

Weekly Market Update

Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+0.47%) gained 29.82 points and closed the week at 6,355.56 points. The blue-chip index DS30 (+0.13%) gained 2.83 points and stood at 2,201.33 points. The Shariah-based index DSES (+0.64%) gained 8.79 points and stood at 1,379.57 points. The large cap index CDSET (+0.25%) gained 3.04 points and closed at 1,214.42 points. DSEX, DS30, DSES and CDSET showed YTD returns of +2.40%, +0.27%, +1.53%, 0.00%, respectively.

Total Turnover During the Week (DSE): BDT 55.2 billion (USD 512 million)
Average Daily Turnover Value (ADTV): BDT 11.0 billion (Δ% Week: +20.4%)
Market P/E: 18.4x

Daily Index Movement during the Week

The market performed Five sessions during this week. The market started on a positive note (+0.22%) on Sunday. However, it closed negative on Monday (-0.11%) and recovered on Tuesday (+0.21%) but closed on a negative note on Wednesday (-0.10%). Lastly, the market closed on a positive note (+0.25%) on Thursday.

Sectoral Performance

- Most of the financial sectors posted positive performance this week. Life Insurance booked the highest gain of 4.66% followed by Mutual Fund (+0.66%), NBFi (+0.29%), General Insurance (+0.03%), and Bank (-0.24%).
- All the non-financial sectors posted positive performance this week. Food & Allied booked the highest gain of 0.50% followed by Fuel & Power (+0.20%), Pharmaceutical (+0.09%), Engineering (+0.04%), and Telecommunication (0.00%).

Macroeconomic arena

Dollar rate up again for remittances, exports. Govt to introduce flat 3% source tax for high voltage cables. BGMEA, H&M join hands to reduce carbon emission by 30%. Moody's downgrades six local banks. Import costs of flexible films used in packaging may rise. BDT 5.81 Bn savings certificates sold in April – highest in FY23. Cenbank unwilling to introduce digital currency now. Govt to impose specific duty on fuel. Lack of specialised financing key barrier to ship exports: Study. Scope for investment in saving tools to squeeze further as govt cuts borrowing target by 49%. Bangladesh seeks refined fuels for July-Dec. Sonali Bank sees best ever financial performance in 2022. 20% tax planned on interests on foreign loans. Moody's downgrades Bangladesh's credit rating. Tax cut proposal on furnace oil may get lukewarm response. Revenue growth turns negative, yet lofty target set for FY24. Govt to pilot universal pension from July.

Private credit growth hits 13-month low in April. Govt targets BDT 50 Bn more non-tax revenue in FY24. Duty hike on bicycle parts imports coming. Govt struggles to clear LNG bills amid dollar dearth. Banks suffer surging provision shortfalls. Traditional lenders fall behind Islamic banks in profit growth. Jica's 2nd highest ODA loan disbursement to Bangladesh. VAT waiver planned for potential recycled clothing backward industry. Aman growers to get BDT 332 Mn govt incentive. Govt plans zero duty on solar-powered water desalination plant imports. Govt's borrowing from treasury bills up by BDT 650 Bn in FY23. Govt to avoid being guarantor of loans to reduce risk. Pricier LPG likely as govt mulls cutting duty benefits. Turnover tax on beverage may jump eight times. No currency swap, partial trade with India now in rupee only. Bangladesh getting USD 1.02 Bn soon for deficit financing. MCCI applauds Export Promotion Bureau for extending validity of Registration Certificate. Preferential tax facility sought for SMEs. Surcharge on the rich to be eased. Economic zone investors may face tax benefit cuts. Govt to double gain tax on land, flat registration.

Stock Market arena

RUPALIBANK | Rupali Bank's profit jumps 81% in Jan-Mar. DHAKAINS | Dhaka Insurance declares 20% cash dividend. BERGERPBL | Berger Paints declares 400% cash dividend. EXCHANGE | Agro Organica to raise BDT 50 Mn from stock market. BDWELDING | Bangladesh Welding ownership transfer getting stuck again over tax difficulties. BGIC | Bangladesh General Insurance declares 12% cash dividend for shareholders. ONEBANKLTD | One Bank to issue bond worth BDT 5 Bn. PURABIGEN | Purabi General Insurance announces 10% dividend for 2022 despite share price drop. SALVOCHEM | Salvo Chemical's profit drops 63% in Jan- Mar. EMERALDOIL | Emerald Oil gets High Court approval to conduct AGM. HRTEX | BSEC rejects HR Textile's right shares issuance. ASIATICLAB | FRC finds Asiatic Laboratories overstated asset value. ACTIVEFINE | Active Fine Chemicals' profit drops 50% in Q3. RINGSHINE | Wise Star Textile goes ahead with Ring Shine takeover. TITASGAS | Titus to issue BDT 2580 Mn preference shares to govt at flexible conditions.

June 01, 2023 (Week: May 28, 2023 – Jun 01, 2023)

Dhaka Stock Exchange

DSEX ended in Green (+0.47%) in the week

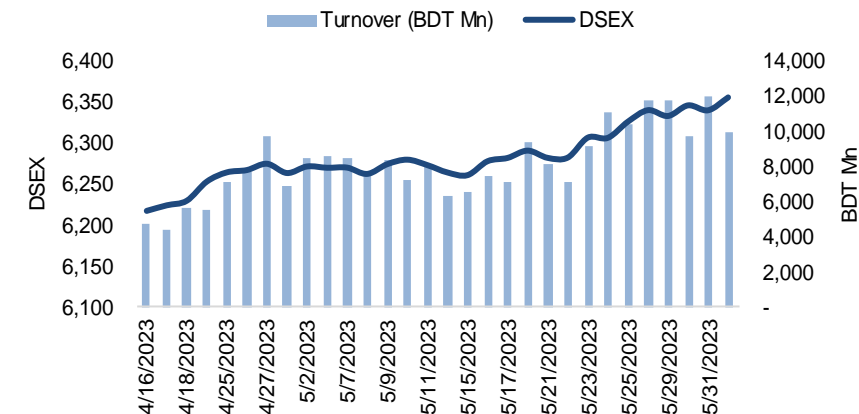
Table 1: Index

Index	Closing*	Opening*	Δ(Pts)	29-Dec-2022	Δ% Week	Δ% YTD
DSEX	6,355.56	6,325.73	+29.82	6,206.81	+0.47%	+2.40%
DS30	2,201.33	2,198.50	+2.83	2,195.30	+0.13%	+0.27%
DSES	1,379.57	1,370.78	+8.79	1,358.84	+0.64%	+1.53%
CDSET	1,214.42	1,211.38	+3.04	1,214.42	+0.25%	-

Table 2: Market Statistics

		This Week	Last Week	% Change
Mcap	Mn BDT	7,742,813	7,725,600	+0.2%
	Mn USD	71,809	71,649	
Turnover	Mn BDT	55,216	45,860	+20.4%
	Mn USD	512	425	
Average Daily Turnover	Mn BDT	11,043	9,172	+20.4%
	Mn USD	102	85	
Volume	Mn Shares	1,016	916	+11.0%

Figure 1: DSEX & Turnover in last four weeks



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Table 3: Top Ten Gainers

Company Name	Close*	Open*	Δ%	Mcap**	Turnover**	PE	PB
TILIL	44.9	0.0	+59.8%	1,796	0.8	NM	NM
AIL	72.7	53.4	+36.1%	3,217	634.1	45.4x	3.2x
NORTHERN	327.5	250.4	+30.8%	702	158.5	NM	4.0x
MEGHNA PET	48.0	37.1	+29.4%	576	62.3	NM	NM
NTC	532.4	415.4	+28.2%	3,514	117.0	NM	263.6x
RUPALILIFE	208.6	165.3	+26.2%	6,261	1,281.6	NM	NM
MEGHNA INS	55.7	44.8	+24.3%	2,228	613.7	36.2x	3.7x
CAPMIBBLMF	15.7	12.9	+21.7%	1,050	95.7	NM	1.7x
PARAMOUNT	58.3	49.1	+18.7%	2,371	343.4	33.3x	2.2x
DESHBANDHU	22.0	18.6	+18.3%	1,350	222.7	62.9x	1.2x

Table 4: Top Ten Losers

Company Name	Close*	Open*	Δ%	Mcap**	Turnover**	PE	PB
JUTESPINN	379.5	445.9	-14.9%	645	36.9	NM	NM
METROSPIN	36.8	42.7	-13.8%	2,270	214.9	37.6x	1.8x
MIDLANDBNK	13.7	15.7	-12.7%	8,763	245.9	14.1x	1.0x
DGIC	33.1	37.9	-12.7%	1,324	247.1	36.8x	2.8x
SHURWID	19.4	21.6	-10.2%	1,113	265.5	NM	1.5x
DSHGARME	118.5	129.6	-8.6%	982	67.2	NM	6.5x
BGIC	56.3	61.2	-8.0%	3,042	34.3	36.8x	2.9x
AZIZPIPES	90.8	97.4	-6.8%	486	43.8	NM	NM
GLOBALINS	37.9	40.4	-6.2%	1,537	232.5	24.5x	2.7x
ZEALBANGLA	138.9	147.8	-6.0%	833	13.4	NM	NM

Table 5: Top Ten Most Traded Shares

Company Name	Close*	Open*	Δ%	Mcap**	Turnover**	PE	PB
INTRACO	47.0	40.2	+16.9%	4,617	1,947.0	31.2x	3.7x
NAVANAPHAR	105.3	100.9	+4.4%	11,311	1,689.3	23.9x	2.6x
LHBL	71.8	67.1	+7.0%	83,387	1,628.4	15.4x	4.2x
UNIQUEHRL	77.0	75.0	+2.7%	22,669	1,359.4	13.5x	0.9x
BPML	84.8	79.0	+7.3%	14,738	1,286.9	23.0x	1.1x
RUPALILIFE	208.6	165.3	+26.2%	6,261	1,281.6	NM	NM
MEGHNALIFE	93.8	86.9	+7.9%	3,978	1,222.8	NM	NM
GEMINISEA	817.9	764.3	+7.0%	4,993	1,168.8	39.0x	32.2x
EHL	105.0	105.7	-0.7%	9,801	1,157.6	15.6x	1.4x
SEAPEARL	226.7	240.2	-5.6%	27,374	1,099.3	32.9x	13.1x

Table 6: Most Appreciated YTD in BRAC EPL Universe

Company Name	Close*	YTD %Δ	Mcap**	PE	PB
HEIDELBCEM	297.9	+66.3%	16,832	52.4x	4.5x
UNIQUEHRL	77.0	+33.4%	22,669	13.5x	0.9x
OLYMPIC	154.9	+24.9%	30,971	18.8x	3.1x
UNILEVERCL	2,063.2	+15.9%	39,767	45.2x	13.2x
ADNTEL	132.0	+15.7%	8,534	34.3x	4.8x
LHBL	71.8	+10.8%	83,387	15.4x	4.2x
PIONEERINS	73.8	+8.4%	6,562	12.4x	1.5x
JAMUNAOIL	180.4	+7.8%	19,921	6.6x	0.9x
EBL	29.4	+4.0%	35,493	6.9x	0.9x
BERGERPBL	1,787.3	+3.8%	82,891	27.5x	6.4x

*BDT

**BDT Mn

Table 7: Sector Indices

Sector Name	Week Close*	Week Open*	Year Open*	Δ% Week	Δ% YTD
Bank	1,443.9	1,447.5	1,427.09	-0.24%	+1.18%
NBFI	1,924.2	1,918.6	1,927.24	+0.29%	-0.16%
Mutual Fund	835.4	829.9	852.07	+0.66%	-1.96%
General Insurance	3,566.2	3,565.1	3,177.87	+0.03%	+12.22%
Life Insurance	3,014.1	2,879.9	2,492.91	+4.66%	+20.91%
Telecommunication	4,945.6	4,945.6	4,945.60	-	-
Pharmaceutical	3,705.9	3,702.7	3,754.47	+0.09%	-1.29%
Fuel & Power	1,708.0	1,704.6	1,694.29	+0.20%	+0.81%
Cement	2,664.4	2,523.2	2,319.67	+5.60%	+14.86%
Services & Real Estate	2,113.4	2,142.6	1,782.23	-1.36%	+18.58%
Engineering	4,509.3	4,507.6	4,503.40	+0.04%	+0.13%
Food & Allied	21,581.9	21,473.5	21,247.80	+0.50%	+1.57%
IT	3,393.1	3,276.3	3,004.33	+3.56%	+12.94%
Textile	1,630.3	1,615.3	1,621.87	+0.93%	+0.52%
Paper & Printing	11,067.8	10,792.4	10,388.08	+2.55%	+6.54%
Tannery	3,246.9	3,232.0	3,093.43	+0.46%	+4.96%
Jute	15,941.4	15,909.6	14,850.17	+0.20%	+7.35%
Ceramics	692.7	690.6	704.74	+0.30%	-1.71%
Miscellaneous	4,178.1	4,177.9	4,071.46	+0.00%	+2.62%

Table 8: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last Week	% Change	% of Total Turnover	PE	PB
Bank	125.2	166.6	-24.89%	+1.24%	11.8x	0.7x
NBFI	116.7	12.5	+836.93%	+1.16%	NM	4.3x
Mutual Fund	121.5	24.8	+390.95%	+1.20%	NM	0.7x
General Insurance	1,498.1	1,035.0	+44.74%	+14.84%	18.9x	1.6x
Life Insurance	1,515.3	1,182.2	+28.18%	+15.01%	NM	NM
Telecommunication	1.1	1.4	-20.22%	+0.01%	16.9x	4.3x
Pharmaceutical	894.4	812.4	+10.10%	+8.86%	19.4x	2.3x
Fuel & Power	610.6	496.9	+22.87%	+6.05%	23.6x	1.1x
Cement	469.3	242.9	+93.21%	+4.65%	32.5x	2.8x
Services & Real Estate	803.0	632.8	+26.90%	+7.96%	30.2x	1.1x
Engineering	543.6	469.4	+15.82%	+5.39%	72.4x	1.8x
Food & Allied	803.0	831.8	-3.46%	+7.96%	20.0x	8.2x
IT	898.4	570.1	+57.59%	+8.90%	31.0x	3.2x
Textile	485.0	539.6	-10.12%	+4.80%	77.7x	1.1x
Paper & Printing	424.8	285.7	+48.70%	+4.21%	41.1x	2.1x
Tannery	236.0	200.4	+17.74%	+2.34%	49.4x	3.4x
Jute	71.7	60.3	+18.95%	+0.71%	NM	6.3x
Ceramics	59.2	117.0	-49.42%	+0.59%	49.0x	1.9x
Miscellaneous	417.1	675.1	-38.21%	+4.13%	16.1x	1.8x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Company Name	Close*	YTD %Δ	Mcap**	PE	PB
EGEN	45.2	-13.2%	3,390	31.0x	2.0x
ISLAMIBANK	32.6	-1.2%	52,486	8.9x	0.8x
PRIMEBANK	19.1	-0.5%	21,627	5.4x	0.7x
TRUSTBANK	31.7	-0.1%	27,142	12.0x	1.3x
BRACBANK	35.8	-0.0%	57,596	9.0x	0.9x
IDLC	46.5	-	19,330	10.7x	1.0x
IPDC	57.6	-	21,375	30.8x	3.1x
LANKABAFIN	26.0	-	14,010	28.0x	1.3x
ACI	260.2	-	19,829	NM	2.0x
LINDEBD	1,397.7	-	21,271	29.4x	3.5x

Important News: Business & Economy

Dollar rate up again for remittances, exports

- From now on, expatriate Bangladeshis will receive an increase of BDT 0.50 for remittances, while the dollar rate for export proceeds will be higher by BDT 1. The new rate stands at BDT 108.50 for remittances and BDT 107 for export proceeds. Including the 20.5% government incentives, the remitters will receive BDT 111.25 per dollar.
- The Association of Bankers, Bangladesh (ABB) and the Bangladesh Foreign Exchange Dealers' Association (Bafeda) made the decision on Wednesday. Banks will implement the new rates from Thursday, Selim RF Hussain, ABB chairman and managing director of Brac Bank, told The Business Standard.

<https://www.tbsnews.net/economy/dollar-hikes-again-tk50-remittancetk1-export-proceeds-641570>

Govt to introduce flat 3% source tax for high voltage cables

- The government plans to impose a fixed 3% source tax for local high-voltage cable producers, who earlier had to pay source tax from 2% to a maximum of 7%. Local entrepreneurs said imposing a 3% flat rate for the tax deducted at source (TDS) on the production of high-voltage cables in the upcoming budget will benefit the industry.
- Currently the government's mega projects use high voltage cables, a large part of which is imported from abroad. Moreover, the government's initiative to set up underground power transmission lines will increase demand for high-voltage cables in the country.

<https://www.tbsnews.net/economy/budget/govt-introduce-flat-3-source-tax-high-voltage-cables-641742>

BGMEA, H&M join hands to reduce carbon emission by 30%

- The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and H&M Group entered into a deal yesterday to attempt a transition towards a circular and climate neutral garment industry in Bangladesh by reducing carbon emissions by 30%. Bangladesh produced 169.06 Mn tonnes of greenhouse gases (GHGs) emission in 2021 and it will be 409.41 Mn tonnes by 2030, according to data from Nationally Determined Contributions (NDCs)

<https://www.thedailystar.net/business/economy/news/bgmea-hm-join-hands-reduce-carbon-emission-30-3334666>

Apparel exports to non-traditional markets on the rise

- Although garment shipments from Bangladesh to major destinations saw negative growth over the past few months due to inflationary pressure stemming from the Russia-Ukraine war, rising exports to non-traditional markets has emerged as a silver lining. Bangladesh considers all markets other than the US, UK, EU and Canada as non-traditional.
- During the January-April period of the current calendar year, apparel shipments to non-traditional markets rose 28.95% to USD 2.96 Bn, which is 19.01% of the country's annual garment exports. Japan is the top destination among major non-traditional markets, fetching USD 566.99 Mn during the four-month period, according to data from the Export Promotion Bureau and Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

<https://www.thedailystar.net/business/economy/news/apparel-exports-non-traditional-markets-the-rise-3334646>

Govt mulls counting tax exemptions as subsidy

- The government is thinking about counting tax exemptions provided to various individuals and institutions as subsidies, said sources at the National Board of Revenue. Finance Minister AHM Mustafa Kamal may make an announcement in this regard in the budget speech on 1 June, said sources at the finance ministry. Economists and policy analysts said the government's proposed initiative is not logical as it would violate the budgetary discipline.
- According to sources at the National Board of Revenue, the government's direct tax expenditure – calculated as tax exemptions – in upcoming FY24 is estimated to reach around BDT 1.78 Tn and the direct government subsidy might stand at around BDT 1.10 Tn. That means, counting tax exemptions as subsidies will take the total subsidy amount to BDT 2.90 Tn in the next fiscal year.

<https://www.tbsnews.net/economy/govt-mulls-counting-tax-exemptions-subsidy-641298>

Moody's downgrades six local banks

- Moody's Investors Service today downgraded the ratings of six local banks — BRAC Bank, The City Bank, Dutch-Bangla Bank Limited, Eastern Bank, NCC Bank, and The Premier Bank. It downgraded the long-term (LT) local-currency (LC) and foreign-currency (FC) deposit and issuer ratings of these six local banks of Bangladesh. It also confirmed Mercantile Bank Ltd (MBL)'s B2 LT LC and FC deposit and issuer ratings. At the same time, Moody's has changed the outlooks to stable from ratings under review for downgrade on the LT deposit ratings and issuer ratings of the seven Bangladeshi banks.

<https://www.tbsnews.net/economy/banking/moodys-downgrades-six-local-banks-641778>

Import costs of flexible films used in packaging may rise

- The import cost of flexible films used in packaging and labelling various products, such as foodstuffs, garments, beverages, medicines and tobacco, is expected to increase in the next fiscal year. According to finance ministry officials, the government plans to propose an increase in customs duty on the import of biaxially oriented polypropylene (BOPP) films from the current 10% to 15% in the upcoming national budget to provide protection to the local industry.

<https://www.tbsnews.net/economy/import-costs-flexible-films-used-packaging-may-rise-641758>

BDT 5.81 Bn savings certificates sold in April – highest in FY23

- The net sales of savings certificates reached BDT 5.81 Bn in April – so far the highest in FY23, according to the latest Bangladesh Bank data. The net sales for the first 10 months of the fiscal year, however, stood negative at BDT 35.79 Bn as the government borrowed some BDT 680 Bn against the repayment of BDT 716 Bn during the period. In the corresponding period of FY22, the net sales of the tools were BDT 175.18 Bn. Stakeholders said lower interest rates, various investment conditions and higher inflation were the reasons behind the lower sales of saving certificates. In addition, the government also reduced borrowing from the tools to decrease its burden of interest expenses.

<https://www.tbsnews.net/economy/tk581cr-savings-certificates-sold-april-highest-fy23-641750>

Cenbank unwilling to introduce digital currency now

- The Bangladesh Bank is unwilling to introduce a central bank digital currency (CBDC) now as there are no examples of countries that have succeeded in doing so, and digital literacy has not reached a satisfactory level in the country. The CBDC is similar to cryptocurrencies, with the difference that its value is fixed by the central bank and is equivalent to the country's fiat currency.
- A senior central bank official, who did not want to be named, told TBS, "The digital currency should not be introduced immediately. As we have seen, the countries that have introduced this currency are not faring well. Besides, most of these countries are very small in population and size."

<https://www.tbsnews.net/economy/banking/cenbank-unwilling-introduce-digital-currency-now-641746>

Govt to impose specific duty on fuel

- The government is going replace existing duty on 13 petroleum products import by a specific duty in the next fiscal year, amounting to a maximum of BDT 13.75 per litre, which likely effect from 1 June (Thursday). The specific duty would be BDT 13.75 per litre for 11 types of petroleum products, including kerosene, light diesel, motor spirit and jet fuel. If put into effect, it will have higher impact on retail price than the existing duty rate, which is 10% for 12 petroleum products, sources within the finance minister said.

<https://www.tbsnews.net/economy/budget/govt-impose-specific-duty-fuel-641790>

Lack of specialised financing key barrier to ship exports: Study

- A lack of specialised financial systems, such as specialised banks or loan schemes, is the key barrier to ship exports from Bangladesh where other required resources are available, according to a study by the Bangladesh Investment Development Authority (Bida). "The global shipbuilding market was valued at over USD 142 Bn in 2020, when Bangladesh exported USD 18 Mn.
- As the international market is projected to reach some USD 195 Bn by 2030, the country has the scope to grow big, but easy-term loans are crucial," according to the study report revealed at a workshop at the Bida office in the capital yesterday. Unfortunately, banks do not offer such loans, making it difficult for shipbuilders to access the necessary funds. Moreover, there is no specialised bank like agriculture-focused ones for the shipbuilding industry, the report reads.

<https://www.tbsnews.net/economy/lack-specialised-financing-key-barrier-ship-exports-study-641714>

Govt to create BDT 1000 Mn fund for Smart Bangladesh vision

- The government is set to create a BDT 1000 Mn fund in the upcoming budget for research and innovation aimed at transforming the country into "Smart Bangladesh" by 2041, as envisaged by Prime Minister Sheikh Hasina. The innovation and research projects, tailored towards achieving the vision, by the country's youths will get financed from this fund under a single regulation. Finance ministry officials said the main theme of the next fiscal year's budget has been fixed with importance on building a Smart Bangladesh. The outline of the Smart Bangladesh 2041 will also be presented in the budget for the fiscal 2023-24.

<https://www.tbsnews.net/economy/budget/govt-create-tk100cr-fund-smart-bangladesh-vision-640462>

Scope for investment in saving tools to squeeze further as govt cuts borrowing target by 49%

- The scope for investment in saving certificates is set to be squeezed further as the government has cut the target of borrowing from the tools by 49% year-on-year to BDT 180 Bn for FY24, according to finance ministry officials. The target was BDT 350 Bn in the original budget for the ongoing FY23, which was later revised down to BDT 200 Bn. The latest target is also the lowest in seven years. The previous lowest was BDT 196.1 Bn in FY17 when the total budget outlay was little more than BDT 4 Tn.
- Several officials familiar with the matter told The Business Standard that the finance ministry has reduced the borrowing target from saving certificates mainly for two reasons – cutting government expenditure on interest and following International Monetary Fund recommendations. The IMF has suggested that Bangladesh keep the saving tools borrowing at one-fourth of the total debt.

<https://www.tbsnews.net/economy/budget/scope-investment-saving-tools-squeeze-further-govt-cuts-borrowing-target-49-641062>

Bangladesh seeks refined fuels for July-Dec

- Bangladesh is seeking 95-octane gasoline, gasoil with 0.005% sulphur content and marine fuel with 0.5% sulphur content for the July-December period, the Bangladesh Petroleum Corp (BPC) said in a tender notice on its website on Monday. The country is seeking 60,000-80,000 tonnes of the higher 95-octane grade of gasoline, 1.1-1.2 Mn tonnes of gasoil and 30,000 tonnes of marine fuel for the period, BPC said. The mode of payment will be through letter of credit and the tender is valid until August 6. BPC controls the import and marketing of petroleum products in the South Asian country.

<https://www.tbsnews.net/economy/bangladesh-seeks-refined-fuels-july-dec-640566>

Sonali Bank sees best ever financial performance in 2022

- Sonali Bank, the largest state-owned bank of the country, has experienced its best ever year in 2022, excelling in all major financial indicators thanks to an increase in performing loans in small segment businesses. Net Interest Margin (NIM), the difference between interest expense and earnings, turned positive for the first time in last year. NIM was negative BDT 9.79 Bn in 2021, which turned to positive BDT 3 Bn in the last year, according to the bank. The interest income of the bank increased by nearly BDT 14 Bn in the last year from the year before. At the same time, expenditure on deposits declined by BDT 5 Bn in the last year from 2021.

<https://www.tbsnews.net/supplement/sonali-bank-sees-best-ever-financial-performance-2022-640558>

Binimoy and Bangla QR Code to drive cashless revolution for small traders

- Amidst the rising popularity of digital transactions in the country, the Bangladesh Bank is taking significant policy measures to streamline transactions and promote digital inclusion among small traders. Recently, the central bank introduced two services called "Binimoy" and "Bangla QR Code". The services are now in the pilot phase. Upon full implementation, these services are expected to bring about 70% of the country's population into the cashless network. Since its launch in 2011, Mobile Financial Services (MFS) have gained immense popularity in Bangladesh. However, one of the major hurdles faced by users is the inconvenience of transactions between different MFS providers, necessitating the opening of multiple mobile banking accounts at the customer level.

<https://www.tbsnews.net/supplement/binimoy-and-bangla-qr-code-drive-cashless-revolution-small-traders-640642>

Lifting of mandatory fumigation of US cotton to boost trade

- The lifting of the rule of mandatory fumigation of US cotton by Bangladesh has created a huge bilateral trade opportunity, said Faruque Hassan, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA). "Now the US cotton can be imported by Bangladeshi importers without fumigation. It will reduce time, hassle and cost of doing business of the importer in case of bringing in US cotton," Hassan said today.

<https://www.thedailystar.net/business/economy/news/lifting-mandatory-fumigation-us-cotton-boost-trade-3333571>

Most mobile data users want fixed floor price, fewer packages

- Setting a fixed floor price for data, decreasing the number of packages and providing flexible plans that carry forward are priority demands of mobile internet users in Bangladesh, according to a survey. The survey, conducted by the Bangladesh Telecommunication Regulatory Commission (BTRC), found that 54.9% of participants want mobile operators to provide a maximum of 40 to 45 data plans, down from 95 packages at present. The remaining 23.2 per cent and 14 per cent said the number of packages should be around 71 to 85 and 51 to 60 respectively.

<https://www.thedailystar.net/business/economy/news/most-mobile-data-users-want-fixed-floor-price-fewer-packages-3333586>

20% tax planned on interests on foreign loans

- Foreign loans will be costlier further as the government is likely to impose a 20% tax on the interest against loans from external sources, according to finance ministry officials. Such a move, if implemented in the upcoming FY2023-24, will increase the burden on businesses at a time when they are in a tight corner because of high production costs and a decline in demand, analysts and businessmen fear. The upcoming budget plans to withdraw the existing facility of tax-free interest payment of foreign borrowings and make mandatory the deduction of tax at source (TDS) at 20% on the inter-company loan interest.

<https://www.tbsnews.net/economy/budget/20-tax-planned-interests-foreign-loans-641086>

Moody's downgrades Bangladesh's credit rating

- International credit rating agency Moody's Investors Service (Moody's) today downgraded Bangladesh's long-term ratings to B1 from Ba3. This rating action concludes the review for the downgrade initiated in December 2022. Moody's assessment is that Bangladesh's heightened external vulnerability and liquidity risks are persistent, and that, together with institutional weaknesses uncovered during the ongoing crisis, the sovereign's credit profile is consistent with a B1 rating. Such type of downgradation means the local businesses will have to pay more to settle their global trades, a Bangladesh Bank official said.

<https://www.thedailystar.net/business/economy/news/moodys-downgrades-bangladeshs-credit-rating-3333476>

Tax cut proposal on furnace oil may get lukewarm response

- The government may turn down a proposal to waive tax on import of high-speed furnace oil (HFO) for electricity generation in the upcoming national budget scheduled to be placed in parliament on Thursday next. Official sources said the National Board of Revenue (NBR) would not be able to consider the plea as the HFO, or furnace oil, is one of the top five revenue-generating products with a contribution of more than BDT 40 Bn to the national exchequer.
- The Ministry of Power, Energy and Mineral Resources (MoPEMR) has sought the waiver on the excuse that it would save a subsidy worth BDT 5 Bn per month on electricity generation. In its proposal to the NBR, the ministry argued that the production cost of HFO-fired electricity would be reduced by BDT 2.738 per unit (kWh) if the customs duty and taxes of around 34% is exempted.

<https://thefinancialexpress.com.bd/economy/bangladesh/tax-cut-proposal-on-furnace-oil-may-get-lukewarm-response>

Revenue growth turns negative, yet lofty target set for FY24

- The National Board of Revenue (NBR) is going to be tasked with earning 16% more in the next fiscal year to bankroll over a BDT 7.6 Tn annual budget in the backdrop of a dismal performance with revenue growth turning negative in April for the second time since the pandemic. According to the latest data from the NBR, revenue collection in April was 2.29% lower than a year-ago period in stark contrast with the usual phenomenon of higher earnings towards the end of the fiscal year.
- Revenue growth was only 4% in July 2021, which shot up to 22.8% in April last year. The fiscal 2019-20 experienced negative growth in revenue collection because of Covid lockdowns that brought business to a standstill. Although the value-added tax (VAT) collection rose by 15%, a double-digit negative growth in collection from imports, income tax and travel tax led to the drastic fall in monthly revenue income in April this year, officials said.

<https://www.tbsnews.net/economy/revenue-growth-turns-negative-yet-lofty-target-set-fy24-641066>

Govt to pilot universal pension from July

- The government is set to launch a pilot programme for a universal pension system this July with separate products for expatriates, private sector employees, those engaged in the informal sector, and individuals covered by the social safety net. The initiative is aimed at bringing people from all walks of life under pension coverage in a gradual process. But no specific authority has yet been established to oversee the universal pension system and the pension products have not yet been specified either.
- The officials stated that the government is eager to implement the universal pension system prior to the forthcoming general election slated for this December or January next year, demonstrating its commitment to supporting the welfare of its citizens. As part of that plan, the finance ministry has decided to launch the pilot programme in July despite a lack of necessary preparations, they added.

<https://www.tbsnews.net/economy/govt-pilot-universal-pension-july-639918>

Private credit growth hits 13-month low in April

- Private sector credit growth continued to decline for the fourth consecutive month, with a growth rate of 11.28% this April – the lowest in 13 months, reflecting a slump in business activities amid import curbs. Loan demand in private sector businesses slowed down despite having available liquidity in the banking system. The credit growth falls well below the monetary target of 14.1% set for the current fiscal year, as reported by the Bangladesh Bank.

<https://www.tbsnews.net/economy/banking/private-credit-growth-hits-13-month-low-april-640358>

Govt targets BDT 50 Bn more non-tax revenue in FY24

- The government aims to realise BDT 500 Bn as non-tax revenue (NTR) in the next fiscal year, up by BDT 50 Bn from the current fiscal budget, according to officials. In the current budget, the target is set at BDT 450 Bn, while it was later revised down to BDT 400 Bn. This rise is supported by recent increases in various fees and charges by different government organisations, including various service providers.
- The government earns NTR from various sources, such as income from telecom and postal services, travel and tourism services, utility services, profits of state-owned banks, insurance, non-bank financial institutions, parks, zoos, interest on loans provided by the government to financial institutions and autonomous bodies.

<https://thefinancialexpress.com.bd/economy/bangladesh/govt-targets-tk-50b-more-non-tax-revenue-in-fy24>

Duty hike on bicycle parts imports coming

- The government plans to raise customs duty on the imports of freewheel and sprockets – accessories of bicycles and rickshaws – to 15% from existing 10% in the upcoming budget for the fiscal year 2023-24 in a bid to facilitate local manufacturers, said sources from the Finance Ministry. The sector has huge potential to grow on the back of an ever-growing demand for bicycles both at home and abroad. Industry insiders said this backward linkage industry, if given necessary policy support, will emerge as a foreign currency earner after meeting the domestic demand. At present, the demand for various sizes of freewheel is 0.35-0.40 Mn units and sprocket 0.50-0.55 Mn units, which are mostly imported, shows an analysis of the Bangladesh Trade and Tariff Commission (BTTC).

<https://www.tbsnews.net/economy/budget/duty-hike-bicycle-parts-imports-coming-639910>

Pre-audit made mandatory for BDT 10 Mn or above loans from NBFIs

- Pre-audit has been made mandatory for BDT 10 Mn or above loans from non-bank financial institutions (NBFIs) in a bid to curb irregularities and increase compliance in the ailing sector. The Department of Financial Institutions and Markets of the central bank on Monday issued a circular to this end, which also asked the institutions to launch their internal dashboards – digital management information system – to report and monitor loan sanctioning. The NBFIs have been directed to inform the central bank immediately if any irregularity is found.

<https://www.tbsnews.net/economy/banking/pre-audit-made-mandatory-tk1cr-or-above-loans-nbfis-640330>

Govt struggles to clear LNG bills amid dollar dearth

- The government is now struggling to make payments to global LNG suppliers - both long-term and spot sellers - against purchases due to a brewing currency crisis that poses a risk of halting supplies, said sources. State-run Petrobangla has not been able to pay regularly to the two existing long-term suppliers - Qatargas and Oman Trading International (OTI), currently named OQ - against purchases of liquefied natural gas (LNG) under long-term contracts, according to market insiders. It has also defaulted on paying import bills to spot LNG suppliers, namely Vitol Asia Pte Ltd and TotalEnergies, they added.
- Petrobangla has also been defaulting on payments to floating LNG terminal owners for their LNG re-gasification services, they alleged. Market insiders said Petrobangla owes around USD 100 Mn to LNG suppliers Qatargas, USD 45 Mn to OQ, USD 40 Mn to Vitol Asia and USD 20 Mn to TotalEnergies, which are already overdue.

<https://thefinancialexpress.com.bd/economy/bangladesh/govt-struggles-to-clear-lng-bills-amid-dollar-dearth>

Banks suffer surging provision shortfalls

- Banks in Bangladesh suffer surging provisioning shortfall as it widened over 48% to BDT 162.98 Bn as of last March against the figures three months ago in December 2022, according to latest official data. Many banking executives told the FE that the ongoing liquidity crunch facing the banking industry and forex-market volatility are the main reasons behind the shortfall. Banks have to maintain 0.50% to 5.0% of their operating profits in provisioning against general-category loans, 20% against classified loans of substandard category, and 50% against classified loans of doubtful category.

<https://thefinancialexpress.com.bd/economy/bangladesh/banks-suffer-surging-provision-shortfalls>

Traditional lenders fall behind Islamic banks in profit growth

- Conventional lenders in Bangladesh fell behind shariah-based banks in 2022 in terms of profit growth mainly due to the lower interest rate regime. Last year, the combined profit of 41 conventional banks, including foreign and state-run lenders, fell 19% year-on-year to BDT 70.2 Bn, whereas 10 shariah-based banks' profit surged 26% to BDT 24.32 Bn, according to their financial reports.

<https://www.thedailystar.net/business/economy/news/traditional-lenders-fall-behind-islamic-banks-profit-growth-3333036>

Jica's 2nd highest ODA loan disbursement to Bangladesh

- The Japan International Cooperation Agency (Jica) recently reported that during the Japanese Fiscal Year 2022, both its commitment and disbursement of official development assistance (ODA) loans in Bangladesh reached the second-highest levels since March 1974. In the last Japanese fiscal year (spanning April 2022 to March 2023), Jica committed a total of JPY 331 Bn across five crucial projects, further solidifying its long-standing history of cooperation with Bangladesh. Jica's disbursement in the Japanese Fiscal Year 2022 amounted to JPY 261 Bn, slightly below the JPY 264 Bn disbursement during Japanese FY 2021.
- The projects are — the Dhaka Mass Rapid Transit Development Project Line-5 Northern Route (2nd Tranche) loan amount is around JPY 133,399 Mn ; the Southern Chattogram Regional Development Project loan amount is JPY 32,462 Mn; the Matarbari Port Development Project (2nd Tranche) loan amount is about JPY 105.362 Bn. Chattogram-Cox's Bazar Highway Improvement Project (1st Tranche) loan amount is JPY 55.729 Bn and Project for the Construction of Dual Gauge Double Line between Joydebpur and Ishwardi Section (E/S) loan amount is JPY 4.228 Bn.

<https://www.tbsnews.net/economy/jicas-2nd-highest-oda-loan-disbursement-bangladesh-639646>

Kazi Badam to invest USD 17.22 Mn in BEPZA Economic Zone

- Bangladeshi company Kazi Badam Limited is going to set up an Agro Processing (Cashew Nut) industry in BEPZA Economic Zone (BEPZA EZ). The company will invest USD 17.22 Mn to produce Cashew Nut Kernel and Cashew Nut Shell Liquid, reads a press release. This would be the first agro-based industry in the BEPZA Economic Zone, the release added.
- Kazi Badam Limited signed an agreement with Bangladesh Export Processing Zones Authority (BEPZA) to this effect at BEPZA Complex, Dhaka today (28-05-2023). Ali Reza Mazid, Member (Investment Promotion) of BEPZA and Kazi Zahedul Hasan, Chairman of Kazi Badam Limited signed the agreement on behalf of their respective organisations.

<https://www.tbsnews.net/economy/kazi-badam-invest-1722m-bepza-economic-zone-639462>

VAT waiver planned for potential recycled clothing backward industry

- To encourage garment manufacturing from recycled fibres, the government is considering withdrawing the existing 7.5% value-added tax (VAT) on the collection of textile waste by spinning mills in the next fiscal year. The concept of circular fashion, which primarily relies on recycled fibres, has gained significant attention globally in recent years, including in Bangladesh. The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) had previously requested the National Board of Revenue (NBR) to withdraw VAT and other taxes imposed on such waste. Currently, the market for this type of waste in the country is about USD 400 Mn.

<https://www.tbsnews.net/economy/budget/vat-waiver-planned-potential-recycled-clothing-backward-industry-639706>

Aman growers to get BDT 332 Mn govt incentive

- The government is going to extend BDT 332 Mn incentives to the small and marginal farmers to encourage them to grow Aman on an increased area in the next cultivation season that will begin next month. Around .49 Mn small growers will be provided with seeds and fertilisers free of cost, the agriculture ministry said in a statement today. Under the scheme, a farmer will get five kilogrammes (kgs) of high-yield varieties of rice seeds, 10 kgs of di-ammonium phosphate (DAP) and 10 kgs of muriate of potash (MOP) for each bigha or 33 decimals of land.

<https://www.thedailystar.net/business/news/aman-growers-get-tk-332-crore-govt-incentive-3331636>

Gold prices drop by BDT 1,749 a bhor

- The jewellers have cut gold prices by BDT 1,749 a bhor for the domestic market thanks to a drop in the rates of pure gold in the local market. From tomorrow, the price of each bhor or 11.664 grams of 22-carat gold ornaments will be BDT 96,695, down from BDT 98,444 earlier. The Bangladesh Jewellers Association (Bajus) took the decision today to adjust the prices with the international market, it said in a press release.

<https://www.thedailystar.net/business/news/gold-prices-drop-tk-1749-bhor-3331736>

BBS to introduce district-wise GDP

- The Bangladesh Bureau of Statistics (BBS) is set to introduce district-wise gross domestic product (GDP) to analyze economic growth, production structure, structural changes, income distribution, consumption, investment, savings, and per capita income at the district level. According to BBS officials, the Statistics and Informatics Division (SID) has submitted a project proposal at an estimated cost of BDT 379.1 Bn.
- The project is aimed at establishing physical and soft infrastructure, conducting surveys and studies, and compiling district GDP data. Additionally, it seeks to enhance the existing system of quarterly GDP, which is expected to be introduced in the upcoming fiscal year.

<https://www.tbsnews.net/economy/bbs-introduce-district-wise-gdp-639714>

Govt plans zero duty on solar-powered water desalination plant imports

- The government is set to introduce a duty-free import facility for solar-powered water desalination plants in a bid to provide affordable and safe drinking water to coastal communities, according to officials from the finance ministry. This initiative is aimed at addressing the water needs of thousands of coastal residents who lack access to grid electricity, particularly those residing in salinity-prone communities in the southern region of the country. Finance Minister AHM Mustafa Kamal is expected to make an announcement of this plan on 1 June during his budget speech for fiscal 2023-24. Industry insiders have said there is a potential for the installation of solar-powered water desalination systems in Bangladesh.

<https://www.tbsnews.net/economy/budget/govt-plans-zero-duty-solar-powered-water-desalination-plant-imports-639606>

Govt's borrowing from treasury bills up by BDT 650 Bn in FY23

- The government's internal debt burden, as indicated by the revised budget, will increase by BDT 650 Bn in the current fiscal year. The finance ministry had initially aimed to keep the internal debt at BDT 1.66 Tn in the main budget, but it has now been revised to BDT 2.39 Tn mainly due to reduced revenue, decreased currency value, and increased expenses, including interest payments. According to finance ministry officials, the revised budget for the fiscal 2022-23 indicates a 49% increase in the government's estimated borrowing from treasury bills compared to the original target in the budget.

<https://www.tbsnews.net/economy/govts-borrowing-treasury-bills-tk73167cr-fy23-639738>

Car imports see uptick ahead of budget

- Car imports through Chattogram and Mongla ports have surged in the last few months of the current fiscal year. Consumer goods importers criticised the development, saying the rise in imports of cars, a luxury item, is concerning as the country is still struggling to meet the import bills of daily necessities amid a dollar crisis. In May 2,641 cars were imported from Japan in two ships – the highest number of cars imported in a month this fiscal year. Of these cars, 1,009 were imported through the Chattogram port and 1,632 through the Mongla port, according to Customs data. According to the Bangladesh Reconditioned Vehicles Importers and Dealers Association (Barvida), more than 800 cars will be imported in the last fiscal month June.

<https://www.tbsnews.net/economy/car-imports-see-uptick-ahead-budget-639730>

Govt to avoid being guarantor of loans to reduce risk

- The government plans a significant reduction in loan guarantees for state-owned enterprises in a bid to boost the capacity of the institutions and reduce external debt burden. Finance ministry sources have revealed that under the new measures, the government will cease to guarantee loans for government institutions or projects except for those deemed genuinely important in the public interest e.g. the TCB's open market sale of essentials at subsidised rates and import of fertilisers. This strategic move is expected to enhance the efficiency in managing government enterprises, particularly ones that have been running at a loss for long and have become overly reliant on government assistance.

<https://www.tbsnews.net/economy/govt-avoid-being-guarantor-loans-reduce-risk-639162>

Pricier LPG likely as govt mulls cutting duty benefits

- Liquefied Petroleum Gas (LPG) cylinder manufacturers, in the ensuing budget, are likely looking at increased duty on raw material imports and a possible addition of 15% VAT, as part of the government's move to curtail certain industry benefits aiming to boost revenue. The local cylinder manufacturers will also see the existing 5% VAT raised to 7.5% at the production stage, according to finance ministry sources. The move, limiting the benefit to import at reduced rates, which officials say the sector has long been enjoying and by now has become self-sufficient, will in effect bite into people's wallets, feared industry stakeholders.

<https://www.tbsnews.net/economy/budget/pricier-lpg-likely-govt-mulls-cutting-duty-benefits-639242>

Turnover tax on beverage may jump eight times

- The government is planning to impose a high turnover tax on the carbonated beverages industry to squeeze out more revenue from this sector, according to finance ministry officials. The existing turnover tax rate is 0.60% for the carbonated beverages industry, which is likely to be fixed at 5% from the next fiscal year, officials said, adding that the advance income tax paid for raw material imports will be counted as the minimum tax. According to experts and sector leaders, the turnover tax hike may put a burden on small and new companies that are not profitable yet. Besides, new companies may not enter this sector due to such a high turnover tax.

<https://www.tbsnews.net/economy/budget/turnover-tax-beverage-may-jump-eight-times-639318>

BDT 109.64 Bn loans turn sour in 3 months

- Banks in Bangladesh witnessed an accumulation of default loans by BDT 109.64 Bn in the first three months of 2023, highlighting the worsening financial health of the banking sector, official figures showed. Non-performing loans stood at BDT 1316.21 Bn as of March 31, up 9% from three months ago and 16% from a year earlier, data from the Bangladesh Bank showed. The latest NPL figure is the second highest in the banking sector's history and was just behind the BDT 1343.96 Bn reported in the July-September quarter of 2022.

<https://www.thedailystar.net/business/economy/news/tk-10964cr-loans-turn-sour-3-months-3332101>

No currency swap, partial trade with India now in rupee only

- Bangladesh and India will settle a portion of bilateral trade transactions in rupee, not through the taka-rupee swap that has been under extensive discussions over the past few months. The Bangladesh Bank has permitted Sonali Bank and Eastern Bank Limited (EBL) to open nostro accounts in rupee with the State Bank of India and ICICI Bank. Only the income earned in rupee from exports can be deposited into these accounts. And the money deposited in these accounts can only be used to meet the cost of goods and services imported from India.
- Officials from the two banks concerned hope the banks of the two countries will be able to finish preparations for such transactions by next June. After that, the official announcement will be made regarding the opening of LCs under the initiative. Banks other than Sonali Bank and EBL will be able to conduct transactions with India through these two banks in this manner.

<https://www.tbsnews.net/economy/no-currency-swap-partial-trade-india-now-rupee-only-637702>

Bangladesh getting USD 1.02 Bn soon for deficit financing

- A latest dollop of USD 1.02 Bn in budget-support credits is expected from three foreign lenders next month for Bangladesh government's deficit financing, with two immediate spinoffs. Officials hope the external borrowings in dollar would help in lessening ballooning local-borrowing trend and easing a bit strains on Bangladesh's foreign-exchange reserves amid a global crunch. The Ministry of Finance (MoF) Thursday sat with Economic Relations Division and officials concerned with the task of streamlining the proposed budgetary support within the terminal month of the outgoing fiscal year, they said.

<https://thefinancialexpress.com.bd/economy/bangladesh/bangladesh-getting-102b-soon-for-deficit-financing>

Incentives and facilitation key to boosting remittances: Experts

- Migrants would be more inclined to send remittances through formal channels if they are provided with adequate facilitation and additional incentives, experts and stakeholders said at a seminar on Thursday. During the event titled "Remittance Inflow in Bangladesh: Opportunities, Challenges, and Potential Solutions," Tasneem Siddiqui, the founding chair of the Refugee and Migratory Movement Research Unit (RMMRU), highlighted the challenges faced by migrants and their families.

<https://www.tbsnews.net/economy/incentives-and-facilitation-key-boosting-remittances-experts-638262>

More duty planned on cashew nuts to protect local industry

- The government has planned to raise the import duty on processed cashew nuts with the aim of supporting the thriving local industry, which is poised to meet the increasing demands of the domestic market and expand its exports. According to finance ministry sources, the government may increase import duty on processed cashew nuts from 15.25% to 43% in the budget of 2024 FY.

<https://www.tbsnews.net/economy/budget/more-duty-planned-cashew-nuts-protect-local-industry-638878>

MCCI applauds Export Promotion Bureau for extending validity of Registration Certificate

- The Metropolitan Chamber of Commerce and Industry (MCCI) has applauded the Export Promotion Bureau (EPB) for its recent decision to extend the validity of the registration certificate, also known as the enrollment certificate, to five years. "This progressive move by EPB demonstrates their commitment to fostering a thriving export environment in Bangladesh," MCCI said in a press release.

<https://www.tbsnews.net/economy/industry/mcci-applauds-export-promotion-bureau-extending-validity-registration-certificate>

Preferential tax facility sought for SMEs

- The SME Foundation has sought separate tax, duty and tariff structures for small and medium enterprises (SMEs) in the upcoming budget for the development of small industries in the country. To this end, the state-run non-profit organisation has sent a 56-point recommendation to the National Board of Revenue (NBR), including the proposal to provide preferential tax regimes or clusters for SMEs.
- "The development of this sector will accelerate the attainment of Sustainable Development Goals by 2030 and the creation of a developed Bangladesh by 2041," Mafizur Rahman further said. The proposal includes a total of 56 recommendations, including 22 on income tax, 15 on VAT and 19 on customs.

<https://www.tbsnews.net/economy/preferential-tax-facility-sought-smes-638650>

As shipping cos build warehouses in Ctg ICDs, exports to get faster, safer

- Big shipping companies, freight forwarders and logistics entrepreneurs are teaming up with private inland container depots (ICDs) in Chattogram to develop warehouse facilities for faster and safer handling of export goods. According to sector insiders, having warehouse facilities in depots will reduce the time for quality control of goods, as well as prevent theft or other probable damages.
- Maersk, one of the world's largest shipping companies, has already constructed two warehouses on three lakh square feet of space at Chattogram's Ispahani Summit Alliance Terminal Limited (ISATL) and Vertex Off-Dock Logistic Services Ltd.

<https://www.tbsnews.net/economy/shipping-cos-build-warehouses-ctg-icds-exports-get-faster-safer-638822>

Mobile subscribers grow in April

- The number of subscribers was up by about 0.35 Mn in April from that a month earlier, taking the total to 184.2 Mn. The top two private mobile network operators -- Grameenphone and Robi -- collectively added about 0.45 Mn new customers while third-placed Banglalink and state-owned Teletalk lost about 0.13 Mn customers jointly. This is the fourth consecutive month mobile subscriber numbers in Bangladesh have grown.

<https://www.thedailystar.net/business/economy/news/mobile-subscribers-grow-april-3329681>

Tableware, kitchenware to be costlier; sweets to enjoy lower VAT

- Plastic and aluminium-made table and cookware, among others, are likely to be costlier for an increase in taxes in the next fiscal year while sweet-makers can enjoy lower value-added tax (VAT), according to finance ministry officials involved in formulating the upcoming budget.
- The officials, wishing to remain unnamed, told The Business Standard that the government is going to hike VAT on polypropylene staple fibre, plastic tableware and kitchenware, aluminium kitchenware, tissue papers and ballpoint pens as these industries enjoyed tax facilities and gained strength over the past few years.

<https://www.tbsnews.net/economy/tableware-kitchenware-be-costlier-sweets-enjoy-lower-vat-638106>

Indirect taxes burden low-income people, widen income disparity: Study

- The government's excessive reliance on indirect taxes is disproportionately burdening low-income individuals, a study conducted by the WAVE Foundation has found. The study, titled "Progressive Taxation in Bangladesh: Why and How?" – carried out as part of the "Promoting Citizens Participation for Progressive Taxation Project," implemented by the WAVE Foundation in collaboration with Christian Aid – highlights the fact that indirect taxes, particularly value-added tax (VAT), take away a larger portion of income from the poor compared to the better-off sections of society.
- For instance, a person earning BDT 200 per day is subjected to the same 15% VAT rate as someone earning BDT 2,000-3,000 per day when purchasing the same products. This regressive taxation system exacerbates income inequality in society, the report says.

<https://www.tbsnews.net/nbr/indirect-taxes-burden-low-income-people-widen-income-disparity-study-638230>

Reserves plummet below USD 30 Bn

- The reserves of the Bangladesh Bank have once again fallen below the USD 30 Bn mark, just weeks after reaching it with the World Bank's USD 507 Mn budget support. As of Thursday, reserves stood at USD 29.93 Bn, as the central bank sold USD 59 Mn to banks to cover government imports payments. This decline follows a previous drop below USD 30 Bn on 9 May, when a payment of USD 1.18 Bn through the Asian Clearing Union (ACU) for the March-April import bill contributed to the decrease.

<https://www.tbsnews.net/economy/banking/reserves-plummet-below-30-billion-638250>

Surcharge on the rich to be eased

- The government plans to raise the surcharge-free limit of wealth from BDT 30 Mn to BDT 40 Mn from the next fiscal year, according to sources at the finance ministry. Seeking anonymity, they said the move has been taken considering inflation but the tax rates will remain same as the outgoing fiscal year. Economists and experts said the government should revise the surcharge calculation method in a way so that wealthy people have to pay more tax in the current economic situation, but the proposed measure will reduce it.

<https://www.tbsnews.net/economy/surcharge-rich-be-eased-638298>

Locally made mobile phones to be costlier

- Locally made mobile handsets are likely to get costlier in the next fiscal year as the government decided to impose value-added tax (VAT) on mobile phones, manufactured and assembled, and increase import duty for raw materials, commerce ministry officials said. At the same time the government may also ease some clauses to import raw materials and micro-parts under the current tax break facility, they added.

<https://www.tbsnews.net/economy/locally-made-mobile-phones-be-costlier-638318>

Economic zone investors may face tax benefit cuts

- Investors say such initiatives may discourage local and foreign investments. Investors in economic zones may lose duty and tax benefits to some extent as the government plans to remove the "disparity" with their counterparts investing elsewhere in the country. Currently, industries in the economic zones enjoy duty-free import of capital machinery but may face a 1% duty similar to other industries in the next fiscal year, according to finance ministry officials involved in the budget formation process.

<https://www.tbsnews.net/economy/budget/economic-zone-investors-may-face-tax-benefit-cuts-638498>

Govt to double gain tax on land, flat registration

- The government plans a two-fold hike in the rates of gain tax on land and flat registration, and penalties for late submission of income tax returns in the upcoming fiscal 2023-24. Under the new measures, the gain tax on land and flat registration will be raised to 8% from 4% in the Rajdhani Unnayan Kartripakkha (Rajuk) and Chattogram Development Authority (CDA) areas, according to officials of the finance ministry. In other areas, the rate will be increased to 6% from 3%, they added.

<https://www.tbsnews.net/economy/budget/govt-double-gain-tax-land-flat-registration-638738>

Reduce fuel oil price by BDT 5-10 a litre: CPD

- The Center for Policy Dialogue (CPD) has urged the government to reduce fuel oil prices by BDT 5-10 per litre. Towhidul Islam Khan, senior research fellow at CPD, stated at a programme, titled "Economy of Bangladesh 2022-23: Third Interim Review", on Saturday that a reduction in fuel oil prices would lead to a decrease in power prices and the required budgetary subsidies. He also highlighted the point that a monopoly market lacks efficiency and emphasised the need for the Bangladesh Petroleum Corporation (BPC) to supply fuel oil at competitive prices.

<https://www.tbsnews.net/economy/bangladesh-economy-crossroads-requires-stability-cpd-638942>

Banking industry to brace for tough competition due to emergence of digital services

- The country's banking industry is expected to brace for tough competition from within in the near future due to the fast emergence of digital banking services. The digital banking services would emerge mostly from the existing mobile financial services (MFSs), challenging the services offered by agent banking or sub-branch banking and microcredit offered by bank-led micro-finance institutes (MFIs). The existing MFIs will have to change their business models which are unlikely to survive and remain competitive due to high interest rates, said economist Dr Ahsan H Mansur, speaking on the future banking industry landscape at a training session in the city on Thursday.

<https://thefinancialexpress.com.bd/economy/bangladesh/banking-industry-to-brace-for-tough-competition-due-to-emergence-of-digital-services>

Novel insurance accelerator up for AI-era economy

- Bangladesh's insurance penetration and financial inclusion through tech-era innovations are poised for a quantum leap with a novel acceleratory body matching with the new economy, sources said. The Insurance Regulatory Sandbox, first of its kind in the country's financial history, is tasked to introduce new concepts and products apace with fast-changing economic operations amidst the fourth industrial revolution. The Insurance Development and Regulatory Authority (IDRA) which now governs 81 insurers has made the move to introduce the regulatory sandbox pivoted by artificial intelligence or AI.

<https://thefinancialexpress.com.bd/economy/bangladesh/novel-insurance-accelerator-up-for-ai-era-economy>

Chattogram customs miss revenue target amid declining imports

- The Chattogram Customs House fell short of its revenue collection target during the first ten months of FY23, according to sources, as a decline in imports has been cited as one of the key reasons. The Chattogram customs had set a target of BDT 626.47 Bn for revenue collection during the first ten months of FY23, while the year-around target for the current fiscal stands at BDT 742.06 Bn. However, the customs house only managed to collect around BDT 488.15 Bn in the first ten months of FY2022-23.

<https://thefinancialexpress.com.bd/economy/bangladesh/chattogram-customs-miss-revenue-target-amid-declining-imports>

Important News: Capital Market

RUPALIBANK | Rupali Bank's profit jumps 81% in Jan-Mar

- State-owned Rupali Bank's profit jumped by 81% over the January-March quarter of this year compared to last year at the same time, according to the Dhaka Stock Exchange filing. During the first quarter of 2023, its consolidated earnings per share was BDT 0.38, which was BDT 0.21 a year ago during the same period. However, its consolidated net operating cash flow per share was BDT 3.74 negative. The bank explained that earnings per share has increased due to a surge in the total operating income and net operating cash flow per share has decreased due to an increase in loans and advances.

<https://www.tbsnews.net/economy/stocks/rupali-banks-profit-jumps-81-jan-mar-641154>

DHAKAINS | Dhaka Insurance declares 20% cash dividend

- Dhaka Insurance has recently recommended a 20% cash dividend to its shareholders for 2022, according to the Dhaka Stock Exchange (DSE). In 2021, it paid a 25% cash dividend to its shareholders. To secure shareholders' approval of the declared dividend, the company has scheduled its annual general meeting (AGM) on 31 July. The record date has been fixed on 22 June.

<https://www.tbsnews.net/economy/stocks/dhaka-insurance-declares-20-cash-dividend-641166>

BERGERPBL | Berger Paints declares 400% cash dividend

- Berger Paints Bangladesh, the country's leading coating producer, has recommended a 400% cash dividend for the financial year that ended on 31 March 2023. The company had paid a 400% cash dividend in the previous financial year as well. During the year, Berger's consolidated profit increased by 4% year-on-year and stood at BDT 3.01 Bn at the end of March 2023. Its consolidated earnings per share stood at BDT 64.91, which was BDT 62.68 a year ago, and consolidated net asset value per share stood at BDT 279.78 at the end of March 2023.

<https://www.tbsnews.net/economy/stocks/berger-paints-declares-400-cash-dividend-641738>

EXCHANGE | Agro Organica to raise BDT 50 Mn from stock market

- Agro Organica PLC has given go-ahead to raise BDT 50 Mn from the stock market investors through listing with the SME board. The DSE-SME, the small-cap board, was launched on April 30 in 2019, in order to allow small and medium enterprises (SMEs) with a paid-up capital between BDT 50 Mn to BDT 300 Mn to raise funds from the stock market. The agricultural company would issue 5 Mn shares worth BDT 10 each for the eligible investors.

<https://www.thedailystar.net/business/economy/news/agro-organica-raise-tk-5cr-stock-market-3334661>

BDWELDING | Bangladesh Welding ownership transfer getting stuck again over tax difficulties

- The ownership transfer of Bangladesh Welding Electrodes, which has been out of production for years, is once again going to be stuck due to mounting tax liabilities. As a result, the prospects of revival for the listed firm, where general shareholders hold a 65.39% stake, are fading away, as the interested party, Mymensingh City Corporation Mayor Ekramul Haque, along with two of his family members, is considering a possible retreat from the deal.

<https://www.tbsnews.net/economy/stocks/bangladesh-welding-ownership-transfer-getting-stuck-again-over-tax-difficulties>

EXCHANGE | Investasia's BDT 500 Mn mutual fund gets nod

- The Bangladesh Securities and Exchange Commission today approved an open-ended mutual fund of Investasia Capital and Asset Management. Primary target of the fund titled 'Investasia Balance Unit Fund' is BDT 500 Mn. Of that, BDT 50 Mn was provided by its fund manager Investasia Capital and Asset Management and the rest of the fund is open for the general investors. Each unit price of the fund is BDT 10. The trustee and custodian of the fund is Sentinel Trustee and Custodial Services Limited.

<https://www.thedailystar.net/business/news/investasias-tk-50-crore-mutual-fund-gets-nod-3334291>

BGIC | Bangladesh General Insurance declares 12% cash dividend for shareholders

- In a recent announcement, Bangladesh General Insurance Company (BGIC) has declared a 12% cash dividend for its shareholders, marking a significant financial milestone for the 2021-22 period. With earnings per share (EPS) of BDT 1.53 and a net asset value per share of BDT 19.17, the company has demonstrated its robust performance and commitment to generating value for its investors. To discuss the company's achievements and future prospects, the annual general meeting (AGM) has been scheduled for 3 August.

<https://www.tbsnews.net/economy/stocks/bangladesh-general-insurance-declares-12-cash-dividend-shareholders-640498>

ONEBANKLTD | One Bank to issue bond worth BDT 5 Bn

- One Bank Limited, a private sector lender, has decided to issue a subordinated bond worth BDT 5 Bn through private placement. According to a disclosure published on Sunday, the bank will issue the bond as a process of inclusion in Tier-II capital. The bond's tenure is 7 years, which is subject to the approval of the regulatory authorities and compliance of all formalities in this respect.

<https://www.tbsnews.net/economy/stocks/keya-cosmetics-under-bsec-scanner-once-again-636374>

PURABIGEN | Purabi General Insurance announces 10% dividend for 2022 despite share price drop

- Purabi General Insurance Company has declared a 10% dividend (7% cash and 3% stock) for its shareholders, marking the end of 2022. The company reported earnings per share (EPS) of BDT 1.44 and a net asset value per share of BDT 13.69 for this period. To discuss these financial results and other matters, Purabi General Insurance has scheduled its annual general meeting (AGM) on 3 September 2023. Shareholders are advised to take note of the record date, which has been set for 10 July 2023.

<https://www.tbsnews.net/economy/stocks/purabi-general-insurance-announces-10-dividend-2022-despite-share-price-drop-640630>

SALVOCHEM | Salvo Chemical's profit drops 63% in Jan- Mar

- Salvo Chemical, which produces sulfuric acid, sulfate, battery-grade water, and glucose, posted a 63% year-on-year profit decline in the third quarter (January to March) of the current fiscal year due to the increasing cost of production. From January to March quarter, its earnings per share was BDT 0.42, which was BDT 1.14 in the same period of the previous year. From July to March period FY22, its EPS was BDT 1.42, which was BDT 2.49 a year ago.

<https://www.tbsnews.net/economy/stocks/salvo-chemicals-profit-drops-63-jan-mar-640510>

DGIC | Desh General Insurance faces 28% drop in first quarter profit

- Desh General Insurance Company Limited (DGIC) has revealed a significant decline in profits for the first quarter of 2023, marking a 28% year-on-year decrease. This news sent shockwaves through the market, leading to an 8.53% drop in the company's share price on the Dhaka Stock Exchange (DSE) on Tuesday (30 May). The decline in profit was attributed to various factors, including poor declaration and overall financial performance. Furthermore, Desh General Insurance announced a 5% cash dividend for its shareholders, reflecting the company's financial standing for the previous year, 2022.

<https://www.tbsnews.net/economy/stocks/desh-general-insurance-faces-28-drop-first-quarter-profit-640562>

EMERALDOIL | Emerald Oil gets High Court approval to conduct AGM

- Emerald Oil has got the High Court approval to conduct the pending annual general meeting (AGM) for the last six years from the fiscal year 2016-17 to 2021-22. The rice-bran oil producer also called the board meeting on 1 June to fix the AGM date. It will announce the annual financial statement for the last three fiscal years from 2019-20 to 2021-22. Earlier, on 26 February this year, it published the financial reports for FY2017, FY2018, and FY2019, in which the company announced that no dividends will be given to the investors for those three accounting years.

<https://www.tbsnews.net/economy/stocks/emerald-oil-gets-high-court-approval-conduct-agm-639942>

HRTEX | BSEC rejects HR Textile's right shares issuance

- The Bangladesh Securities and Exchange Commission (BSEC) has rejected the right shares issuance of HR Textile Limited because the company failed to submit the required documents within the stipulated time. The commission has issued letters to the related parties in this regard. BSEC Executive Director Mohammad Rezaul Karim said the commission sent HR Textile a deficiency letter regarding some non-compliances of the company. But it failed to submit the answers within the deadline.

<https://www.tbsnews.net/economy/stocks/bsec-rejects-hr-textiles-right-shares-issuance-640058>

ASIATICLAB | FRC finds Asiatic Laboratories overstated asset value

- The Financial Reporting Council (FRC) has found that Asiatic Laboratories overstated the value of its properties, a move that market insiders say the drugmaker made in an attempt to obtain better prices for its shares. Officials at the council said it has recently submitted its findings to the Bangladesh Securities and Exchange Commission (BSEC) on the prospectus and audited financial statements of the pharmaceuticals company. The FRC carried out the review after the market regulator halted the public subscription for its initial public offering (IPO) in January this year.

<https://www.tbsnews.net/economy/stocks/frc-finds-asiatic-laboratories-overstated-asset-value-640370>

EXCHANGE | Beximco Sukuk calls trustee meeting to fix half-yearly payment

- Beximco Green Sukuk Al Istisna'a called a trustee meeting on 1 June to fix the payment for the first half of this year. The Investment Corporation of Bangladesh (ICB) is the trustee of the Sukuk. It paid a 5.80% profit against the face value of BDT 100 each in the second half of 2022 (July-December). In the first half of 2022, it paid the same profit to the unit holders. As a result, the Sukuk unitholders received a profit of 11.6% in the last year.

<https://www.tbsnews.net/economy/stocks/beximco-sukuk-calls-trustee-meeting-fix-half-yearly-payment-639958>

AFCAGRO | AFC Agro's profit declines by 56% in Jul-Mar

- AFC Agro Biotech, an agro-based bio-pharmaceuticals and bio-chemicals products producer, has reported a 56% fall in profit in the first nine months of the current fiscal year. Its net profit after tax declined to BDT 19.6 Mn in the July to March quarter of 2022-23 fiscal, which was BDT 44.5 Mn during the same time of the previous fiscal year. The earnings per share (EPS) stood at BDT 0.17, lower than BDT 0.39 during the same time of the previous fiscal year.

<https://www.tbsnews.net/economy/stocks/afc-agros-profit-declines-56-jul-mar-639394>

ACTIVEFINE | Active Fine Chemicals's profit drops 50% in Q3

- Active Fine Chemicals Limited reported a 50% year-on-year decline in profit to BDT 4.799 Mn in the third quarter of the current financial year. The company's profit stood at BDT 9.597 Mn in the January-March quarter of 2021-22. Thus, the earnings per share slipped to BDT 0.02 in January-March of 2022-23 against BDT 0.04 in the third quarter of the previous financial year, according to the unaudited financial statements.

<https://www.thedailystar.net/business/economy/news/active-fine-chemicalss-profit-drops-50-q3-3331966>

AMPL | Al-Madina Pharma's market debut Monday

- Al-Madina Pharmaceuticals will commence the trading of its shares on the SME Platform of the Dhaka Stock Exchange (DSE) on Monday. On 1 February this year, the Bangladesh Securities and Exchange Commission approved the drugmaker's plan to raise BDT 50 Mn from the market through a qualified investor offer (QIO). The company has issued 5 Mn shares at a face value of BDT 10 each, and used the fund to expand its business and repay loans.

<https://www.tbsnews.net/economy/stocks/al-madina-pharmas-market-debut-monday-639658>

RINGSHINE | Wise Star Textile goes ahead with Ring Shine takeover

- Wise Star Textile Mills Ltd – a private firm run by listed Queen South Textile's managing director, will proceed with the takeover of the struggling Ring Shine Textiles after the approval of its general investors. The board of directors has decided to hold an extraordinary general meeting (EGM) to consider the proposed takeover of sponsor directors' shares of the company by Wise Star Textile Mills Ltd and its nominees. The EGM will be held on 20 June this year virtually, said the company in the disclosure through the stock exchanges.

<https://www.tbsnews.net/economy/stocks/wise-star-textile-goes-ahead-ring-shine-takeover-639674>

TITASGAS | Titas to issue BDT 2580 Mn preference shares to govt at flexible conditions

- Titas Gas Transmission Company Limited has been instructed to issue preference shares to the government against its total BDT 2579.8 Mn share money deposit with the state-owned gas distributor for the Dhaka and Mymensingh region. At a meeting on 16 April, a committee formed with officials from the finance ministry, Titas, and the Financial Reporting Council (FRC) made the decision to issue irredeemable non-cumulative preference shares in favour of the government and the prescribed way seems to be flexible enough to offer the struggling company a breathing space.

<https://www.tbsnews.net/economy/stocks/titas-issue-tk258cr-preference-shares-govt-flexible-conditions-638238>

EXIMBANK | Exim Bank to issue BDT 600 Mn bond

- Exim Bank, officially known as Export Import Bank of Bangladesh Limited, wants to raise BDT 6000 Mn by issuing a fifth mudaraba subordinated bond. The proceeds will be regarded as Tier II capital of the issuer, which will help the private sector lender fulfil its Basel-III requirement. The issuance will require approval of the Bangladesh Securities and Exchange Commission and the Bangladesh Bank, according to a stock exchange filing on Thursday. The bank wants to issue the bond for seven years.

<https://www.tbsnews.net/economy/stocks/exim-bank-issue-tk600cr-bond-638278>

BSC | Shipping Corp's profit grows 23% in Jan-Mar

- The Bangladesh Shipping Corporation (BSC), a state-owned oceangoing vessel management authority, has reported a 23% year-on-year growth in profit to BDT 620 Mn in the January-March quarter of 2023 as its income from lighterage ships significantly jumped. According to unaudited financial statements, its net revenue grew by 14% to BDT 1230 Mn compared to the same period last year.
- The lighterage ship segment of the corporation has contributed BDT 304.4 Mn, experiencing an increase from BDT 140 Mn. However, the revenue from its charter ships has declined by 8% to BDT 640 Mn due to one ship getting damaged amidst the Russia-Ukraine war.

<https://www.tbsnews.net/economy/stocks/shipping-corps-profit-grows-23-jan-mar-638286>

PROVATIINS | Provati Insurance's profit drops 39% despite higher revenue

- Despite a higher revenue income, Provati Insurance Company Limited – a non-life insurance company – posted a 39% decline in its year-on-year net profit for the January to March quarter of 2023 due to the stock market slowdown. From the first quarter, the total revenue income of the company increased by 32% to BDT 331.9 Mn from BDT 251.0 Mn compared to the same in 2022. Its profit before investments and other income stood at BDT 28.1 Mn, which was BDT 18.4 Mn one year ago.

<https://www.tbsnews.net/economy/stocks/provati-insurances-profit-drops-39-despite-higher-revenue-639106>

PREMIERCEM | Premier Cement to get BDT 3500 Mn loan from Idcol

- Premier Cement PLC will get a BDT 3500 Mn long-term loan for expanding production at two new units. Infrastructure Development Company Limited (Idcol) is providing the loan. An agreement was signed between Idcol and Premier Cement to this end at Pan Pacific Sonargaon Dhaka yesterday. "We have already started production at the two units in Narayanganj and Chattogram involving BDT 1,3000 Mn," said Mohammed Amirul Haque, managing director of Premier Cement.

<https://www.thedailystar.net/business/economy/news/premier-cement-get-tk-350cr-loan-idcol-3331296>

CROWNCEMNT | Crown Cement in BDT 7640 Mn expansion

- Crown Cement PLC is going to increase its annual production capacity by 40% this year by establishing its sixth manufacturing facility, which will turn it into the country's fourth largest cement manufacturer. The company will go for the expansion investing around BDT 7640 Mn which is being availed from local and foreign banks. A "significant" portion is being secured from an overseas lender while BDT 250 Mn from a syndicated loan facility. Eastern Bank Limited (EBL) arranged the syndicated loan facility and a deal was signed in this regard at Sheraton Dhaka on May 25, according to a press release.

<https://www.thedailystar.net/business/economy/news/crown-cement-tk-764cr-expansion-3331291>

Exchange | Lankan Alliance Finance asked to resubmit IPO application

- The securities regulator has asked Lankan Alliance Finance Limited to resubmit its application for the initial public offering (IPO) as it has increased the number of shares through issuing stock dividends after the recent application to go public. The new generation non-bank financial institution (NBFI) applied for raising BDT 300 Mn from the public through an IPO under the fixed price method in April this year to comply with the regulatory requirement of the central bank. The Bangladesh Securities and Exchange Commission (BSEC) asked for resubmission with updated accounts, said BSEC Executive Director Rezaul Karim.

<https://www.tbsnews.net/economy/stocks/lankan-alliance-finance-asked-resubmit-ipo-application-639150>

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