

Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+0.64%) gained 34.42 points and closed the week at 5,430.05 points. The blue-chip index DS30 (+1.61%) gained 30.52 points and stood at 1,924.91 points. The shariah based index DSES (+1.02%) gained 12.55 points and stood at 1,245.83 points. DSEX, DS30, DSES all posted positive YTD return of +0.82, +2.35% and +1.06% respectively.

Total Turnover During The Week (DSE): BDT 21.2 billion (USD 254.9 million)
Average Daily Turnover Value (ADTV): BDT 4.2 billion (Δ% Week: -18.5%)

Daily Index Movement during the Week:

The market performed five sessions during this week. Market opened this week with a negative movement of 0.22% in the first session and continued to be negative in the second session by 0.09%. Market rebounded in the third session by 0.03% and continued to be positive in the fourth (+0.55%) and fifth session (+0.36%).

Sectoral Performance:

- The financial sectors showed mixed performance during this week. Mutual Funds posted the highest gain of 2.85% followed by Banks (+1.06%). Life Insurance experienced the highest loss of 5.35% followed by General Insurance (-3.91%) and NBFIs (-1.02%).
- The non-financial sectors posted positive performance during this week. Power booked the highest gain of 1.85% followed by Telecommunication (+1.52%), Engineering (+0.86%), Pharmaceuticals (+0.67%), and Food & Allied (+0.0%).

Macroeconomic arena:

- Donors disbursed development assistance worth USD5.21 billion in 11 months (July-May) of fiscal year (FY) 2018-19, up 11% compared to the same period of the previous fiscal. During the same period of FY 2017-18, the foreign development partners had made available USD 4.69 billion in concessional medium- and long-term (MLT) assistance. Bangladesh utilizes the foreign aid mostly to implement infrastructure projects and reduce poverty level in the country.
- Net sale of National Savings Certificates (NSC) is likely to be more than double its original target of BDT 261.97 billion this fiscal year ending June 30, as per sources at Internal Resources Division (IRD). The sale of the instrument is set to cross even the revised target of BDT 450 billion set for the outgoing financial year, as the government in the first 10 months of the 2019-20 fiscal year already borrowed BDT 434.74 billion from the savings tools.
- The National Board of Revenue (NBR) is on course to missing its collection target by a big margin once again this fiscal year, increasingly leaving the government dependent on bank borrowing and foreign sources to fund its budget. In the first 11 months of fiscal 2018-19, the tax collector managed BDT 1.92 trillion, meaning a staggering BDT 881.05 billion has to be collected in June to hit the target, which has already been revised downwards seeing the sluggish receipts.
- Current-account balance-to-GDP (gross domestic product) ratio improved during the second half (H2) of 2018 compared to the same period a year earlier. This means the country's export growth shows sign of upturn while import growth is decaying. Bangladesh Systemic Risk Dashboard (BSRD) report noted the ratio has been negative since December 2016. During the fiscal year (FY) 2017-18, real GDP growth rate maintained an increasing trend and was recorded at 7.9%. The growth rate was 7.3% in FY 17.
- Bangladesh's current account deficit continues to pose risks to macroeconomic stability despite its 35% fall in the first 10 months of the outgoing fiscal year. The gap stood at USD 5 billion between July last year and April this year, according to central bank data.

Stock Market arena:

- The securities regulator has suggested imposing tax on the profit to be transferred as reserves from next year by the listed companies. However, tax will be applicable only to companies that will fail to disburse a minimum amount of cash dividend. The Bangladesh Securities and Exchange Commission (BSEC) proposal aims to encourage cash dividend disbursement.
- Prime minister's private industry and investment affairs adviser said that the government was seriously working on the issue of proposed 15% additional tax on retained earnings and reserve of listed companies and the issue might be resolved before passage of the budget for the financial year of 2019-20. He also added that they are seriously working on the issue as the imposition of 15% tax on retained earnings is actually double taxation.

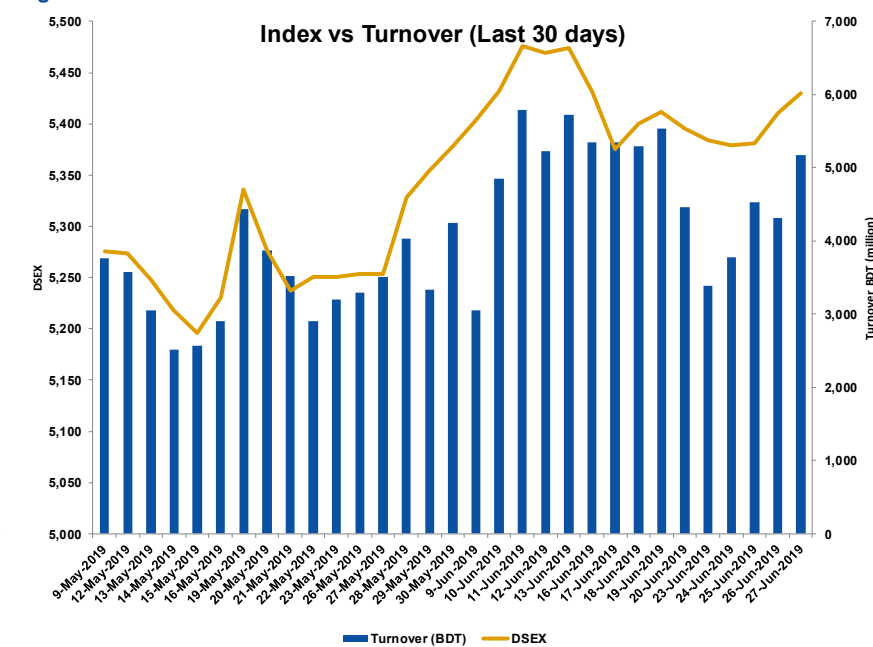
Table 1: Index

Index	Closing	Opening	Δ(Pts)	27-Dec-2018	Δ% Week	Δ%YTD
DSEX	5,430.05	5,395.63	34.42	5,385.64	0.64%	0.82%
DS30	1,924.91	1,894.39	30.52	1,880.78	1.61%	2.35%
DSES	1,245.83	1,233.28	12.55	1,232.82	1.02%	1.06%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	19,903,472.0	19,924,597.5	-0.1%
	Mn USD	239,425.9	239,680.0	
Turnover	Mn BDT	21,187.4	25,981.3	-18.5%
	Mn USD	254.9	312.5	
Average Daily Turnover	Mn BDT	4,237.5	5,196.3	-18.5%
	Mn USD	51.0	62.5	
Volume	Mn Shares	610.4	784.0	-22.1%

Figure 1: DSEX & Turnover in last four weeks



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Table 3: Top Ten Gainers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Prime Finance First MF	12.20	9.90	23.2%	244.0	140.38	NM	1.1x
Runner Automobiles Limited	96	80.80	19.2%	10,413.2	342.54	22.6x	1.6x
Anlima Yarn	40.90	37.00	10.5%	730.8	110.62	120.2x	3.7x
National Polymer	107.20	97.00	10.5%	3,206.5	383.96	30.8x	3.5x
Genex Infosys Limited	55.50	50.70	9.5%	4,528.8	401.12	37.8x	3.8x
Bashundhara Paper Mills Limited	71.10	65.00	9.4%	12,356.6	107.65	17.8x	2.1x
Sinobangla Industries	58.90	54.20	8.7%	1,177.8	299.22	33.3x	2.7x
Bangladesh General Insurance Co.	25.80	23.80	8.4%	1,393.9	66.48	24.9x	1.7x
Fine Foods Ltd	41.40	38.20	8.4%	578.5	89.39	145.7x	3.9x
Salvo Chemical Industry Limited	17.00	15.80	7.6%	1,105.4	39.91	29.7x	1.4x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
IPDC	26.10	32.00	-18.4%	9,224.3	37.69	22.9x	1.6x
Eastern Insurance	46.30	56.00	-17.3%	1,996.0	333.96	13.1x	1.5x
Al-Haj Textile	60.70	72.90	-16.7%	1,353.5	71.95	NM	5.4x
Sonar Bangla Ins	39.20	46.10	-15.0%	1,569.6	189.99	21.5x	2.6x
Peoples Insurance	22.20	25.10	-11.6%	1,025.6	66.13	15.5x	1.1x
Sunlife Insurance Company Limited	28.50	32.20	-11.5%	1,019.2	41.90	NM	2.9x
Premier Leasing	9.50	10.60	-10.4%	1,263.2	21.99	18.5x	0.6x
Progressive Life Ins	88.00	96.70	-9.0%	1,132.2	2.66	NM	8.8x
Rupali Life Insurance Co. Ltd.	61.50	67.10	-8.3%	1,774.2	173.46	NM	6.2x
Northern Insurance	23.70	25.80	-8.1%	1,011.0	92.40	17.7x	1.2x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
United Power Generation & Distribution Company Ltd	383.10	373.20	2.7%	183,538.2	1,048.01	24.8x	12.9x
JMI Syringes & Medical Devices Ltd	460.70	437.60	5.3%	5,067.7	708.52	60.7x	6.5x
Square Pharmaceuticals	263.50	260.70	1.1%	207,903.7	590.75	17.1x	3.4x
Bangladesh Shipping Corporation	51.50	50.70	1.6%	7,855.6	436.29	50.7x	0.5x
Fortune Shoes Limited	36.50	35.00	4.3%	4,560.2	435.30	18.7x	2.7x
Genex Infosys Limited	55.50	50.70	9.5%	4,528.8	401.12	37.8x	3.8x
National Polymer	107.20	97.00	10.5%	3,206.5	383.96	30.8x	3.5x
Monno Ceramic	208.20	222.40	-6.4%	6,800.2	381.69	31.7x	3.0x
BRAC Bank	66.60	63.20	5.4%	82,142.8	353.55	14.7x	2.0x
Global Insurance Ltd.	31.30	30.80	1.6%	1,208.8	344.60	66.9x	2.8x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Pragati Insurance	39.30	50.72%	2,577.7	12.3x
Marico Bangladesh Limited	1,511.70	25.95%	47,618.6	25.1x
Power Grid Co. of Bangladesh Ltd.	58.60	22.08%	27,009.5	8.4x
Rupali Bank	39.00	19.83%	16,152.6	31.1x
Pioneer Insurance	34.50	18.56%	2,414.3	8.5x
Dutch-Bangla Bank	68.10	17.90%	34,050.0	11.1x
IFIC Bank	10.60	17.67%	17,170.7	9.5x
The Premier Bank	11.70	15.50%	10,811.9	5.4x
Eastern Housing	53.40	14.59%	4,984.6	15.0x
BATBC	1,349.90	14.34%	242,982.0	26.1x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1482.81	1467.21	1848.21	1.06%	-19.77%
NBFIs	2013.75	2034.53	2714.85	-1.02%	-25.82%
Mutual Funds	682.12	663.25	788.81	2.85%	-13.52%
General Insurance	1920.21	1998.33	1592.30	-3.91%	20.59%
Life Insurance	2162.32	2284.63	1834.85	-5.35%	17.85%
Telecommunication	5134.46	5057.68	6494.31	1.52%	-20.94%
Pharmaceuticals	2788.06	2769.49	2821.05	0.67%	-1.17%
Fuel & Power	1950.62	1915.15	1527.27	1.85%	27.72%
Cement	1486.79	1485.09	2280.58	0.11%	-34.81%
Services & Real Estate	988.43	980.98	1224.11	0.76%	-19.25%
Engineering	3098.56	3072.20	3166.83	0.86%	-2.16%
Food & Allied	16942.79	16942.34	15304.34	0.00%	10.71%
IT	1855.03	1823.59	1484.41	1.72%	24.97%
Textiles	1438.16	1445.73	1222.72	-0.52%	17.62%
Paper & Printing	7626.39	7055.93	1013.11	8.08%	652.77%
Tannery	2486.16	2449.07	2642.41	1.51%	-5.91%
Jute	17989.30	17185.90	8867.22	4.67%	102.87%
Ceramics	519.17	526.11	597.46	-1.32%	-13.10%
Miscellaneous	2051.94	2026.38	1725.62	1.26%	18.91%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	383.7	310.4	23.60%	9.54%	9.7x	0.8x
NBFIs	126.1	201.7	-37.47%	3.13%	76.3x	2.0x
Mutual Funds	72.2	17.3	318.08%	1.79%	NM	0.5x
General Insurance	470.6	906.4	-48.08%	11.69%	14.5x	1.3x
Life Insurance	133.0	255.5	-47.97%	3.30%	NM	9.0x
Telecommunication	108.9	88.1	23.63%	2.71%	13.5x	10.7x
Pharmaceuticals	467.1	467.9	-0.16%	11.61%	19.5x	2.6x
Fuel & Power	361.1	391.3	-7.73%	8.97%	12.9x	2.3x
Cement	41.7	40.5	3.04%	1.04%	29.6x	2.8x
Services & Real Estate	60.5	86.2	-29.85%	1.50%	NM	0.8x
Engineering	469.6	498.0	-5.71%	11.67%	15.7x	1.9x
Food & Allied	183.9	200.0	-8.08%	4.57%	29.4x	9.9x
IT	131.1	98.8	32.66%	3.26%	23.2x	2.9x
Textiles	475.4	814.6	-41.64%	11.81%	19.2x	1.1x
Paper & Printing	25.7	14.5	77.07%	0.64%	24.0x	2.0x
Tannery	123.3	142.2	-13.28%	3.06%	20.7x	2.8x
Jute	25.4	31.8	-20.23%	0.63%	NM	8.2x
Ceramics	89.4	103.3	-13.47%	2.22%	20.1x	1.9x
Miscellaneous	275.0	235.0	17.01%	6.83%	27.1x	1.2x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Heidelberg Cement	241.40	-27.88%	13,640.0	19.5x
IFAD Autos Limited	80.50	-25.74%	19,963.2	14.2x
International Leasing	11.00	-19.71%	2,323.7	5.6x
Aftab Automobiles	37.00	-19.39%	3,542.1	18.6x
ACI Limited	268.90	-17.57%	13,415.2	NM
AB Bank	9.90	-17.50%	7,505.5	NM
United Airways (BD) Ltd.	2.40	-17.24%	1,987.4	NM
RAK Ceramics Limited	33.40	-14.36%	12,994.7	15.1x
IDLC Finance Ltd.	59.70	-14.35%	22,509.9	9.8x
Delta Life Insurance	100.20	-8.74%	12,399.8	NM

Important News: Business & Economy**Obsession with taxing the mobile telecom sector**

- There is an obsession in Bangladesh with taxing mobile telecom services. The resulting burden on the sector trickles down to the consumer, hampers growth and draws the country further away from the goals of Digital Bangladesh. As per the UN Broadband Commission, entry-level broadband services should be made affordable in developing countries at less than two% of monthly gross national income (GNI) per capita by 2025. It is, therefore, no surprise that LIRNEasia's nationally-representative AfterAccess survey found that only 13% of Bangladeshis (between 15-65 years) had ever used the internet. One-third of these internet users (between 15-65 years) cited cost of data as a barrier to further use.
- The government's recent tax proposal to increase supplementary duty (SD) for mobile services to 10% will mean that the overall tax burden on consumers rises to 16.67% (from 11.35%) for data services and 27.77% (from 21.96%) for voice and other mobile services. The government also proposes to increase taxes on SIMs and imported smartphones. Increasing the charge by 100% to BDT 200 will cripple operators if they continue to pick up the tab. If passed on to consumers, this tax will only serve to further depress mobile service adoption among the poor. Increasing SD on imported smartphones by 15%, as proposed, will bring taxes on imported devices to over 50%.
- The proposal to increase turnover tax from 0.75% to 2% will be the nail in the coffin for mobile service providers who are already reeling under financial pressure. Only Grameenphone has made consistent profits in the past; others are barely breaking even. And state-owned TeleTalk will be the worst victim of this measure. The discrepancy on VAT rebates is another issue that needs to be remedied immediately. Although VAT on data services is proposed to fall to 5% (from 7.5%), mobile operators will have no relief as they must continue to absorb VAT as a cost. Rebates can only be claimed on 15% VAT as per the VAT and Supplementary Duty Act 2012 (repealing VAT Act 1991) to be implemented from July 1, 2019.

<https://www.thedailystar.net/business/global-business/news/obsession-taxing-the-mobile-telecom-sector-1762879>

<https://www.dhakatribune.com/business/2019/06/26/high-taxes-obstacle-to-telecom-sector-s-growth>

Mobile users feeling the budget pinch

- Mobile users have already started to feel the heat of the proposed budget for fiscal 2019-20, which proposed doubling the supplementary duty and higher turnover tax on operators, said experts and related bodies yesterday. The Finance Minister in his maiden budget presentation on June 13 called for hiking the supplementary duty to 10% from 5%, SIM tax from BDT 100 to BDT 200 and turnover tax for mobile operators to 2% from 0.75% at present. After raising the supplementary duty the government will earn BDT 13 billion more, but it will come from the consumers' pocket, said the finance secretary to the Telecom Reporters Network (TRNB).
- The chief executive officer and managing director of Robi said the operator logged in profit in the first quarter of 2019 but the proposed tax measures -- which will be the highest in the world -- means the trend will not continue for the rest of the year. The government had tried to offer new mobile licenses at least three times in the past but found no response though Bangladesh as a market is very lucrative thanks to its huge tech savvy youth population.

<https://www.thedailystar.net/business/telecom/news/mobile-users-feeling-the-budget-pinch-1762885>

<https://www.dhakatribune.com/business/2019/06/26/high-taxes-obstacle-to-telecom-sector-s-growth>

The International Monetary Fund (IMF) airs concern over soaring soured loans

- The International Monetary Fund (IMF) has expressed concern over the rising trend in non-performing loans (NPLs) in the country's banking sector. The Washington-based lender also intended to learn about the banks' plan to downsize their volume of classified loans in the near future.
- The IMF's latest observations came against backdrop of rising trend in the classified loans in the banking sector, despite close monitoring by the central bank. The volume of NPLs climbed by more than 18% to BDT 1,108.73 billion in the first quarter (Q1) of the year from BDT 939.11 billion in the earlier quarter, according to figures available with the central bank. The share of NPLs also rose to 11.87% of the total outstanding loans in the Q1 of 2019 from 10.30% in the previous quarter. Also, the classified loans that cover substandard, doubtful and bad/loss of total outstanding credit stood at BDT 9,337.27 billion as on March 31. It was BDT 9,114.30 billion three months before.
- Meanwhile, the IMF mission has suggested improvement in the country's overall balance of payment (BoP) situation through export diversification. The global lender recommended that the apparel makers take effective measures to produce high-end products gradually from the existing basic items for boosting income. The IMF team also stressed the need for increasing the tax-GDP (gross domestic product) ratio through modernization of the existing tax system, officials said.

<https://thefinancialexpress.com.bd/economy/imf-airs-concern-over-soaring-soured-loans-1561606585>

Bangladesh Bank opens GTF for all sectors

- Bangladesh Bank on Wednesday opened up its Green Transformation Fund (GTF) for all manufacturing and export-oriented entities irrespective of sector. Earlier, the BB only allowed three sectors — textile, leather and jute — to access fund from the GTF to import capital machinery and accessories for implementing specified green or environment-friendly initiatives. However, other conditions to get refinance fund from GTF would remain unchanged, a BB circular issued on the day said.
- In January, 2016, BB introduced a refinance scheme namely GTF amounting to USD 200 million for the export-oriented industries of the textile and leather sectors to set up environment friendly infrastructures. In October, 2017, the facility of accessing fund from the GTF was extended to the Jute sector. The refinance fund is being provided for water use efficiency in wet processing, water conservation and management, waste management, resource efficiency and recycling, renewable energy, energy efficiency, heat and temperature management, air ventilation and circulation efficiency and work environment improvement initiatives in the export-oriented textiles and leather industries.
- In 2017, the BB as part of its move to widen the scheme reduced the interest rate of the scheme to six-month USD LIBOR plus 1% instead of six-month USD LIBOR plus 2.25%.

The exporters and manufacturers receive loan from the GTF for 5 to 10 years with 1-year grace period. The borrowers were also allowed to repay the interest accrued for the grace period in equal quarterly basis without compounding.

<http://www.newagebd.net/article/76641/bb-opens-gtf-for-all-sectors>

Donors disburse USD 5.2 billion in 11 months

• Donors disbursed development assistance worth USD5.21 billion in 11 months (July-May) of fiscal year (FY) 2018-19, up 11% compared to the same period of the previous fiscal, official data showed on Monday. During the same period of FY 2017-18, the foreign development partners had made available USD 4.69 billion in concessional medium- and long-term (MLT) assistance. According to the Economic Relations Division (ERD)'s provisional data, the development partners provided USD 4.97 billion in concessional loans and USD 238.90 million as grant during the period from July 2018 to May 2019. However, the commitment of foreign assistance for the July-May period of the outgoing FY '19 was USD6.22 billion, the ERD data show. Of the USD 6.22 billion external aid commitment, USD 5.03 billion was earmarked as loans and the remaining USD 1.18 billion as grants.

• Bangladesh's development partners, including the World Bank, the Asian Development Bank, the Japan International Cooperation Agency (JICA), UK's donor agency DFID, and the Islamic Development Bank, disburse concessional aid every year for the development projects of the country. Bangladesh utilizes the foreign aid mostly to implement infrastructure projects and reduce poverty level in the country.

<http://today.thefinancialexpress.com.bd/first-page/donors-disburse-52b-in-11-months-1561485470>

Private importers free to sell LNG (liquefied natural gas) to other users

• The private parties concerned will have the liberty to sell re-gasified LNG at the prices negotiated with their buyers under the maiden LNG import policy adopted by the government recently. Under the "LNG Import Policy for Private Sector 2019," the private parties, local or foreign, will be able to import LNG (liquefied natural gas), re-gasify it and sell the re-gasified LNG to the consumers of their choice. The government will not interfere in fixing the selling prices of the re-gasified LNG imported by the private parties, the policy spells out. The private sector LNG importers would also be allowed to use the imported re-gasified LNG at their own power plants and industrial units and for other commercial purposes. They would also have the liberty to supply the re-gasified LNG to others' power plants, industrial units and commercial entities.

• The private sector will, however, be allowed to sell the 'surplus' re-gasified LNG, not exceeding 25% of their total imported volume, to the state-run Petrobangla that markets petroleum products locally, the policy states. But the selling price of the re-gasified LNG to Petrobangla should be determined by it, the policy notes.

• The country entered the LNG import era on April 24 last year, when the US-based Excelerate Energy's Excellence arrived at the Moheshkhali Island terminal carrying 136,000 cubic metres of lean LNG from Qatar. The Petrobangla, however, started regular import of LNG from Qatar's RasGas on September 9 that year after initiating successfully the feeding of re-gasified LNG to consumers from August 18. Currently some 600 million cubic feet per day (mmcf) of re-gasified LNG are being supplied to the national grid, especially to the consumers of Chattogram city through two LNG import terminals.

• Bangladesh will need to import around 30 million tonnes of LNG per year to meet the mounting demand from various sectors, including industries, power plants and fertilizer plants by 2041 as the domestic gas reserves are depleting fast, according to a report prepared by Copenhagen-based research firm Ramboll in association with the Geological Survey of Denmark and EQMS Consulting Limited. Bangladesh's existing gas reserves of around 12 Tcf (trillion cubic feet) would completely run out by 2038 in the event of no new discovery of gas reserves, the report added.

<http://today.thefinancialexpress.com.bd/first-page/private-importers-free-to-sell-lng-to-other-users-1561485276>

Budget announcement causes price hike: survey

• The prices of essential commodities tend to spiral following the announcement of national budgets, much to the distress of the poor and the ultra-poor, found a recent survey. Only one-fifth of the respondents of a survey conducted by BRAC and research organizations iSocial and Unnayan Shamannay think the yearly budget announcements have nominal effect. But around two-thirds think the prices of essential commodities typically go up after the announcement. The survey, which started this year, is part of a seven-year research on comprehensively measuring the budget's impact on the poor and extreme poor.

The survey was conducted among 4,800 randomly selected respondents from extreme poor, poor and middle-income backgrounds. The findings are grouped in three categories: effectiveness of social security services, public perception about the budget's priorities, and disaster preparedness and mechanisms in marginalized households. Of the respondents, 10% receive at least one social security service and one-third of these receivers are women.

<https://www.thedailystar.net/business/news/budget-announcement-causes-price-hike-survey-1762555>

Gazipur city development project gets The Executive Committee of the National Economic Council (ECNEC) nod

• The Executive Committee of the National Economic Council (ECNEC) at a meeting on Tuesday approved a total of 10 projects, including Gazipur city development project, involving BDT 69.67 billion. Under the BDT 38.28 billion city development project, the Gazipur City Corporation will develop roads and drains and also acquire 239.78 acres of land for development activities. Of the total cost, BDT 66.86 billion will come from the government fund, BDT 2.42 billion from the implementing agencies' own resources and the remaining amount as project assistance from foreign sources, he said. Of the projects, nine are new and one is a revised one.

<http://today.thefinancialexpress.com.bd/last-page/gazipur-city-dev-project-gets-ecnec-nod-1561486207>

<http://thefinancialexpress.com.bd/economy/10-projects-worth-BDT-69b-get-ecnec-nod-1561463193>

High Court stays Bangladesh Bank (BB) guidelines for two more months

• The High Court on extended the stay order for two more months on the special policy

guidelines of Bangladesh Bank (BB) that offered loan rescheduling and 'one time exit' facilities for defaulters. On May 21, the High Court halted the guidelines for a month, five days after the central bank issued it. The guidelines allowed defaulting borrowers to reschedule loans by paying 2.0% down payment for a maximum period of 10 years. They were also given the scope for availing the 'one time exit' facility getting all dues cleared within 360 days after approving such facility by the banks concerned.

- The central bank's step to benefit bad borrowers drew strong criticism from economists and bankers who warned of a potentially disastrous outcome for the banking sector. On Monday, the central bank submitted a list of defaulters stating the volume of defaulted loans to the High Court bench. While submitting the sealed document to the court, Attorney said that the total volume of non-performing loans (NPLs) and 'inactive' loans in the country's banking system is worth BDT 2.2 trillion. Of the total amount, some BDT 1.1 trillion is NPL, BDT 800 billion remains stuck in court orders, and BDT 300 billion is written-off. However, he did not disclose the names of defaulters-neither the individuals, nor the companies-to the court.

<http://today.thefinancialexpress.com.bd/first-page/hc-stays-bb-guidelines-for-two-more-months-1561397763>
<https://www.dhakatribune.com/business/banks/2019/06/25/bb-report-loan-defaults-hit-BDT220-000-crore>

Savings tools sale set to be doubled the target

- Net sale of National Savings Certificates (NSC) is likely to be more than double its original target of BDT 261.97 billion this fiscal year ending June 30, as per sources at Internal Resources Division (IRD). The sale of the instrument is set to cross even the revised target of BDT 450 billion set for the outgoing financial year, as the government in the first 10 months of the 2019-20 fiscal year already borrowed BDT 434.74 billion from the savings tools. Officials at the Directorate of National Savings Certificates have said that the mad rush for the lucrative instruments further intensified soon after the proposed 10% tax at source was announced in the draft budget.

- Officials at the Directorate of National Savings Certificates cite the "striking difference" in the interest rates on offer has been encouraging people to move their money from banks to savings certificates. While banks are typically offering 6-7% interest on deposits, savings schemes offer between 11.04% and 11.76%. Government moved to introduce National Savings Scheme Online Management System from July this year to check abuses in investments in the government savings tools. As part of the move, the finance ministry launched the system on February 3 this year on a trial basis and instructed all the entities to install the system by June this year.

- For FY2019-20 fiscal year, the overall budget deficit (excluding grants) is expected to be BDT 1.45 trillion, about 5% of the national GDP, while BDT 270 billion will come from National Savings Schemes.

<https://www.dhakatribune.com/business/regulations/2019/06/24/savings-tools-sale-set-to-be-double-the-target>

Government to set export target at USD 44.40 billion for FY20

- The government is going to set the export target at USD 44.40 billion from exports of goods for FY20, with a 6.76% growth target in export earnings. For the outgoing fiscal year,

the government had set export target at USD 39 billion, where the growth target was 6.36%. Against the target, in the first 11 month of current fiscal year, Bangladesh earned USD 37.75 billion, which was USD 33.72 billion in the same period last year.

- Of the proposed target, USD 37.42 billion will come from the country's apparel sector, which is over 84% of total target. For the RMG sector, the growth target is 7.03%. Of the total, USD 18.47 billion is expected from knitwear and USD 18.94 billion from woven products and the expected growth rate is 9.92% and 7.15% respectively. During July-May of the current fiscal year, export earnings from the apparel sector stood at USD 31.73 billion, which is 12.82% higher compared to USD 28.12 billion in the same period a year ago.

- Meanwhile, the government is going to set the export target at USD 1.06 billion for leather and leather goods, USD 1.02 billion for agricultural products, USD 910 million for home textiles, USD 855 million for jute and jute goods, and USD 504 million for frozen and live fish, USD 150 million for pharmaceuticals, USD 138 million for plastic goods and USD 88 million for ceramics.

<https://www.dhakatribune.com/business/economy/2019/06/24/govt-to-set-export-target-at-44-40bn-for-fy20>

Revised tax target to fall short by big margin

- The National Board of Revenue (NBR) is on course to missing its collection target by a big margin once again this fiscal year, increasingly leaving the government dependent on bank borrowing and foreign sources to fund its budget. In the first 11 months of fiscal 2018-19, the tax collector managed BDT 1.92 trillion, meaning a staggering BDT 881.05 billion has to be collected in June to hit the target, which has already been revised downwards seeing the sluggish receipts. The receipts are an increase of 6.97% from a year earlier, the lowest in 18 years, according to data from the NBR.

- The Centre for Policy Dialogue (CPD) forecasted the revenue shortfall come the year's end would be about BDT 850 billion. This would be the seventh year since fiscal 2012-13 that the government will miss its revenue collection target. The CPD in its analysis on the budget for fiscal 2019-20 also raised the issue of discrepancy in tax collection data between the NBR and finance ministry. The NBR's collection figures are always higher than the ones shown by the finance ministry.

<https://www.thedailystar.net/business/news/revised-tax-target-fall-short-big-margin-1762018>

Proposed taxes to push up cement prices by 10%

- The production cost of cement might go up by 10% if the government imposes advance tax (AT) on the import of raw materials as proposed in the national budget for 2019-20, cement manufacturers said. Such a hike in cement prices would lead to an increase in the cost of not only private infrastructure projects but also various government projects, including the Padma Bridge, Dhaka Metro Rail and the Rooppur Nuclear Power Plant, they observed at a post-budget press conference.

- In the national budget for the upcoming fiscal year, the government has proposed a 5.0% AT on import of many basic raw materials and additives required for manufacturing cement. The Bangladesh Cement Manufacturers Association (BCMA) demanded withdrawal of the proposed AT and a review of the advance income tax (AIT) provision for the sector. BCMA

President presented a keynote paper, mentioning that the budget for the FY '20 has proposed a 5.0% AT on all kinds of raw materials and additives needed for cement manufacturing.

- Besides, the existing 5.0% advance income tax (AIT), which was refundable and adjustable to profits, has been proposed as 'final tax incidence', according to the paper. Cement manufactures have already been paying 3.0% AIT at source at the supply stage for the domestic market and it is considered as final tax incidence, it said. But from the next financial year, a total of 8.0% AIT will be considered as 'final tax incidence', the association claimed.

- The keynote paper said the cement industry totally depends on imported raw materials. So, if it doesn't get the exemption from 5.0% AT on imports, the companies will have to make 55% gross profit and 15% net profit in the post-production stage, it added. BCMA President said that they have to raise the cement price by BDT 42.77 a sack (10%) if the new tax provisions are implemented. But it won't be possible as such price fixation will not be market-friendly, as it would affect both production and sale and might disturb the stability of the industry, he added.

<http://today.thefinancialexpress.com.bd/trade-market/proposed-taxes-to-push-up-cement-prices-by-10pc-1561395820>
<https://www.thedailystar.net/business/news/cement-be-10pc-costlier-1762003>
<https://www.dhakatribune.com/business/economy/2019/06/24/production-cost-of-cement-bag-may-increase-by-BDT42>

Power sector tops tally of FDI in 2018: United Nations Conference on Trade and Development (Unctad)

- The power sector topped the tally of receiving foreign direct investment (FDI) in 2018 when Bangladesh received a record USD 3.61 billion, according to a United Nations agency. The Unctad's world investment report, released on Monday, said the net inflow of FDI to the power sector was USD 1.12 billion, followed by food (around USD 730 million), textiles & wearing (USD 404 million), banking (around 283 million) and telecommunications (nearly 220 million).

- Sharing the key features of the investment report, BIDA executive chairman said that the global inflows shrank by 13% to USD 1.3 trillion in 2018, but Bangladesh managed to achieve a phenomenal growth of around 68%. It's because of various investment-friendly state initiatives that started paying off. We're the best this time in terms of FDI growth, he added.

- According to the report, China led the tally of inward FDI with USD 1.30 billion, followed by the Netherlands (USD 692 million), the United Kingdom (USD 371 million), USA (USD 174 million) and Singapore (USD 171 million). Hailing Bangladesh's FDI outcome, the PM aide said that the government has set a target of lifting Bangladesh's position in the World Bank's Ease of Doing Business index by 2020. Currently, Bangladesh ranked 176th among 190 countries in the index.

- Executive director of local think-tank Policy Research Institute of Bangladesh (PRI) said that the recent events of acquisition of assets by overseas companies helped the country saw a steep rise in the FDI inflow. He also said that the mega deals such as Japan Tobacco's acquisition of Dhaka Tobacco, the purchase of 25% stakes in Dhaka Stock Exchange (DSE) by a consortium of Chinese bourses and the Chinese giant Alibaba buying

of some stakes in bKash greatly contributed to the growth.

<http://today.thefinancialexpress.com.bd/first-page/power-sector-tops-tally-of-fdi-in-2018-unctad-1561398411>
<https://www.thedailystar.net/business/news/record-fdi-2018-1762024>
<https://www.dhakatribune.com/business/economy/2019/06/24/report-bangladesh-tops-fdi-list-in-south-asia-in-2018>

External sector shows sign of recovery in second half (H2) of 2018

- Current-account balance-to-GDP (gross domestic product) ratio improved during the second half (H2) of 2018 compared to the same period a year earlier. This means the country's export growth shows sign of upturn while import growth is decaying. Such as ratio has been fluctuating during the last couple of years, according to the latest Bangladesh Systemic Risk Dashboard (BSRD) report. The report noted the ratio has been negative since December 2016. During the fiscal year (FY) 2017-18, real GDP growth rate maintained an increasing trend and was recorded at 7.9%. The growth rate was 7.3% in FY 17.

<http://today.thefinancialexpress.com.bd/last-page/external-sector-shows-sign-of-recovery-in-h2-1561397118>

Banks' return on equity, asset falls sharply in 2018

- Return on equity and asset of the country's banks almost halved at the end of December last year from that of a year ago, showed a Bangladesh Bank report titled 'Bangladesh Systemic Risk Dashboard'. As per the BB report return on equity (ROE) dropped to 4.4% at the end of December, 2018 while the rate was 10.4% a year ago. Besides, return on asset (ROA) of the banks dropped to around 0.3% at the end of December, 2018 while the rate was around 0.7% in the previous year.

- Officials of the central bank said that growing non-performing loans had become a major burden for the country's banking sector. As the cost increased, banks' return on equity and return on asset dropped sharply. Banks will have to reduce the amount of defaulted loans by the way of expediting recovery procedure for reducing their cost and to maximise their profits, they said. Shareholders of the banks would be demoralised with the sharp fall in return, they said, adding that the reflection of such attitude of the investors had already been evident in the country's capital market.

- As per the BB data, the amount of defaulted loans in the scam-hit banking system skyrocketed to BDT 1.11 trillion in the first quarter of 2019. A BB report submitted to the High Court showed that the actual defaulted and inactive loan amount would reach BDT 2.2 trillion if the BDT 800.00 billion in loans, the recovery of which has remained stalled due to different court orders, and the BDT 300.00 billion in write-offs were added to the amount. Of the BDT 1.11 trillion, non-performing loans grew by 18.06% or BDT 169.62 billion in the first quarter of the calendar year 2019 from BDT 939.11 billion at the end of December, 2018.

<http://www.newagebd.net/article/76404/banks-return-on-equity-asset-falls-sharply-in-2018>

1.45 million cash transactions in March reported

- Bangladesh Bank (BB) did not find any terror or money-laundering links with more than

1.45 million cash transactions in March this year. The Bangladesh Financial Intelligence Unit (BFIU) received over 1.45-million cash transaction reports (CTRs) in March 2019 and some 263 suspicious transaction reports (STRs) in May from scheduled banks. The reports are however, being reviewed intensely to unearth such links by the regulator, officials said. Banks have to report to the BB if an amount of BDT 1.0 million and above is deposited in or withdrawn from a particular account in a single day.

- Banks submitted CTRs of 14.70-million transactions in fiscal year (FY) 2017-18 and non-banking institutions only 2,330, according to the annual report of BB. A system to report any suspicious transactions or activities has been introduced to protect the reporting entities from being exploited by money launderers and terror financiers. The number of reports on suspicious transactions and activities regarding money laundering and terror financing is rising in the country, a source said.

- The 2019 Global Financial Integrity report on illicit financial flows to and from developing countries showed at least USD 5.90 billion flew out of Bangladesh in 2015 through misinvoicing in international trade with advanced economies. Illicit inflows from other countries to Bangladesh stood at USD 2.8 billion in 2015, it also revealed. The 2017 report showed annual average illicit capital outflow from Bangladesh stood at USD 7.58 billion during 2005-2014, and the amount was USD 9.10 billion in 2014.

<http://today.thefinancialexpress.com.bd/last-page/145m-cash-transactions-in-mar-reported-1561397464>

More large companies to come under Large Taxpayers Unit (LTU)

- The National Board of Revenue has withdrawn the upper limit on the number of companies to be brought under its Large Taxpayers Unit (LTU-Value-Added Tax) to bring more eligible companies across the country under the unit's jurisdiction for ensuring proper revenue collection from the entities and providing them better services. The revenue board has issued new guidelines on selection of taxpayers for the LTU, expanding the jurisdiction of the unit across the country, scrapping the previous guidelines issued in 2012 which restricted the highest number of companies to 200 under the unit.

- The NBR issued the guidelines along with other budgetary measures on June 13 for the next fiscal year of 2019-2020. According to the new guidelines, businesses which paid on average BDT 100 million in VAT in last three financial years will come under the purview of the LTU. The jurisdiction of LTU will be all over Bangladesh. Previously, businesses running VAT-related activities from their Dhaka offices and paid on average BDT 50 million in VAT in three financial years were considered for the LTU.

- The new guidelines also said that the NBR would select the necessary number of businesses to bring them under the LTU. Currently, a total of 170 large businesses, mainly from bank, non-bank financial institution, pharmaceutical, tobacco, electricity distribution and beverage sectors, pay VAT to the LTU which, set up in 2004, collects around 56% of the total VAT collection by the NBR. A committee headed by NBR member (VAT policy) will select the business houses for bringing them under the jurisdiction of the LTU in line with the guidelines.

- The LTU has also demanded bringing a number of big companies including PRAN-RFL, Lafarge Surma Cement and all five-star hotels under its jurisdiction and removing more than 32 companies paying less than the required amount of VAT to the unit.

<http://www.newagebd.net/article/76401/more-large-companies-to-come-under-ltu>

Current account deficit shrinks 35% to USD 5 billion

- Bangladesh's current account deficit continues to pose risks to macroeconomic stability despite its 35% fall in the first 10 months of the outgoing fiscal year. The gap stood at USD 5 billion between July last year and April this year, according to central bank data.

- The government should explore solutions immediately on how to stop the large deficit in the current account, or else it will face a wide range of crisis to keep the economy stable in the years ahead, said an executive director of the Policy Research Institute of Bangladesh. If the trend is maintained in the remaining two months of the fiscal year, the overall deficit may hit nearly USD 8 billion, he said. The government has to borrow from external sources to manage the deficit in the current account, which is not a good indication for the economy, he added. To tackle the situation, the government has to either increase exports or decrease imports, he said, adding that remittance can also play a good role in reducing the gap. But, there is a little scope for decreasing imports as it increased 3.88% year-on-year to USD 47.10 billion during the July-April period. Last fiscal year, imports posted 16% growth, which is highly abnormal considering the volume of the country's economy. A large amount of money might have been laundered in the form of over-invoicing, which ultimately fueled the import figure in the last fiscal year. Between July and April, trade deficit also narrowed 10.43% year-on-year to USD 13.67 billion.

- Despite the downward trend of both trade gap and current account deficit, there is no breathing space for the government, said another executive director of the Centre for Policy Dialogue. Any country must maintain foreign exchange reserves to make import payments for at least three months and Bangladesh's reserves now are good for at most 5.3 months' bills, down from 5.9 months a year ago, she said.

- The decline in imports is good for the economy, said a former adviser to a caretaker government. The government should maintain the trend with a view to narrowing down the deficit in trade and current account. But the heavy decline in industrial raw material imports is not a good sign as it will have a negative impact on industrial expansion and employment generation.

<https://www.thedailystar.net/business/news/current-account-deficit-shrinks-35pc-5b-1761562>

Proposed VAT, tax hike to hit steel industry hard: Bangladesh Steel Manufacturers' Association (BSMA)

- The price of rod is likely to go up by 10,350/- per MT, if the proposed VAT and tax is implemented as per 2019-20 budget proposal. Bangladesh Steel Manufacturers' Association (BSMA) said at present BDT 1400/- per MT VAT is applicable on MS rod sales and BDT 200/- on retail sales. But as per new proposal it will be BDT 9050/- per MT (5% on billet price of around BDT 35000/- per MT, BDT 2000/- on billet sales, BDT 2000/- on MS rod sales, 5% on retail sales price of around 65000/-); increase is BDT 7600/- per MT.

- New imposition of tax will add further BDT 2700/- per MT. At present average AIT is BDT 1950/- per MT (3% on sales price of BDT 65000/-). As per new proposal, it will be BDT 4650/- per MT (3% on scrap purchase, 3% on billet sales price and again 3% on MS rod sales price). Moreover, all manufacturers will need more 5% working capital as 5% advance tax (AT) will be deducted at raw material procurement stage which will aggravate liquidity

crisis in the financial sectors, he added.

- Vice President of the BSMA said that the proposed income tax will be collected as minimum tax based on transaction value. This is contradictory to the fundamental principle of income tax which is payable on net profit assessed by tax authorities. For steel industry it should be maximum BDT 350/- per MT as average profit is BDT 800-1200/- per MT; highest BDT 1400/-. The association leaders urged the government to withdraw the advance tax from scrap purchase and revise the proposal on increased VAT keeping BDT 750/- on per MT scrap and BDT 750/- on per MT billet.

<http://today.thefinancialexpress.com.bd/stock-corporate/proposed-vat-tax-hike-to-hit-steel-industry-hard-1561312199>

Target to increase motorcycle production to 1.0 million yearly

- The government has set a target to increase the capacity of yearly motorcycle production to 10 million in 2027 which will also create an employment opportunity for 1.5 million people. State minister for Industries asked the motorcycle producing companies to send the list of sold motorcycle to the local district administration, Bangladesh Road Transport Authority (BRTA) and industries ministry to remove tax evasion in the motorcycle registration sector.

<http://www.newagebd.net/article/76317/target-to-increase-motorcycle-production-to-10-lakh-yearly>

The National Board of Revenue (NBR) to lose BDT 4 billion for pampering tobacco companies: Former NBR Chairman

- The National Board of Revenue's move to change the VAT and Supplementary Duty Act 2012 to offer input tax credit to cigarette companies is likely to bleed about BDT 4 billion annually from the state coffer, said one of its former chairmen. The benefit was left out when the new VAT law was formulated back in 2012. But now, the revenue collector has proposed the change in the Finance Bill 2019. The change has been proposed at a time when the NBR is routinely lagging far behind its revenue collection target. In the first nine months of this fiscal year, the tax collector missed its periodic target by BDT 500 billion.
- Bangladesh has 37.8 million adult tobacco users and 161,000 people die every year for tobacco related disease. The economic cost of use of tobacco was BDT 305.6 billion in fiscal 2017-18, which was higher than the total receipts from tobacco at BDT 228.1 billion, said PROGGA (Knowledge for Progress) and Anti-Tobacco Media Alliance (ATMA) citing a study.

<https://www.thedailystar.net/business/bangladesh-budget-2019-20-nbr-lose-BDT-400cr-pampering-tobacco-companies-1761067>

Bangladesh, Nepal agree to use Indian grid for power trade

- Bangladesh and Nepal have agreed to use the existing setup of Indian transmission lines to trade power in the short run, according to a report by The Kathmandu Post. Both countries have also planned to make joint investments in hydropower projects in Nepal. The secretary level meeting between energy officials of both countries also decided to study the prospect of building dedicated power lines in the long term in line with the Memorandum of

Understanding signed by the two countries on 'Cooperation in the Field of Power Sector' last August.

- Bangladesh, one of the fastest growing economies aided by its manufacturing sector, is an energy-hungry nation which makes it a lucrative market for power produced in Nepal. To satisfy its power demand, Bangladesh has floated plans to import around 9,000 MW from Nepal over the course of a decade.

<http://today.thefinancialexpress.com.bd/last-page/bangladesh-nepal-agree-to-use-indian-grid-for-power-trade-1561313475>

Bangladesh Bank keeps injecting dollar to prop up public sector banks

- Bangladesh Bank has continued to inject US dollars in the banking sector to stabilize the volatile forex market. The central bank has sold USD 2.30 billion to banks as of June 18, this fiscal year, according to the central bank data. In the previous fiscal year of 2017-18, the central bank had sold USD 2.31 billion to commercial banks. The inter-bank exchange rate of the USD stood at BDT 84.50 on June 18, up from BDT 80.56 two years earlier, increasing almost by BDT 3.94. Four state-owned commercial banks are the major clients of USD sold by Bangladesh Bank, as the public sector commercial banks alone bought nearly 95% of the total USD 2.30 billion. To meet the growing demand of greenbacks and stabilize the foreign exchange market, the central bank has been pumping the USD in the banking system for long, a top central banker has said.

<https://www.dhakatribune.com/business/banks/2019/06/20/bangladesh-bank-keeps-injecting-dollar-to-prop-up-public-sector-banks>

300 defaulters gobble up BDT 509 billion loans in over three years

- Finance Minister on Saturday disclosed in parliament a list of the country's top 300 loan defaulters, who swallowed BDT 509.42 billion worth of bank money. This figure makes up around half the total default loans of BDT 1.02 trillion with banks and non-banking institutions until 2018. The number of total loan defaulters reached 170,390 in December 2018, up from more than 58,000 in September 2015. The total amount of default loans also increased by 73% to BDT 1.02 trillion during the period, the finance minister told parliament. The minister said these defaulters took out loans from both public and private-owned banks and non-banking financial institutions. The finance minister also disclosed a list of borrowers who took out more than BDT 50 million loans from all banks.

- The minister said the government provided BDT 136.12 billion between fiscal year 2015-16 and FY 2018-19 as they were suffering from capital shortfall. He said state-owned banks waived the interest of around BDT 12.0 billion last year against more than 6,000 loans.

<http://today.thefinancialexpress.com.bd/first-page/300-defaulters-gobble-up-BDT-509-billion-loans-in-over-three-yrs-1561222644>

Biggest ever gas tariff hike likely from July 01

- The energy regulator is set to announce the highest ever hike in natural gas tariff next week, which is likely to be effective from July 01. The official did not disclose the rate of gas tariff hike but hinted that it could be the biggest ever hike. State-run Petrobangla and its allied gas marketing and distribution companies proposed raising gas tariff for household consumers by 80% and for consumers of different sectors including power, industry, and

commercial clients by up to 211%.

• Last year the agencies proposed a 75% hike, but the BERC did not raise tariff for the retail consumers, the official said. Before 2009, the rate of hike in natural gas tariff was not that significant, the Commission official added. Justifying the next hike to be the biggest ever, he said the Commission this time would take into cognizance. Petrobangla's losses or expenses owing to the import of 'expensive' LNG (liquefied natural gas) from the international market. Currently, Petrobangla counts a monthly loss of BDT 20 billion for importing LNG from international market and selling the fuel at current prices in the local market.

<http://today.thefinancialexpress.com.bd/first-page/biggest-ever-gas-tariff-hike-likely-from-july-01-1561052513?date=21-06-2019>

National Board of Revenue (NBR) to lose BDT 4.00 billion for pampering tobacco companies

• The National Board of Revenue's move to change the VAT and Supplementary Duty Act 2012 to offer input tax credit to cigarette companies is likely to bleed about BDT 4.00 billion annually from the state coffer, said one of its former chairmen. The benefit was left out when the new VAT law was formulated back in 2012. But now, the revenue collector has proposed the change in the Finance Bill 2019.

• The provision of not offering input tax credit to tobacco companies must be reinstated because the government will lose nearly BDT 4.00 billion for the change, he said. The change has been proposed at a time when the NBR is routinely lagging far behind its revenue collection target. In the first nine months of this fiscal year, the tax collector missed its periodic target by BDT 500.00 billion. The VAT and SD Act 2012 was drafted during his time and they had decided then to not allow input tax credit to cigarette and alcohol, which are termed as sinful goods because of risks to public health.

• Top officials of some ministries tried to lobby on behalf of the tobacco companies, according to a former chairman of the NBR. He also lamented the proposed tax measures for cigarettes and tobacco products. The prevalence of tax measures based on four price slabs will benefit cigarette companies. This is very frustrating, he added.

<https://www.thedailystar.net/business/news/nbr-lose-BDT-400cr-pampering-tobacco-companies-1761067>

<http://www.newagebd.net/article/76223/experts-slam-budgetary-provisions-allowing-tobacco-cos-profit-rise>

<https://www.dhakatribune.com/business/regulations/2019/06/22/nbr-estimates-BDT-7-000cr-in-extra-revenues-from-cigarette-price-hikes>

New VAT law to hit consumers: Consumers Association of Bangladesh (CAB)

• The prices of a number of commodities will increase, hurting consumers as the VAT network is set to widen after the new law takes effect on July 1, a consumer rights group said yesterday. The budget for 2019-20 has proposed three value-added tax rates along with the existing 15% rate. As a result, consumers may be compelled to count extra, the [Consumers Association of Bangladesh \(CAB\)](#) said, giving example of imposition of VAT on edible oil, a key cooking ingredient.

• They hope that steps will be taken so that consumers do not have to pay additional prices. All daily essentials should be kept out of the VAT net after discussion in the parliament, said CAB President. The CAB said tax burden would increase on people belonging to the lower income group as the government seeks to keep the tax-free income limit unchanged for another year. The government should increase the threshold considering inflation. The tax-free income limit should go up to give relief to the people in the lower income group, CAB president said.

• Consumers bear the burden of VAT and businessmen deposit VAT to the state coffer by collecting them from consumers, the CAB said, demanding strong vigilance so that the indirect tax reaches the exchequer properly. The consumer rights organisation suggested reducing tariff protection to industries. Citing a finding of a study of the Policy Research Institute of Bangladesh, a private think-tank, the CAB said because of the tariff protection, consumers had to pay an additional USD 14.22 billion to buy goods in fiscal 2017-18.

• The CAB also opposed interest rate cuts on savings certificate and the move to increase the withholding tax on the savings instrument. Many see the savings certificates as a tool of government to fund budget, but savings certificates provide income for retired persons and the middle-income people, CAB chairman said. So, this should not be taxed," he said, adding that the government should consider other measures to discourage the rich to buy savings certificates, instead of imposing tax on the tools.

<https://www.thedailystar.net/business/news/new-vat-law-hit-consumers-cab-1761046>

Shareholders may consider sale of Robi, says CEO

• The government's move to raise the mobile operators' turnover tax to 2% from 0.75% from the new fiscal year will drive the smaller operators out of the industry, said chief executive officer and managing director of Robi. He also said the increased tax on turnover will turn them into a loss-making venture even though they had projected to make about BDT 50 core in net profit in 2019 at the beginning of the year.

• Robi logged in profit in the first quarter but thanks to the proposed tax measures -- which will be the highest in the world -- the trend will not continue for the rest of the year, he added. In 2018, Robi had declared BDT 2.15 billion in net profits. The operator's shareholders are very frustrated about the new tax measures and Robi CEO will not be surprised if they decide to put Robi up for sale. Referring to a study by PricewaterhouseCoopers (PwC), Ahmed said apart from Bangladesh only two other countries have turnover tax and their rates are much lower than Bangladesh's.

• Pakistan charges up to 1.5% , while Nigeria charges 0.25% to 0.5% based on different parameters. Robi CEO also said that Robi had planned to get listed on the stock market if their profit streak continued throughout 2019. But now they need to rethink our plan. Other than the hike in turnover tax the National Board of Revenue also increased the supplementary duty on mobile usage to 10% from 5% along with the existing 15% value-added tax and 1% surcharge. This leaves the mobile users in Bangladesh the most taxed after Turkey.

• Robi have invested huge sums last year to build its 4G network but only 21% of their customers are using 4G-enabled devices. This huge investment has become useless and they may not invest for network expansion if they find no business case. 3G completely failed in Bangladesh and 4G is also facing the same fate, he said, adding that there is no business case for 5G with the existing tax framework. The government has also proposed

to raise the SIM tax to BDT 200 from BDT 100 from fiscal 2019-20, which will restrict the growth of the industry, said chief corporate and regulatory officer at Robi.

- The overall tax structure contradicts with the government's Digital Bangladesh vision, said also the first chief executive officer in a foreign-owned mobile operator. Axiata Group took mobile licence in Bangladesh in 1997 and now they are the second largest operator in the country with 47.6 million active connections as of April. Robi has so far invested USD 3 billion in Bangladesh, USD 2 billion of which were made since 2011. Since its inception, its shareholders took only USD 52 million.

<https://www.thedailystar.net/business/bangladesh-telecom-operator-robi-fear-of-profit-losing-as-turnover-tax-hike-1761058>

Matarbari power plant loan

- Japan has finally agreed to provide USD 1.3 billion funds for Matarbari 1,200MW thermal power plant, softening its earlier position. The Asian economic giant did not confirm the funding during the Prime Minister's recent visit to Tokyo, officials said on Saturday. Now, the Japan International Cooperation Agency (JICA), the official funding agency, has agreed to sign the loan deal by the end of this month, they said. The officials said the JICA declined to sign USD 1.3 billion loan deal in Tokyo for constructing the coal-fired Matarbari power plant on the grounds of possible environmental impacts. During the visit of Prime Minister Sheikh Hasina from May 28-June 2, the JICA signed USD 1.2 billion loan deals for four other projects under its 40th Official Development Assistance (ODA) package.

- For four other projects, the JICA will finance the Matarbari port development project (I), MRT line-1 from Airport to Kamalapur along with a connecting line from Jamuna Future Park to Purbachal project (I), ongoing foreign direct investment project (II), and energy efficiency and conservation promotion financing project (Phase 2). Under the ODA package, the JICA is providing JPY 38,898 million (USD 355 million) for the Matarbari port development project in the 1st tranche, JPY 52,570 million (USD 480m) for the MRT line-1, JPY 21,147 million (USD 193m) for the investment promotion project and JPY 19,000 million (USD 173m) for the energy project. The 5th tranche of loan for the power plant project is JPY 143,127 million (USD 1.3 billion).

<http://today.thefinancialexpress.com.bd/first-page/matarbari-power-plant-loan-1561222939>

Economists suggest trade policy reform removing anti-export bias

- Economists on recommended that the government should reorganise the trade policy to remove anti-export bias of trade regime for ensuring diversification of export products. Export concentration was getting worse as readymade garment export grew faster thanks to the package support from the government whereas the support was absent for the non-RMG sectors and the export performance of those sector was deplorable, they said.

- A former adviser to a caretaker government, said that Bangladeshi consumers had been forced to pay extra for the high protection of domestic industry. Protection is important for infant industry but it should be time-bound and performance-based, otherwise local industry would not be interested to gain their capacity to be competitive in the global market, he said.

- The former adviser to a caretaker government that said that along with restructuring the

incentive system, good governance and a situation conducive to business were also important for economic growth. Executive director of South Asian Network on Economic Modeling, said that reduction in tariff level was must to reduce export concentration and to ensure diversification as tariff level in Bangladesh was higher than that of per capita GDP. He also said that the country's tariff policy was a revenue seeking policy, not a development policy.

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<http://www.newagebd.net/article/76221/economists-suggest-trade-policy-reform-removing-anti-export-bias>

Important News: Capital Market

Bangladesh Securities and Exchange Commission (BSEC) seeks tax on future reserves

- The securities regulator has suggested imposing tax on the profit to be transferred as reserves from next year by the listed companies. However, tax will be applicable only to companies that will fail to disburse a minimum amount of cash dividend. The Bangladesh Securities and Exchange Commission (BSEC) proposal aims to encourage cash dividend disbursement. A large number of companies are reportedly retaining profits without disbursing dividend to shareholders. It has also urged the National Board of Revenue (NBR) to withdraw the proposal to levy a 15% tax on stock dividend. The proposals came in the wake of criticism from stakeholders over proposed budgetary measures like tax on stock dividend and retained earnings.

- Finance minister in his budget speech on June 13 proposed a 15% tax on stock dividend to encourage cash dividend by listed companies. This tax will be applicable to the listed companies only. The minister also proposed a 15% additional tax on retained earnings and reserves, if it exceeds 50% of a company's paid-up capital. According to the BSEC proposal, the companies need not pay any tax on existing reserves. But tax will be applicable to the amounts which will be retained from next year without recommending a minimum amount of cash dividend.

<http://today.thefinancialexpress.com.bd/first-page/bsec-seeks-tax-on-future-reserves-1561485352>

Esquire ICL Apparel Fund gets Bangladesh Securities and Exchange Commission (BSEC) approval

- The securities regulator has approved the draft prospectus of Esquire ICL Apparel Fund, an open-end mutual fund. The initial size of the fund will be BDT 250 million, of which BDT 100 million will be contributed by the sponsor. The remaining BDT 150 million will be collected through sales of units. The face value of the units of the fund will be BDT 10 each.

Esquire Knit Composite is the sponsor of the fund, while Impress Capital is the fund manager.

<http://today.thefinancialexpress.com.bd/stock-corporate/esquire-icl-apparel-fund-gets-bsec-approval-1561484045>

Tax on companies' reserve to be reviewed before budget passage: PM's private industry and investment affairs adviser

• Prime minister's private industry and investment affairs adviser said that the government was seriously working on the issue of proposed 15% additional tax on retained earnings and reserve of listed companies and the issue might be resolved before passage of the budget for the financial year of 2019-20. He also added that they are seriously working on the issue as the imposition of 15% tax on retained earnings is actually double taxation.

<http://www.newagebd.net/article/76407/tax-on-cos-reserve-to-be-reviewed-before-budget-passage-salman>

Banks call for exemption from stock dividend tax

• Banks have sought to be excused from the government's decision to introduce tax on both stock dividends and retained earnings. Finance Minister AHM Mustafa Kamal in his budget for fiscal 2019-20 proposed introducing 15% tax on stock dividends and retained earnings with a view to encouraging cash dividend.

• It makes sense for other listed companies but not for banks as our dividend policies are transparent and regulated, said the president of the Association of Bankers, Bangladesh (ABB), a forum of private banks' managing directors, in letters to the Bangladesh Bank and the National Board of Revenue yesterday. Banks will have to maintain at least 12.50% capital against their capital adequacy ratio under the Basel III guidelines within this year but the proposed tax will create a roadblock, the letter said.

• In another letter issued on June 19, the ABB said the cost for issuing new credit and debit cards would increase significantly as the government imposed fresh tariff on their import. In the proposed budget, USD 0.70 has been imposed as import tariff on each magnetic stripe card, USD 2 for chip-and-pin card and USD 3 for contactless card. Though there was no declared tariff on card import, customs used to charge a maximum USD 0.52 on each card. Given that the government and the central bank are pushing for creating a cashless society, the new rates are illogical, said the managing director of Dhaka Bank. The move will discourage clients from asking for credit and debit cards as banks will be compelled to impose charges for issuing them, he added.

<https://www.thedailystar.net/business/news/banks-call-exemption-stock-dividend-tax-1762009>

10 companies in capital market make up loan defaulters' list

• As many as 10 companies in the capital market and one brokerage firm are among the top 300 loan defaulters, whose names were revealed in parliament on Saturday. These 11 companies have swallowed a total of BDT 19.80 billion in default loans and one of them is among top 25 loan defaulters. The Finance Minister disclosed the list of top 300 defaulters in parliament on Saturday. Of the 11 companies, seven are listed with the stock exchanges, while three are being traded on the OTC (over-the-counter) market. And the remaining one

is a brokerage firm -- Far East Stock & Bond. The companies which are listed with the stock exchanges are The Dacca Dyeing & manufacturing Company, United Airways (BD), Emerald Oil Industries, Keya Cosmetics, Appollo Ispat Complex, Bangladesh Industrial Finance Company, and FAS Finance & Investment.

<http://today.thefinancialexpress.com.bd/first-page/10-cos-in-capital-market-make-up-loan-defaulters-list-1561312814>

Coppertech listing time with Dhaka Stock Exchange (DSE) expires

• The scheduled time for listing of little-known Coppertech Industries Ltd with the Dhaka Stock Exchange expired on Sunday amid controversy over fabrication of the company's financial statements, said DSE officials. The DSE on Thursday requested the Bangladesh Securities and Exchange Commission to extend the time for making a decision on listing Coppertech until the investigation of Institute of Chartered Accountant Bangladesh into its financial anomalies ends. The bourse also requested the commission to provide necessary directive regarding listing of Coppertech, a senior DSE official said.

• The time for listing Coppertech ended on Sunday as per the securities rules that stipulate that the stock exchange must give listing approval within 75 days from closure of IPO subscription of a company, he said. The subscription of Coppertech shares closed on April 9. The DSE official also said that the DSE made the move to wait for the ICAB report to uphold the interest of the general investors. The listing of Coppertech has remained pending with DSE amid allegations that the company's financial data was fabricated to give rosy picture of the company in the initial public offering documents.

<http://www.newagebd.net/article/76316/coppertech-listing-time-with-dse-expires>

Islami Bank to issue BDT 12 billion Third Mudaraba Bond

• The board of directors of Islami Bank Bangladesh Limited has decided to issue the 'IBBL Third Mudaraba Redeemable Non-Convertible Subordinated Bond', valued at BDT 12 billion. The bond, with a term of seven years, will be issued to raise the Tier-II capital of the bank under Basel-III, said an official disclosure posted on the Dhaka Stock Exchange (DSE) website on Wednesday. The issuance of bonds is subject to the approval of the regulatory authorities - the Bangladesh Bank (BB) and the Bangladesh Securities and Exchange Commission (BSEC), the disclosure said.

<http://today.thefinancialexpress.com.bd/stock-corporate/islami-bank-to-issue-BDT-12b-third-mudaraba-bond-1561050827?date=21-06-2019>

Bangladesh Chamber of Industries (BCI) seeks withdrawal of 15% tax on companies' reserve, retained earnings

• Bangladesh Chamber of Industries demanded withdrawal of 15% tax on retained earnings and reserve of listed companies which was imposed in the proposed budget for the financial year 2019-20. BCI president at a post budget press conference at the office of the trade body in the city, said that such decision of the government to impose 15% tax on reserve and retained earnings would affect stock market. It also would have a negative impact on inflow of both local and foreign direct investment as most of the time the fund from the retained earnings is used for reinvestment and for expansion of the companies, he said.

- CI president said that the proposed four-stage Value Added Tax on products and services was not pragmatic and it would increase the cost of living. He urged the government to impose VAT in such a way so that the consumers were not hit hard and the cost of doing business did not increase. The chamber demanded withdrawal of Advance Tax on the import of raw materials and capital machinery saying that the imposition of such tax was contradictory with the policy of ease of doing business.
- BCI president emphasised proper utilisation of the proposed fund at BDT 1.00 billion in the budget for the creation of new entrepreneurs. BCI president said that it was a big challenge to create new entrepreneurs and funding them. If there is fund, the elder entrepreneurs can help them to grow as they have a lot of experience, he added. He also demanded to increase the minimum threshold for income tax and to reduce corporate tax to attract new investments in the country.

<http://www.newagebd.net/article/76225/bci-seeks-withdrawal-of-15pc-tax-on-cos-reserve-retained-earnings>

<https://www.dhakatribune.com/business/economy/2019/06/22/bci-wants-tax-on-excess-reserve-stock-dividend-scrapped>