

Economy

9 foreign cos willing to invest BDT 62.5 Bn in farm mechanization

Nine foreign companies have expressed interest in investing around BDT 62.5 Bn in manufacturing farm machinery in Bangladesh, a move experts say will contribute to agricultural modernization and economic growth. These companies have already submitted proposals to the Bangladesh Investment Development Authority (Bida) and applied to the Office of the Registrar of Joint Stock Companies and Firms (RJSC) for permission to start operations in the country.

According to RJSC sources, four Chinese companies are willing to invest BDT 7 Bn, BDT 12 Bn, BDT 10 Bn, and BDT 6 Bn, respectively. Two Japanese companies intend to invest BDT 8 Bn and BDT 3.5 Bn, while two Korean companies BDT 5.5 Bn and BDT 6.5 Bn each. Additionally, a Taiwanese company is looking to invest BDT 4 Bn.

<https://www.tbsnews.net/economy/9-foreign-cos-willing-invest-tk6250cr-farm-mechanisation-647706>

Govt borrows BDT 130 Bn from banks in May, highest in a month

The government borrowed BDT 130.15 Bn from banks in May alone, which is significantly higher compared to just BDT 76.63 Bn borrowed in the previous 10 months combined. In the same month, the government repaid BDT 27.83 Bn to the Bangladesh Bank, according to data from the central bank. At the end of May, its borrowing from the central bank stood at BDT 716.10 Bn, compared to BDT 21.46 Bn at the same time last fiscal year.

Bankers said inflation is rising due to soaring import costs, and the situation is exacerbated by the government's borrowing from the banking system to meet its budget deficit. The government's revenue collection target for the fiscal 2022-23 was BDT 3.70 Tn. However, in the first 10 months, the revenue collection stood at BDT 2.50 Tn, which is only 67% of the target.

<https://www.tbsnews.net/node/648002>

BB may continue contractionary monetary policy to curb inflation

Bangladesh Bank would continue with its existing contractionary monetary policy stance (MPS) for an extended period to contain inflation that has already surpassed the annual target, hitting hard the lower- and middle-income brackets of people. Its latest Monetary Policy Review 2022-23 dropped the hint, observing that the stubbornly-high inflation in the economy raises concerns about 'unanchored inflation expectations'.

According to the review, the BB needs to proactively exercise caution and vigilance to anchor inflation expectations and limit the second-round effects of inflation. The sharp depreciation of the exchange rate and high production and transportation costs kept domestic inflation elevated amid improvements in the supply situation and declining global commodity prices, it noted. The economy's future trajectory will depend on improving the country's balance of payments position while the current account deficit has significantly reduced, sustained improvement in the current account balance will require increased exports and remittance inflows.

<https://thefinancialexpress.com.bd/economy/bangladesh/bb-may-continue-contractionary-monetary-policy-to-curb-inflation>

Proposed Income Tax Bill-2023

Tax rebate scope for investment in mutual funds narrows

The draft Income Tax Bill 2023 has delivered bad news for big investors of mutual funds though it has retained all benefits for stock investors, including the capital gains tax. The new law proposed that investments up to BDT 0.5 Mn in any government securities, units of mutual funds, and exchange-traded funds will get a tax rebate. As a result, investors will be discouraged to park funds in mutual funds since they will not be eligible for the rebate if the investment crosses BDT 0.5 Mn, said a top official of an asset management company. The proposed law says the statutory regulatory orders that don't contradict the bill will remain in effect. This means the capital gains tax, which was waived by an SRO in 2015, will remain in force.

<https://www.thedailystar.net/business/economy/news/tax-rebate-scope-investment-mutual-funds-narrows-3343741>

Investment of undisclosed funds in land, real estate to be allowed sans quizzing

The Income Tax Bill-2023, which was placed in the parliament on June 8, has provided for legalising undisclosed income by investing in land as well as residential and commercial building structures. The investors will have to pay taxes at specific rates to formalise their money, however, without facing any question by the taxmen on the source. The opportunity is applicable only for the undisclosed money earned through legal means.

Currently, the amnesty to such income and its investment is applicable for only residential house properties at the area-based tax rates fixed by the taxmen. However, the taxmen would levy 100% tax in case of detection of any previous proceedings relating to tax evasion. The existing provision on voluntary disclosure of such income by paying 10% tax in addition to normal tax rate was also kept unchanged in the new law.

<https://thefinancialexpress.com.bd/economy/bangladesh/investment-of-undisclosed-funds-in-land-real-estate-to-be-allowed-sansquizzing>

Bank, NBFI, and Insurance

Depositors to get double compensation

A Bank Deposit Insurance Bill (Amendment) 2023 was placed in parliament yesterday aiming to double the amount of compensation for depositors. Finance Minister AHM Mustafa Kamal placed the bill, which was sent to the parliamentary standing committee on the finance ministry for further scrutiny. In Bangladesh, deposit insurance was introduced in August 1984 while the amount of insurance coverage was BDT 60,000, which was later increased to BDT 1,00,000. The amended law proposed to increase this compensation to BDT 2,00,000.

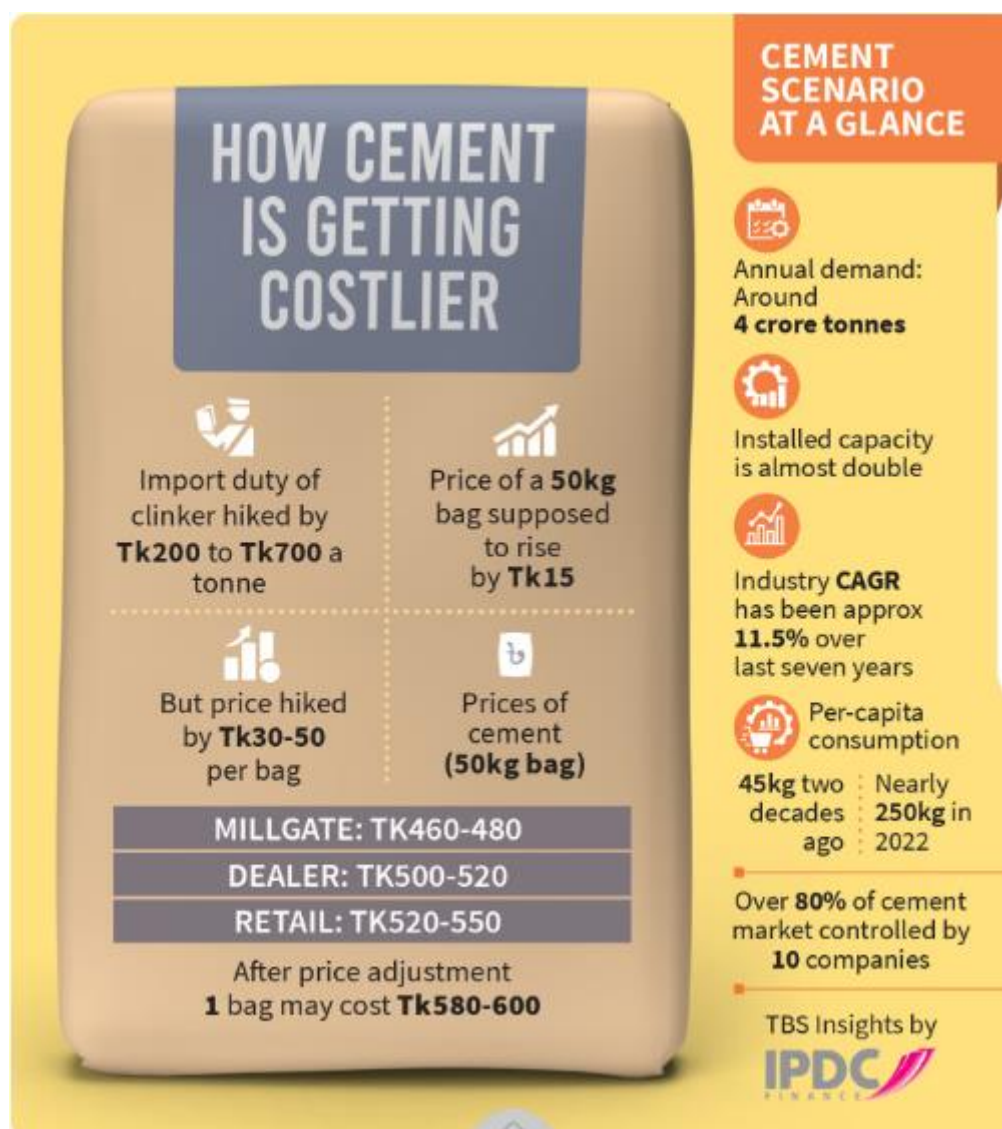
<https://www.thedailystar.net/business/economy/news/depositors-get-double-compensation-3343736>

Cement

Duty hike to make cement costlier, burden building costs

The duty structure proposed in the new budget is supposed to add BDT 15 to the cost of production of cement per bag, but manufacturers mull a BDT 30- BDT 50 hike per bag at retail level, which will further increase the construction cost at all levels. In the proposed budget for the fiscal 2023-24, import duty on clinker, the primary raw material for cement, has been raised to BDT 700 per tonne from the earlier BDT 500. Besides, the new budget proposes increasing the specific rate of duty from BDT 750 to BDT 950 for commercial importers.

Once the cement made from the new clinker supply comes to the market, the cost of production would go up and cement prices may shoot up to as high as BDT 580 per bag at the retail level from BDT 550 now depending on various brands, factory owners and dealers have hinted. This situation will make the lives of contractors miserable as they have been awarded projects prior to the increase in cement prices, as reported by contractors.



<https://www.tbsnews.net/economy/duty-hike-make-cement-costlier-burden-building-costs-648018>

Textile

Cotton consumption to rebound

Cotton consumption in Bangladesh will grow in the marketing year of 2023-24 on the back of a rebound in work orders from international clothing retailers and brands, according to the United States Department of Agriculture (USDA). Local mills may use 8.1 Mn bales of cotton in the next marketing year, starting in August, up 1.25% from 8 Mn bales projected by the US agency last month. The predicted increase is 11% higher than Bangladesh's domestic use of 7.3% bales in the 2022-23 marketing year, said the agency in its report styled "Cotton: World Markets and Trade".

The report was published on June 9. According to the USDA, global consumption increased by 800,000 bales to 117 Mn bales in June compared to the same month a year before. Each bale weighs about 480 pounds. This growth was led by stronger consumption prospects in Bangladesh, Vietnam, Indonesia, Turkey, and Pakistan. However, consumption is projected to decrease by 500,000 bales to 109.1 Mn bales in June due to lower usage in Bangladesh, Indonesia and the US.

<https://www.thedailystar.net/business/economy/news/cotton-consumption-rebound-3342961>

Responsible Business Hub begins journey to strengthen human rights in RMG

The Responsible Business Hub has started its journey with an aim to strengthen human rights and environmental due diligence in the readymade garments industry of Bangladesh. The hub, set up by BGMEA and BKMEA with the support of the German development agency GIZ, will serve as an information centre, raising awareness and providing guidance to manufacturers on the standards and requirements of human rights and environmental due diligence. At the launching event on Sunday, apparel manufacturers and labour leaders urged buyers to practice ethical buying practices in their supply chain.

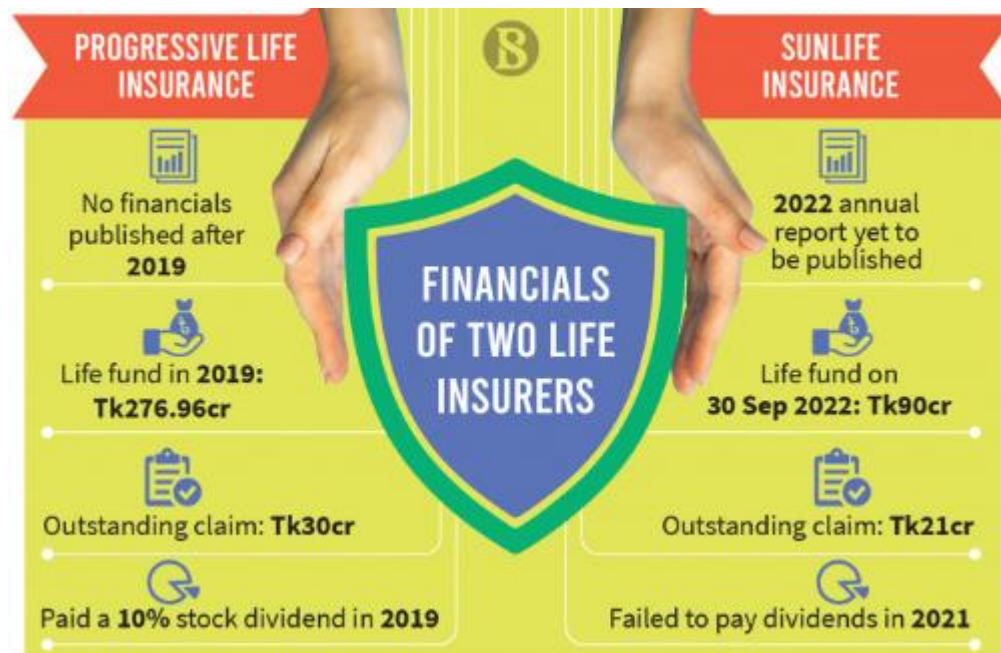
<https://www.tbsnews.net/economy/rmg/responsible-business-hub-begins-journey-strengthen-human-rights-rmg-647986>

Stock-Specific News

Regulator appoints observers at two life insurers

The insurance regulator has appointed observers at two life insurers to protect the interests of policyholders and ensure good governance in the companies. Progressive Life Insurance and Sunlife Insurance lost 3.93% and 2.96%, respectively, in the value of their shares at the Dhaka Stock Exchange (DSE) following disclosures the companies made on Sunday. However, the insurers earlier witnessed more than 71% and 10% jumps respectively in their share prices over a few days.

<https://www.tbsnews.net/economy/stocks/regulator-appoints-observers-two-life-insurers-647982>



Navana Pharma to issue BDT 1.5 Bn bond for loan repayment

Navana Pharmaceuticals is going to issue a BDT 1.5 Bn bond, for a maturity period of five years, to repay its existing bank loans. Following a board meeting on Sunday, the drug maker in a price sensitive information disclosure on the Dhaka Stock Exchange (DSE) website, said the proposed bond would be partially convertible. The bond will be privately placed among investors and they would receive interests twice a year. As of 31 March, Navana Pharmaceuticals has a bank liability of BDT 3.3 Bn.

<https://www.tbsnews.net/economy/stocks/navana-pharma-issue-tk150cr-bond-loan-repayment-647978>

Lub-rref struggling to pay declared cash dividend

Lub-rref (Bangladesh) Ltd, a lubricant producer under the BNO brand, is struggling to pay the recommended 10% cash dividend for the fiscal year 2021-22 due to a shortage of liquidity. So far, the company has managed to pay the dividend to 50% of the eligible shareholders. The crisis has arisen due to injecting excess funds for raw materials import for the company's operations. From January to March quarter 2023, the net profit of the company stood at BDT 67.4 Mn, which was BDT 57.6 Mn in the same period of the previous year. Its revenue came down 8% to BDT 337.5 Mn from BDT 365.6 Mn compared to one year ago. Lub-rref is the lubricant recycling pioneer in the country that went public in 2021.

<https://www.tbsnews.net/economy/stocks/lub-rref-struggling-pay-declared-cash-dividend-647554>