy-2019-20-1592242442>
<https://tbsnews.net/economy/budget/js-passes-supplementary-budget-BDT-4651611-crore-2019-20-fy-93463>

Government eyes BDT 170.0 billion in budget support next fiscal year

■ The government has set a target to mobilise BDT 170. billion in budget support from development partners in fiscal 2020-21 to meet its additional financing need owing to the coronavirus pandemic. The budget support being sought is way higher than the BDT 21.0 billion set in the original fiscal plan for this year and BDT 560 million in the previous one.

■ The budget support for the next fiscal year accounts for 18.31% of the BDT 928.4 billion external borrowing target set. It would largely come from the development partners such as the World Bank (WB), the Asian Development Bank (ADB), the Asian Infrastructure Investment Bank (AIIB) and the Japan International Cooperation Agency as well as the crisis lender International Monetary Fund (IMF).

■ The IMF has already sanctioned USD 732 million in emergency funding to meet the urgent balance-of-payments and fiscal needs arising from the coronavirus outbreak in the country. The ADB has approved USD 500 million and the AIIB sanctioned 250 million. The WB may approve USD 250 million by this month. This means, the government is on track to mobilise funds from the development partners.

■ The budget deficit for the current fiscal year was estimated at BDT 1.45 trillion and it was pushed upwards to BDT 1.54 trillion in the revised budget, which is 5.5% of GDP. The overall budget deficit will be BDT 1.9 trillion in fiscal 2020-21, which is 6% of GDP, said Finance Minister AHM Mustafa Kamal in his budget speech. Bangladesh would receive BDT 40.1 billion in grants in fiscal 2020-21, up from BDT 34.5 billion in the revised budget. Of the grants, BDT 6.1 billion would come in the form of food support and BDT 34.0 billion in project assistance. Of the external financing, BDT 888.2 billion will come in the form of loans, which was BDT 636.6 billion in the revised budget. The support for loans includes BDT 671.0 billion in project assistance.

<https://www.newagebd.net/article/108411/government-estimates-per-capita-income-now-at-2079-economists-doubt>

Finance Minister sets a bullish 5.2% GDP growth target for this fiscal year

■ Bangladesh would be logging in the highest growth among the South Asian nations if the revised growth target of 5.2% can be achieved this fiscal year, said Finance Minister AHM Mustafa Kamal in parliament yesterday. The government was originally gunning for an 8.2% GDP growth for fiscal 2019-20 but has now brought it down owing to the devastating impact of the coronavirus pandemic.

■ The new revised down target differs widely from both the World Bank and the International Monetary Fund's projections, which forecasted GDP growth for this fiscal year at 1.6% and 3.8% respectively. In line with the new target, the total size of the GDP was also revised at BDT 28.1 trillion from BDT 28.9 trillion initially. Meanwhile, the Jatiya Sangsad yesterday passed the supplementary budget of BDT 465.2 billion for fiscal 2019-20 to meet the increased expenditure after different ministries, divisions and institutions sought additional amounts.

■ According to the supplementary budget, allocations for 26 ministries and divisions rose to BDT 465.2 billion, while allocations of BDT 183.5 billion were slashed for 35 ministries and divisions. The finance division got the highest allocation of the additional financing of BDT 363.6 billion, while the Chittagong Hill Tracts Affairs ministry received the lowest BDT 15.4 million.

<https://www.thedailystar.net/business/news/kamal-sets-bullish-52pc-gdp-growth-target-fiscal-year-1915285>

Banks' borrowing through REPO rises 44.0 times

■ Banks' lending from the Bangladesh Bank through REPO (repurchase agreement) has increased more than 44 times in the last three months (March-May) amid the coronavirus pandemic compared with their borrowing in the last three months of the year 2019 by using the same instrument. As per the central bank data, the banks' borrowing through REPO increased to BDT 1.7 trillion in March-May this year. The banks' borrowing from the BB through REPO was BDT 38.8 billion in October-December last year. The highest monthly

borrowing by the banks was BDT 824.2 billion in March this year. In April, the central bank reduced the REPO rate to 5.25% from 6%.

■ According to the central bank and other bank officials, the borrowing had increased due mainly to the government's heavy borrowing from the banking sector to meet expenditure amid the ongoing coronavirus pandemic. Although the government's non-development expenditure has increased since the outbreak of coronavirus in March this year, the collection of revenue in the first 10 months of the current fiscal year was around half of its annual target. To meet the deficit, there was no other option for the government other than borrowing from the banking sector.

■ The government has revised upward its bank borrowing target to BDT 824.2 billion for the outgoing fiscal year from BDT 473.6 billion it had set initially in the budget for the fiscal year 2019-2020. In the fiscal budget of 2020-2021, the government has projected to borrow BDT 849.8 billion from the banking sector.

<https://www.newagebd.net/article/108482/banks-borrowing-thru-repo-rises-44-times>

Fear of remittance flow hitting historic low

■ With a fear of global remittance flow declining to a historic low this year, the United Nations' International Fund for Agricultural Development (IFAD) has urged countries to develop more conducive policy and regulatory environments that enable competition, regulation and innovation on the remittance market, and declare these services essential.

■ Last year, global remittance flow was estimated to be over USD 550 billion, nearly 5% higher than the corresponding figure in 2018, with Bangladesh positioning itself among the top 10 remittance recipient countries. However, according to a UN report, global remittance to developing countries are projected to fall by USD 110 billion in 2020, and not return to pre-pandemic levels for many years thereafter. In April this year, World Bank projected a 22% decline in Bangladesh's remittance earning this year owing to Covid-19.

■ Migrant workers are essential contributors to both the places where they currently live and to their communities back home, having a ripple effect in about 40 sending and over 125 receiving countries worldwide.

<https://www.dhakatribune.com/business/economy/2020/06/16/fear-of-remittance-flow-hitting-historic-low>

Bangladesh Association of Banks (BAB) for pay cuts of member banks' staffers

■ The Bangladesh Association of Banks (BAB) has issued a 13-point recommendation, including reduction of salary of its member banks' staffers for the next 18 months. To this effect, the BAB, a forum of private commercial banks' directors, wrote to the chairmen of its member banks on Sunday to overcome the economic recession caused by Covid-19.

■ It also advised the members not to curtail jobs of their employees from July 01, 2020, to December 31, 2021, according to a letter. Its recommendations include a 15-per cent reduction of salary for the staffers drawing over BDT 40,000 as gross salary each month, suspension of new branch opening and fixing asset purchase. Other recommendations are an end to advertisements to both print and electronic media outlets and expenditure on corporate social responsibility, reducing local and international training and tour of

employees.

■ According to a BAB official familiar with the development said the association has advised its member banks to squeeze their operational costs through implementation of the recommendations. He also added, it's not mandatory for the banks. It will depend on a bank's own decision

<https://today.thefinancialexpress.com.bd/first-page/bab-for-pay-cuts-of-member-banks-staffers-1592242631>

New VAT, SD measures looking like silver lining

■ The revenue authority may get an additional BDT 110.0 billion next fiscal year because of the new value-added tax (VAT) and supplementary duty (SD) measures, according to an estimate by the National Board of Revenue (NBR).

■ The disclosure came as the VAT department has been assigned to collect 38.0% of the NBR's target of BDT 3.3 trillion for the next fiscal year. Together with collecting a portion of SD from the domestic trade, the NBR will have to log in 55.0% of the total revenue goal from the two sources.

■ According to the analysts & taxmen, achieving the target would be impossible as the lockdown and wreckage in the economy already caused a drop in revenue collection. And the new VAT target is 14% higher than the revised goal of BDT 1.1 trillion set by the government for the outgoing fiscal year when overall VAT collection is unlikely to cross BDT 1.0 trillion.

■ Together with collecting a portion of SD from the domestic trade, the NBR will have to log in 55% of the total revenue goal from the two sources. To increase the collection of VAT receipts, the NBR hiked the prices of health-hazardous cigarettes by up to 5.0% for each 10-stick pack in the low, high and premium segment, except the medium price segment. However, except for the low-price segment of cigarettes, the SD rates have been kept unchanged for the next fiscal year. Depending on price slabs, smokers will have to pay from 57.0% to 65.0% of SD for every 10-stick next fiscal year, up from 55 to 65.0% in the outgoing fiscal year, according to the NBR.

■ The increased SD on mobile phone usage from this fiscal year's 10.0% to 15.0% in fiscal 2020-21 is likely to bring in an extra BDT 15.0 billion revenue, according to the estimate. Mobile phones and SIM cards were the third biggest sources of VAT and SD after cigarette and construction firms. It brought BDT 50.0 billion in revenue in fiscal 2018-19, up 4% from the previous year, NBR data showed.

■ Besides, the increased excise duty on bank accounts with over BDT 1.0 million debit or credit balance is also likely to bring nearly BDT 300.0 in extra tax. The government has raised the excise duty by up to 60% for fiscal 2020-21 and account-holders with more than BDT 50.0 million balance in their accounts at any time of the year will face BDT 400.0 billion. The government logged in BDT 23.4 billion in fiscal 2018-19 through excise duty and the collection from bank balances accounted for most of it, according to the finance ministry and NBR data.

<https://www.thedailystar.net/business/news/new-vat-sd-measures-looking-silver-lining-1914625>

<https://www.newagebd.net/article/108409/nbr-eyes-BDT-11000-crore-addl-vat-from-mobile>

[-bank-tobacco-sectors](#)

Banks lose BDT 250.0 billion in deposits during pandemic

■ Total deposits of all banks in the country decreased by BDT 256.0 billion to stand at BDT 12.3 trillion at the end of April this year from BDT 12.5 trillion in January, according to Bangladesh Bank data. The banking sector anticipates a fresh liquidity crisis as the propensity of clients to withdraw funds has increased in the wake of the coronavirus pandemic and reduced deposit interest rates.

■ Moreover, the government decision to raise excise duty by 20 to 25% in various slabs on deposits above BDT 1.0 million in the proposed budget for the next fiscal year is expected to further discourage depositors to park their money in the banking system. The deposit shock has come at a time while the banking sector is under multiple pressures of supplying money into the weakening economy.

■ Banks started to bring down interest rates on deposits to 6.0% from January this year under government dictate to bring down the lending rate to 9.0%. Banks were releasing high-cost deposits to reduce fund cost amid the pressure of implementing the single-digit lending rate from April 1, 2020. The deposit growth sees a sharp fall of 8% year-on-year in April, which was 12.59% in January, according to Bangladesh Bank data.

■ On April 15 this year, the Bangladesh Bank raised the ADR limit to 87.0% from 85.0% for conventional banks and 92.0% from 90.0% for Shariah-based Islamic banks in an effort to boost liquidity amid the Covid-19 pandemic.

■ In the new budget, Finance Minister AHM Mustafa Kamal has set the borrowing target from the banking system at BDT 848.9 billion. Moreover, banks are burdened with the responsibility to implement a stimulus package worth BDT 500.0 billion. However, Bangladesh Bank Governor in his post-budget reaction assured that the banking sector is capable of supplying the targeted borrowing as excess liquidity in banks stood at BDT 1.1 trillion in April.

■ When excess liquidity came down to BDT 890.0 billion in March from BDT 1.0 trillion in January amid deposit withdrawal pressure, the central bank immediately took a host of measures, including curtailing of cash reserve ratio and increase of ADR limit, to ease liquidity in the banking system. All these efforts resulted in a BDT 240.0 billion increase in excess liquidity in one month.

<https://tbsnews.net/economy/banking/banks-lose-BDT-25600cr-deposits-three-months-93283>

Bank directors want to cut employee salaries, all expansions, but not their dividends

■ Directors of banks want to cut salaries and all types of bonuses for almost all employees, stop fresh recruitment, expansions and donation for 18 months. But they want to keep their spending on IT-related services, which goes against the spirit of this time of pandemic and the months to come.

■ Secretary-General of Bangladesh Association of Banks (BAB), a forum of private banks' directors, sent a letter to its chairman and all 36 member banks, asking them that these measures can be implemented from July 1, 2020 up to December 31, 2021. The Business

Standard has obtained a copy of the letter that showed 13 reasons that prompted them to cut 15% salaries of employees who get minimum BDT 40,000 a month as starting salary.

■ New employees in many banks under probation period get BDT 40,000 or more. So, if the decision is taken, it will affect almost all employees. A few banks have already announced a cut in salaries of their employees.

<https://tbsnews.net/economy/banking/bank-directors-want-cut-employee-salaries-all-expansions-not-their-dividends-93286>
<https://www.dhakatribune.com/business/banks/2020/06/14/bab-recommends-up-to-15-cut-in-salaries>

Government estimates per capita income now at USD 2,079, economists doubt

■ The government has estimated that the country's per capita income would rise to USD 2,079 in the outgoing fiscal year of 2019-2020. Economists, however, differed with the projection as the estimate was made based on a lower population growth rate. The proposed budget for FY21 outlined that the per capita income would increase by 8.9% to USD 2,079 in FY20 from USD 1,909 in the previous fiscal year. In both the fiscal years (2018-2019 and 2019-2020), the government's estimate was based on 1.37% population growth rate.

■ The government's estimations in FY18 and FY19 were done based on the Bangladesh Bureau of Statistics data but for FY20 the government considered the UN Social Indicator Data where population growth rate was estimated at 1.1%, South Asian Network on Economic Modeling executive director Selim Raihan told New Age on Sunday.

■ Economists also differed with the government's revised GDP growth projection for the fiscal year of 2019-2020. The GDP growth projection was lowered by 3.0 percentage points to 5.2% from 8.2%. Policy Research Institute executive director Ahsan H Mansur also predicted that the country's GDP growth in the outgoing fiscal year 2019-2020 would be within 2%.

<https://www.newagebd.net/article/108411/government-estimates-per-capita-income-now-at-2079-economists-doubt>

Bangladesh Steel Manufacturers' Association (BSMA) for removing advance tax (AT) on steel raw material import

■ Bangladesh Steel Manufacturers' Association (BSMA) on Sunday demanded total withdrawal of the existing 5.0% advance tax (AT), imposed on import of steel raw materials in the outgoing fiscal year (FY), 2019-20. The release said the government has proposed to fix 4.0% AT from FY 21, which will not help the steel manufacturers at all. So, BSMA demands total withdrawal of the existing AT.

■ The association also placed demand for withdrawal of VAT deduction at source (VDS), which is BDT 1,000 to BDT 2,000 per tonne of rod or billet. According to the steel manufacturers, the industry is now going through a tough time for the coronavirus pandemic and demanded removal of advance income tax (AIT), as the companies can hardly make any profit in the critical situation. The association also demanded fixing tax deducted at source (TDS) at 0.6% from the existing 3.0%. To minimise production cost amid the dull

condition of business, BSMA also demanded fixing regulatory duty (RD) on import of 'ferro alloys' at 5.0%.

■ The association said local steel manufacturers import 'ferro alloys' (ferro manganese, ferro silicon and ferro silico manganese) from abroad, as only one company produces these locally, and it cannot meet the total demand. But the FY 21 budget proposed to raise duty on 'ferro alloys' to 15.0% from the existing 10.0%, the BSMA release added.

<https://today.thefinancialexpress.com.bd/last-page/bsma-for-removing-at-on-steel-raw-material-import-1592157585>
<https://www.thedailystar.net/business/news/foreign-firms-finished-steel-product-imports-must-be-taxed-1914605>

Cement makers lament over unmet demands

■ Cement manufacturers are frustrated over their demands being left unaddressed in the proposed budget, from which they had hoped to avail some assistance to cope with losses incurred for the pandemic. A 60% cut in import duty on clinker and waiver of interest on existing loans were sought by the Bangladesh Cement Manufacturers' Association (BCMA).

■ According to the president of the BCMA, they import clinker at USD 42.0 per tonne but when we go to pay duty, customs always take the cost price to be USD 50.0 per tonne -- it is so unfair. Subsequently, the association called for the import duty on clinker, the sector's major raw material, to be brought down to at least BDT 300 a tonne from the existing BDT 500.

■ Clinker accounted for USD 900 million of the USD 1.35 billion worth raw materials that the manufacturers imported last fiscal year. Due to a lack of mineral resources, local cement manufacturers bring in about 18 million tonnes of clinker every year.

<https://www.thedailystar.net/business/news/cement-makers-lament-over-unmet-demands-1914613>

Mobile operators caught in the cross-fire over Supplementary Duty (SD) hike rollout

■ Mobile operators are in the most bewildering situation: they are caught in the middle of a misunderstanding in the interpretation of the law by the revenue authority and the telecom regulator. Following the announcement of the 5-percentage point hike in supplementary duty for all mobile services in the finance bill for fiscal 2020-21, they complied with the order within hours by raising the rate at the users' end. Then on Friday, they have been blasted with an angry email from the Bangladesh Telecommunication Regulatory Commission (BTRC), which warned of dire consequences if the new supplementary duty of 15% is implemented before July 1. But, the finance bill dictates that the new rates should be in force from the next day.

■ Apart from the latest hike in the supplementary duty, there is a 15% value-added tax and 1% surcharge on mobile phone bills from before, which make the total tax for mobile phone use 33.25% now. Market insiders said the total revenue in the industry currently stands at about BDT 250 billion and the government eyeing an additional BDT 10 billion to BDT 12 billion by increasing the supplementary duty. As of March, there are 165.3 million active mobile connections in the country, of which 95.2 million are being used for internet services as well, according to data from the BTRC.

<https://www.thedailystar.net/business/news/mobile-operators-caught-the-cross-fire-over-sd-hike-rollout-1914121>

Bangladesh economy suffering triple blow due to COVID-19: International Monetary Fund (IMF)

■ Bangladesh's economic impact due to COVID-19 pandemic has been felt in three main avenues-- a drop in domestic economic activity after announcement of shutdown, a decline in exports of ready-made garments and a fall in inward remittances. The resident representative of the International Monetary Fund (IMF) for Bangladesh came up with the statement in an interview with IMF Country Focus recently on different challenges faced by the country.

■ The IMF official acknowledged that the economy of Bangladesh had been growing close to 7% a year on average over the past decade before the coronavirus outbreak. IMF projects 2% growth for 2020—a drop of 6% from 2019, The crisis-related borrowings will raise the public debt-to-GDP ratio to about 41% of GDP over the coming years, from 36% at the end of 2019, the resident representative of IMF said. Talking about the outlook for the future, he said that IMF is still expecting a pick-up in activity toward the end of 2020 and in 2021, with growth climbing back to around 6%.

<https://thefinancialexpress.com.bd/economy/bangladesh/bd-economy-suffering-triple-blow-due-to-covid-19-imf-1592050905>

Budget ignores pandemic impacts: Centre For Policy Dialogue (CPD)

■ The Centre For Policy Dialogue (CPD), in its budget reaction on Friday, said the proposed budget for the fiscal year 2020-21 (FY21) has largely ignored the impacts of the Covid-19 pandemic. CPD said the Covid-19 induced health, economic, humanitarian and social crises are unprecedented and the budget for the FY21 needed to be more innovative in addressing the multidimensional crisis. However, CPD said the Covid-19 situation is an evolving one; there are significant uncertainties regarding its duration and extent of impact. The think tank said during a crisis like the Covid-19 pandemic the main objective should be supporting the poor and affected people, instead of being too much concerned with the GDP (Gross Domestic Product) growth.

■ The GDP target has been set at 8.2% for FY21 in the proposed budget while the GDP growth in the revised budget for the outgoing FY20 reset at 5.2%. Earlier, CPD estimated that the GDP growth rate would be not more than 2.5% in FY20. Private investment has been estimated to be 25.3% of GDP in FY2021, which, according to CPD, is a whopping 12.6 percentage point increase from the government's previous estimation for FY20. CPD said the dynamic of the remittance-inflow rise during the pandemic might soon change due to job losses in the host countries. It fears there will be lower remittance from GCC (Gulf Cooperation Council) countries due to Covid-19, oil price slump, various restrictive measures and stringent health-related conditions in host countries.

<https://thefinancialexpress.com.bd/economy/budget-ignores-pandemic-impacts-cpd-1591951662>

<https://www.thedailystar.net/frontpage/news/economic-targets-not-realistic-cpd-1913493>

Heavy bank borrowing to be counter-productive: Centre for Policy Dialogue (CPD)

■ The government's designs to fund a large chunk of next fiscal year's budget by borrowing heavily from the banking sector will leave the pandemic-stricken economy in a tight spot, said the Centre for Policy Dialogue yesterday. The exercise will crowd out the private sector from funding, which can be counterproductive for a recovering economy.

■ Finance Minister in his budget speech said the government would borrow a record BDT 849.8 billion from banks, which is about 45% of the total deficit financing for the next fiscal year. Besides, the stimulus packages worth more than BDT 1000 billion will have to be implemented largely by banks. If the government borrows heavily from them, banks will face a difficult situation in implementing the packages, an executive director of the CPD said. Also, the government has estimated that the private investment to GDP ratio would double to 25.3% in the upcoming fiscal year -- a farcical projection, by all accounts. A staggering BDT 8.02 trillion will be required to achieve that projection.

<https://www.thedailystar.net/frontpage/news/heavy-bank-borrowing-be-counter-productive-1913489>

Mobile Use Tax Hike: Users hurt, telcos irked

■ Telecom companies and other stakeholders of the industry yesterday slammed the spike in supplementary duty on mobile data usage, calls and any service that requires a SIM card. The finance minister in Thursday's speech announced 15% supplementary duty, a significant rise from last fiscal year's 10%. The decision came into effect yesterday. Even Telecom Minister Mustafa Jabbar said the decision would thwart the process of "digitalization" of services.

■ Industry insiders said the government was hoping to earn over BDT 10 billion in addition to the previous revenue from the sector. But the goal might not be achieved, because people are likely to limit their usage to avoid paying the extra. Top executives of different operators also said people would rather curb usage than spend more. People would use apps to make calls more often and save their spending on voice calls, they added.

■ As of March, there are 165.3 million active mobile connections in the country. Of them, 95.2 million are connected to the internet, according to Bangladesh Telecommunication Regulatory Commission. Annual revenue from the market currently stands at around BDT 250 billion.

<https://www.thedailystar.net/frontpage/news/mobile-use-tax-hike-users-hurt-telcos-irked-1913481>

Newly Printed Money: There'll be crisis if not used properly

■ A good number of central banks across the globe have started printing money to get a turnaround from the ongoing financial recession. The Bangladesh Bank (BB) has taken the same measure to revive the economy as it has already decided to inject about BDT 500 billion in the form of different refinance schemes. Besides, Finance Minister AHM Mustafa Kamal yesterday has set a borrowing target of BDT 849.80 billion from the banking sources.

■ The government traditionally borrows a major portion of its target from banks. But it would be tricky for banks to provide this service as they are now going through a cash crunch of their own due to the economic fallout stemming from the ongoing pandemic. This mean, the

government will have to knock at the doors of the central bank. The Bangladesh Bank will have to oblige, but by printing money -- a move that can go on to pose stability risks. In fact, the government is already heavily relying on the central bank's monetization power. Between July last year and May this year, the government took out a record BDT 64,2.96 crore from the banking sources and 49.56% of the funds were footed by the BB.

- Printing money is not a matter of concern at this moment given the current economic state of affairs, said an executive director of the Policy Research Institute. There is no risk of inflationary pressure right now as the aggregate demand has slumped. But the printed money, generally known as reserve money or base money, must be used for productive purposes or else it would give rise to stagflation -- a scenario of high inflation and low GDP growth.

<https://www.thedailystar.net/frontpage/news/printing-moneythere-will-be-crisis-if-not-used-properly-1913105>

Poor power demand, poor allocation

- In the wake of a demand crunch for electricity and gas due to the pandemic, the government has cut the spending on power and energy for fiscal 2020-21 as it has allocated BDT 26,7.58 billion for these sectors -- 4.6% down year on year. Finance Minister in his budget speech yesterday said BDT 248.53 billion would be allocated for the power sector while the energy sector would receive BDT 19.05 billion.

- The country currently has a power generation capacity of 24,000 megawatts, which is enough to bring the entire population under electricity coverage. But the government cannot utilise its generation capacity to the fullest due to the weak transmission and distribution systems. Currently, about 96% of the population have access to electricity, up from 47% a decade ago.

- The government should prioritize on expenditure, cut subsidies, focus on transmission and distribution network, and provide some immediate benefit to the economy through a cut in the fuel prices, said a former lead economist at the World Bank in Dhaka. It would help the government get rid of the capacity charges, what he sees no reason to continue as the country had an excess power generation in FY 2018-19 by using only 43% of its capacity. Even before the pandemic, the government used to pay BDT 90 billion as capacity charges to the rental power plants that remained idle due to the low demand of electricity, causing a hike of electricity price for consumers, said Ohio-based Institute for Energy Economics and Financial Analysis in a study recently.

<https://www.thedailystar.net/backpage/news/poor-demand-poor-allocation-1913057>

Thumbs-up for black money

- Year after year, opportunities given by the government to whiten black money have failed to attract significant declaration, so the new budget proposes a fresh, lucrative offer -- invest and nobody, not even the income tax authority, will be able to question its source. For the last five years, black money-holders have been able to whiten their assets by investing in residential buildings and other similar properties. As per the existing law, people with vast amounts of undisclosed wealth could only take advantage of this opportunity if the money was not from an illegitimate source or derived from criminal activities. An addition was made in the outgoing fiscal year, stating that black money-holders investing in economic zones and hi-tech parks will not face any question about the sources of their

income if they invest in the sectors. For fiscal 2020-21, this amnesty has been widened to cover just about any kind of untaxed income.

- Between July 1, 2020 and June 30, 2021 individual taxpayers will be allowed to declare any type of undisclosed property by paying a certain amount of tax for per square foot of the asset. They will be able to declare undisclosed cash, bank deposits, savings certificates, shares, bonds or any other securities by paying a 10% tax. And they can invest money in the capital market by paying tax at a rate of 10% on the value of the investment.

<https://www.thedailystar.net/frontpage/news/big-thumbs-black-money-1913093>
<https://today.thefinancialexpress.com.bd/public/last-page/budget-offers-scope-to-whiten-black-money-1591897647>

Injecting black money in banks may backfire

- Allowing black money in bank deposits and other instruments may cost Bangladesh more than the benefits it is hoping for, bankers and analysts have said. Bangladeshi banks may face questions from counterpart foreign banks in trade transactions and be subjected to higher risk charges and premiums, they said, suggesting that banks should not risk their credibility by providing safe haven for tax dodgers and money launderers. The move can increase Bangladesh's country risk rating, which will tarnish its image, push up the costs for foreign trade and discourage foreign investments.

- A former senior economist of the World Bank Group, said the facility could have been extended directly to the Covid-19 affected industries, instead of channeling the money to the banks. Banks are required by anti-money laundering law to strictly follow KYC (Know Your Customer) procedures while opening accounts and monitor every big transaction. But the proposed budget says banks will not ask about the source of money being deposited, which is a violation of globally accepted norms to check illegal flow of money.

<https://tbsnews.net/economy/injecting-black-money-banks-may-backfire-92845>

Doubling private investment pipe dream: Economists

- The government's goal of doubling private investment as percentage of gross domestic product or GDP, in fiscal year 2020-21 is unrealistic, economists said. The government seeks to raise the private investment to GDP ratio to 25.3% from the outgoing fiscal's 2.7% trajectory.

- Economists said the new private investment target in the next fiscal is like daydreaming when the global economy is set to dive into the deepest recession after the World War-II. The government in its new target said the overall investment is expected to rise at 33.5% of the country's total GDP in FY2021 from that of 20.8% in FY2020. The public investment-GDP ratio in the next fiscal has been set at 8.1% of FY2020.

<https://today.thefinancialexpress.com.bd/first-page/doubling-pvt-investment-pipe-dream-economists-1592068582>

Post Covid-19 labor market: Bangladesh eyes Africa

- The authorities have been exploring labor markets in African countries as overseas jobs may decline in the traditional Middle Eastern and Southeast Asian countries due to coronavirus pandemic. The foreign minister said that farming sector is going to be very

important in the aftermath of the coronavirus pandemic. He specifically mentioned the names of Tanzania, Sudan, Uganda and The Gambia where huge opportunities lie for investment in the agriculture sector. The World Bank has projected remittance decline by 22% this year compared to USD 18 billion received from about 10 million Bangladesh migrants last year.

<https://www.thedailystar.net/frontpage/news/post-covid-19-labour-market-bangladesh-eyes-africa-1914029>

Proposed budget lacks tools to tackle pandemic fallout: South Asian Network on Economic Modeling (SANEM)

■ The proposed national budget is not framed in response to the COVID-19 outbreak in the country, said the South Asian Network on Economic Modeling. The targets for GDP growth, revenue collection and private sector investment are unrealistic and not achievable as those were set without taking the reality into consideration, SANEM said at a virtual press conference on the proposed budget.

■ Political will has been reflected in the budget but the question remains whether it will be translated into action, SANEM executive director said. The budget proposed to increase allocation in health, social protection, agriculture and education but it is not enough to meet the challenges of the crisis induced by the outbreak.

<https://www.newagebd.net/article/108335/proposed-budget-lacks-tools-to-tackle-pandemic-fallout-sanem>

<https://today.thefinancialexpress.com.bd/first-page/economists-question-logic-behind-growth-projection-1592068379>

Pandemic to make budget implementation difficult: Institute of Chartered Accountants of Bangladesh (ICAB)

■ The implementation of the proposed budget would be difficult given the adverse impacts of the pandemic on export and import, private sector investment and consumer demand, said the chartered accountants. They said that considering the current pandemic situation in the country, the proposed budget was admirable but questions could be raised about the supply of funds needed to implement the budget.

■ ICAB president said that the proposed budget set the target of gross domestic product at 8.2 which might appear to be encouraging, but would be very difficult to implement considering the COVID-19 situation. It is feared that the private sector would be deprived of bank funds due to the government's dependency on the banking sector for funds. The government set the target of borrowing at a whopping BDT 850 billion from the banking channel for the next fiscal year which can rise even further as was seen to happen in the current fiscal year, he said. However, if the government utilizes the funds in the development sectors, they would return to the private sector through circulation of funds.

■ It would be challenging to meet the revenue collection target set at BDT 3.78 trillion in the proposed budget due to the negative impacts of the coronavirus. The government announced a budget equivalent to 17.9% of the gross domestic product or BDT 5.68 trillion during the pandemic crisis. A former ICAB president said that the global pandemic would reduce import and export, demand at the consumer end and business activities which would eventually affect government revenues.

<https://www.newagebd.net/article/108336/pandemic-to-make-budget-implementation-difficult-icab>

<https://today.thefinancialexpress.com.bd/last-page/govts-bank-borrowing-to-deprive-pvt-sector-1592068978>

<https://www.thedailystar.net/business/news/budget-ambitious-doable-icab-1914085>

Government defends lower health budget

■ A top bureaucrat has defended the lower budgetary allocation for the health sector, saying it lacks capacity to spend money. Responding to a question, the finance secretary said they had focused on enhancing the spending capacity of the sector, strained under the weight of coronavirus pandemic. Referring to the spending capacity of the healthcare sector over the last five years, he said it could utilize budgetary allocation not more than BDT 15 billion a year.

■ The Finance Minister proposed an allocation of BDT 292.47 billion for financial year of 2020-2021. Considering the poor spending capacity, the finance division secretary said they set aside another BDT 100 billion as a lump sum amount for meeting the emergency needs in the fight against the lethal virus that has so far claimed around 1,100 lives while infecting over 81,000 people in the densely-populated country. If we add this sum to the allocation, the amount will be over 7.0% of the total budget, he added.

<https://today.thefinancialexpress.com.bd/trade-market/govt-defends-lower-health-budget-1592064485>

Inadequate measures for exporters

■ The stimulus packages and measures announced by the government are inadequate to revive exports from the fallouts of the ongoing coronavirus pandemic, according to industry leaders. Considering how the Covid-19 outbreak has negatively impacted Bangladesh's garment industry, the country's main export sector, Finance Minister proposed the continuation of the 1% additional cash incentive scheme for the upcoming fiscal year. The government has been providing a 1% additional cash subsidy on apparel exports since the beginning of the outgoing fiscal year. This means garment exporters have enjoyed a 5% cash incentive on all non-traditional export markets as well.

■ The finance minister also proposed increasing tax deductions at source from 0.25% to 0.50%. The reduced 12% and 10% corporate tax rates for non-green and green garment factories respectively should remain the same for the next two years. In total, the government allocated BDT 68.25 billion as export incentives for 37 different sectors in the outgoing fiscal year while it was BDT 40 billion in fiscal 2018-19.

<https://www.thedailystar.net/backpage/news/measures-inadequate-1913065>

Mega projects may see slow progress

■ Mega projects, including the fast-track ones, are likely to see slow progress during the upcoming fiscal year (FY), 2020-21, as the new budget has proposed lower allocation than the ongoing fiscal for their implementing ministries and agencies. Mega projects like Padma Bridge, metro rails, power plants, Padma Rail-link, Payra Seaport, Matarbari-Moheshkhali power plant, and Moheshkhali LNG terminal etc have made good progress until the corona pandemic hit the country.

■ Except two ministries, the budget for FY 2020-21 has proposed reduced allocations, ranging from BDT 1.5 billion to BDT 12 billion, for these ministries than FY 20. The ministries include road transport and bridges, shipping, railways, and power, energy and mineral resources. Two ministries - civil aviation and tourism, and shipping - have been proposed BDT 2.60 billion and BDT 1.5 billion higher allotments. However, experts have considered the lower allocation realistic and logical when uncertainty looms large over implementing these projects by setting yearly targets amid the pandemic situation in the country.

<https://today.thefinancialexpress.com.bd/public/last-page/mega-projects-may-see-slow-progress-1591984132>

Important News: Capital Market

Bourses revise trading time from Thursday

■ The Dhaka Stock Exchange (DSE) and the Chittagong Exchange (CSE) have revised the trading time as the central bank changed the banking hours ahead of fresh imposition of lockdown in the red-zone areas. Now, trading will take place from 10:00am to 1:00pm, instead of 10:30am to 1:30pm, effective from today (Thursday), officials said. Earlier, bourses cut one-hour trading time to three hours, from usual four hours due to Covid-19 outbreak.

<https://today.thefinancialexpress.com.bd/stock-corporate/bourses-revise-trading-time-1592408175>

<https://tbsnews.net/economy/stock/bourses-change-trading-hours-94627>

<https://www.dhakatribune.com/business/stock/2020/06/17/bourses-change-trading-hours-from-thursday>

Krishibid Feed plans to go public for BDT 300.0 million

■ Krishibid Feed, a sister concern of Krishibid Group, has deisgns to go public to raise Tk 300.0 million to expand its business to meet the growing demand for feeds in the livestock sector. The poultry, fish and cattle feed producer has already applied to the stock market regulator for its initial public offering.

■ One-third of the IPO proceeds will be used to repay bank loans. About Tk 180.0 million would be used for business expansion purposes and the rest to foot IPO expenses. It will set up two factories in Bogra and Panchagarh as it makes a push towards grabbing the feed market of the country's northern region and also expand its existing factories in Bhaluka of Mymensingh. The building and other civil construction works would cost Tk 70.0 million and the new machinery Tk 40.8 million. The company will also shell out Tk 40.6 million to buy 13 delivery vans to strengthen its supply chain and Tk 28.5 million to buy two diesel generators.

■ According to the IPO prospectus, the industry's current turnover is more than Tk 100.0 million and a growth rate of about 10.0% a year. Since the 2015-16 financial year, the company has witnessed handsome growth in its turnover every year. But Krishibid Feed's profits did not increase at the same rate. The company's turnover rose 133.0% to Tk 899.2 million in its 2018-19 financial year compared with the 2015-16 financial year, but its net profit rose 45.0% to Tk 51.0 million during the time.

<https://www.thedailystar.net/business/news/krishibid-feed-plans-go-public-tk-30cr-1915841>

Internet-based trading in the offing

■ Country's main bourse has taken a move to launch digital trading considering the safety and security of investors and other market stakeholders as the deadly virus goes virulent across the country. Mobile app and other devices will be used in such kind of trading.

■ As part of the move, a two-day workshop titled 'role of stockbrokers in internet-based trading', arranged by DSE Training Academy ended on Monday. A total of 400 officials of brokerage houses of DSE participated in the course and they learned about many aspects of internet-based trading. The Bangladesh Securities and Exchange Commission (BSEC) has made the suggestion through an order issued on June 11 amid the growing infection of the deadly virus.

■ According to the order of the securities regulator, in case of using any digital platform, proceedings of the meetings shall be recorded in both the soft and hard copies in such a way that subsequent verification can be undertaken and such hard copies shall be duly authenticated as per the requirements

<https://today.thefinancialexpress.com.bd/stock-corporate/internet-based-trading-in-the-offing-1592238088>

<https://www.thedailystar.net/business/news/digital-world-bangladeshs-stock-trading-remains-defiantly-analogue-1915281>

Renata's sales jump amid pandemic

■ Renata Limited, one of the top five drug manufacturers in the country, has reported a 31% jump in its sales in the third quarter of the 2019-20 financial year. It has posted the highest growth among all pharmaceutical companies, said an investment market researcher wishing to remain anonymous. The sales of Square Pharmaceuticals, the market leader, rose by just 12% in that quarter, and the revenue of the pharmaceuticals market grew at 16.4 amid the Covid-19 pandemic, he added.

■ The market analyst said Renata, the descendant of Pfizer in Bangladesh, has yielded more than 180 times the returns for its patient shareholders for over 16 years till December last year. In March this year, the state-owned Investment Corporation of Bangladesh purchased shares worth BDT 2.4 billion from Renata Limited, raising ICB's investment in the pharmaceutical sector to 6.32%.

■ Renata remains the market leader in the animal health sector and its sales grew 28% to BDT 3.8 billion against the industry's growth of 9.4%. The company has set up a business expansion plan and has already started constructing an animal nutrition factory in Mymensingh. The company got approval from the US Food and Drug Administration (USFDA) for three products: Risperidone, Metoprolol Tartrate, and Glycopyrrolate, which are prescribed for schizophrenia, hypertension and peptic ulcers, respectively, at the end of last year. It is the third pharmaceuticals company to receive approval for drug exports to the US market – after Square Pharmaceuticals and Beximco Pharma. Now the company is exporting drugs worth around BDT 500 million to 27 countries. The company has already purchased land in Gazipur to expand its factory and aims to establish a subsidiary in Ireland to reach the European market.

■ According to the third quarter unaudited financial statement – which was disclosed on Sunday evening – the company reported medicine sales of BDT 6.5 billion – an increase from BDT 5.0 billion in the same period of the previous year. The company's net profit also increased by 29% compared to the third quarter of the previous year and stood at BDT 1.1 billion. Its earnings per share were BDT 12.05.

<https://tbsnews.net/companies/pharma/renatas-sales-jump-amid-pandemic-93661>

Meghna Cement gets approval to issue preference shares

■ Meghna Cement Mills Ltd has received approval from Bangladesh Securities and Exchange Commission (BSEC) for raising BDT 1.0 billion through issuance of 100 million preference shares. Redeemable preference shares of BDT 10 each will be issued only to the existing sponsors/directors and "other than existing" shareholders of the company in cash consideration, according to an official disclosure of Meghna Cement Mills Ltd on Monday.

■ The preference shares shall be fully redeemable, cumulative, non-convertible and to be redeemed the principal amount by equal yearly installments commencing from the first year end from the date of subscription, the disclosure added. Earlier on March 11, 2019, the board of directors of Meghna Cement had decided to issue preference shares to its existing sponsor/directors of BDT 1.0 billion (100 million shares) to raise its capital through private placement.

■ Each share of the cement maker, which was listed on the Dhaka Stock Exchange (DSE) in 1995, closed at BDT 72.60 on Monday, remaining unchanged over the previous session. The company's paid-up capital is BDT 259.88 million and authorised capital is BDT 5.0 billion, while the total number of securities is 25.98 million. In nine months, the company's earnings per share (EPS) stood at BDT 0.65 for July-December 2019 as against BDT 0.70 for July-December 2018. The net operating cash flow per share (NOCFPS) was BDT 13.19 in the negative for July-December 2019 as against BDT 21.36 in the negative for July-December 2018.

■ The sponsor-directors own 49.76% stake in the company, while institutional investors own 33.74%, and the general public 16.50% as on February 28, 2019, the DSE data shows.

<https://today.thefinancialexpress.com.bd/stock-corporate/meghna-cement-gets-approval-to-issue-preference-shares-1592238190>

Block transactions allowed below 10.0% of floor prices

■ Stock exchanges have reset the lower price limit for the securities to be traded on block board to enhance turnover value without affecting the broad index. As a result, the prices of listed securities in block transactions can go below 10.0% of the floor prices recently set to contain abnormal market fall. Trading on the main board will be conducted as per existing floor price, said officials of the stock exchanges. Sunday's block trading was conducted in line with the new price limit following an advice delivered by the securities regulator.

■ According to Dhaka Stock Exchange website, Stock exchanges may allow block market transaction by the traders other than existing directors of the concerned issuer companies without floor price based on the existing circuit breaker facilities.

<https://today.thefinancialexpress.com.bd/stock-corporate/block-transactions-allowed-below-10pc-of-floor-prices-1592149389>

<https://www.thedailystar.net/business/news/relief-big-investors-floor-price-lifted-block-market-1914617>

Walton's generosity towards its retail investors amid hard times

■ Walton Hi-tech Industries usually offers several types of discounts on its products round the year. But this time, the high-flying company has come up with a discount on its share price, in a move not seen by the country's bourse before. The local electronics giant has already discovered its cut-off price for each share at BDT 315 through bidding of eligible investors as it plans to go public.

■ General investors usually buy shares at 10% lower than the cut-off price in the initial public offering (IPO), according to the listing regulations. As a result, Walton's share price would stand at BDT 283 for the general shareholders. The chief financial officer of Walton said that they are giving the general shareholders an additional 10% discount. This means, each share would cost BDT 252 for the retail investors.

■ To implement the discount, Walton will have to offload another 0.17 million shares. In total, the company would make 1.55 million shares available for general investors as it looks to raise BDT 393 million from the public. Another 1.38 million shares will be offloaded to the eligible investors for BDT 607 million. After listing with the bourse, sponsors' shareholding would be 99.03%, while the rest 0.97% would be off-loaded.

<https://www.thedailystar.net/business/news/waltons-generosity-towards-its-retail-investors-amid-hard-times-1914093>

Stock investors with nothing to cheer for

■ The proposed budget has brought no cheers for stock investors, who have been battered by a prolonged slump in indices, but promised measures to develop the country's bond market. Though the government wants to allow investment of black money in the stock market, investors say such a move barely yielded good return in the past. Adding to their woes, Finance Minister proposed to reduce the corporate tax gap between listed and non-listed companies which analysts think would discourage non-listed firms to go public. Corporate tax for non-listed companies might be brought down by 2.5 percentage points to 32.5%, but the rate would remain unchanged for listed companies at 25%.

<https://www.thedailystar.net/backpage/news/stock-investors-nothing-cheer-1913061>

IPO subscription of Express Insurance begins today

■ The IPO (initial public offering) subscription of Express Insurance begins today (Sunday) and will end on June 18. As per the approval, the insurer will offload more than 26.07 million ordinary shares at an offer price of BDT 10 each under the fixed price method. The company will invest the IPO fund in fixed deposit receipt (FDR) and treasury bond worth BDT 205.79 million, investment in capital market worth BDT 40 million and bearing the IPO expenses of BDT 15 million.

<https://today.thefinancialexpress.com.bd/stock-corporate/ipo-subscription-of-express-ins-begins-today-1592063852>