

Proposed Income Tax Bill-2023

Much-debated BDT 2000 min. tax being ditched finally

The much-debated BDT 2000 minimum tax for all to be eligible for a raft of government services is eventually up to be ditched in final cobbling of new fiscal measures, sources said. Instead, the amount would be adjusted against tax at source during return filing as citizens already pay taxes at source. Official sources said the proposed provision would not be brought in the new income-tax law following widespread controversy provoked by the budget proposal.

The finance minister proposed the new measure while placing the national budget for fiscal year 2023-24 in parliament on June 1, 2023. The provision has been incorporated into the Income Tax Bill 2023, placed in the parliament on June 8. The Parliamentary Standing Committee on the Ministry of Finance submitted amendments to the draft Income Tax Bill 2023 on Thursday to the parliament with recommendation for the National Board of Revenue (NBR) to scrap the provision.

<https://thefinancialexpress.com.bd/economy/bangladesh/much-debated-tk-2000-min-tax-being-ditched-finally>

Income Tax Bill likely to be passed today

The Income Tax Bill-2023 is likely to be passed by Parliament today with major changes including a relief for the bank depositors having current or savings accounts. Under the law, if enacted, bank depositors having only fixed deposit above Tk 1.0 million will need to submit tax returns and furnish the proof of return submission to continue with the bank accounts.

Under the new law, all educational institutions, having English medium curriculum and English version, would also be considered as company and they would be required to pay corporate tax. However, those having Bangla curriculum and those under the Monthly Payment Order (MPO) would remain excluded from the list.

Tax officials said the new law was drafted in Bangla also in a bid to widen the tax net and raise the country's tax-GDP ratio. If passed, the new law might be implemented from July 1, 2023.

<https://today.thefinancialexpress.com.bd/first-page/income-tax-bill-likely-to-be-passed-today-1687021158>

Monetary Policy

Cenbank to enter interest rate-based monetary policy regime

The Bangladesh Bank is going to enter a new monetary policy regime by introducing an interest rate-targeting monetary policy framework aimed at enhancing the effectiveness of policy measures in managing inflation. The new monetary policy for the first six months of the forthcoming fiscal 2023-24 will be announced today with significant changes coming in the lending rate, policy rate, reserve calculations, and exchange rate mechanism, according to a reliable source within the central bank.

The International Monetary Fund (IMF) recommended that the Bangladesh Bank adopt a flexible interest rate-targeting-based monetary policy, transitioning from its existing monetary targeting framework. The

current model, focused solely on money supply targets, has proven inadequate in curbing inflation amidst external factors.

<https://www.tbsnews.net/economy/cenbank-enter-interest-rate-based-monetary-policy-regime-651610>

Economy

Chinese firm Mingda to invest USD 76.41 Mn in Bepza EZ

Chinese company Mingda (Bangladesh) New Material Co Ltd will invest USD 76.41 Mn in Bepza Economic Zone to produce different types of cotton product. It is the highest amount of investment proposal that came from a single company among the ones who have signed agreements to establish factories inside Bepza EZ. The list of products Mingda (Bangladesh) will produce includes imitation silk cotton, tile cotton, needle punched cotton, different types of artificial/manmade fabric, artificial fabrics, including geotextile, different hospital products, bags and packaging items, including geo-bag and non-woven bag.

<https://www.thedailystar.net/business/economy/news/chinese-firm-mingda-invest-7641m-bepza-ez-3347541>

Bangladesh seeks 9 LNG cargoes for second half of the year

Bangladesh plans to buy nine cargoes of liquefied natural gas (LNG) from the spot market for the second half of the year, an official from state-owned Petrobangla said, as the South Asian nation seeks to secure supply of the fuel to meet power demand. For the second half of the year, Rupantarita Prakritik Gas Company Ltd (RPGCL), a subsidiary of state-owned Petrobangla, has so far issued a tender seeking two cargoes for delivery on July 10-11 and July 23- 24, the official and industry sources said on Thursday. The tender closed on 11 June.

Tasked to import LNG for the country, Petrobangla has been tapping the market for spot imports since February, reversing a government decision last year to halt spot purchases after prices spiked following the Russia-Ukraine war. Asian LNG prices LNG-AS have since eased from their record highs, enabling Asian buyers like Bangladesh to afford spot purchases.

<https://www.tbsnews.net/bangladesh/bangladesh-seeks-9-lng-cargoes-second-half-year-650690>

Agro products export makes significant fall

Bangladesh's impressive agro products export has made a significant fall in the outgoing fiscal from its billion-dollar-export-earning club due to the government's policy intervention and the decline in global demand. Business insiders and regulators said the global economic turmoil and the government's strict measures in checking malpractices on receiving export incentives has dampened the growth of the country's promising agricultural products export in the outgoing fiscal year of 2022-23 (FY2023).

As per the Export Promotion Bureau (EPB) data, the shipment of agricultural products, including vegetables, dry food, processed food, fruits and tobacco, has fallen by 27.78 per cent till May of FY2023 compared to the corresponding period of the immediate last fiscal. The agro-process industry had exported goods worth US\$795.01 million during the July-May period of the current FY2023. In the same period last fiscal year, the earnings were \$1.16 billion.

Agricultural-product exports shined bright in Bangladesh's export basket with its proceeds crossing the billion-dollar mark in FY2021 and continued the growth in the last FY2022, raising hopes for the country's overall external trade to see a boost.

<https://today.thefinancialexpress.com.bd/first-page/agro-products-export-makes-significant-fall-1687021119>

Why dollar crisis persists despite declining imports. Here are answers

The country's banking sector has been experiencing higher outflow than inflow in foreign currency due to repayment pressure of private sector short-term foreign loans when external borrowings of banks declined substantially after Moody's downgraded the banking system. This will be a major barrier to rebuilding foreign exchange reserves. Not only external borrowing,

other major indicators of foreign currency inflow including medium-and-long-term foreign loans, net foreign direct investment, foreign aid, and portfolio investment declined significantly intensifying pressure on reserves.



<https://www.tbsnews.net/economy/banking/why-dollar-crisis-persists-despite-declining-imports-here-are-answers-651530>

Cenbank plans to spread Bangla QR code across country

The Bangladesh Bank has undertaken a big plan to spread Bangla QR (Quick Response) codes across the country to develop a digital transaction system further with the aim of realising a cashless society. A senior official of the central bank told TBS that as part of the plan they are currently focusing on facilitating cashless transactions in cattle markets set up for Eid-ul-Azha. A process of opening bank accounts that would enable around 10,000 cattle traders to make cashless transactions at those markets is underway. The central bank has held meetings with 26 banks as well as with cow cattle traders for this purpose.

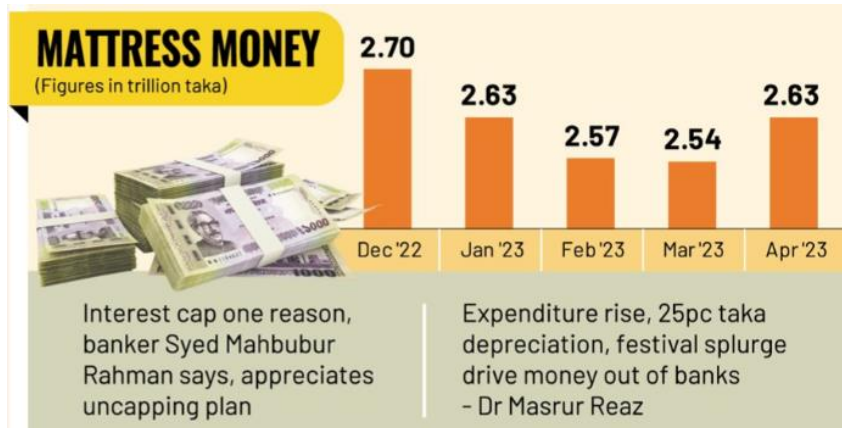
Eight cattle markets in Dhaka North City Corporation and two markets in Chattogram City will have the facility to make cashless payments by using Bangla QR codes. Separate banks in charge of each of the cattle markets will set up their booths with a point of sale (POS) and ATM machines there. Along with the banks, mobile financial service (MFS) providers bKash and Nagad will set up booths at the cattle markets.

<https://www.tbsnews.net/economy/banking/cenbank-plans-spread-bangla-qr-code-across-country-651070>

Bank, NBFi, and Insurance

Money outside bank vaults fuels inflation

Money amassed outside Bangladesh's banking system, ballooning over BDT 2.63 Tn by now, fuels inflation and people pay through the nose when global consumer-price indices tumble, experts say. The volume of currency outside the bank vaults rose again in April 2023 after three months of downturn, officials and bankers said.



People familiar with the developments on the financial market told the FE that this rise is due to the uncertainty both in local and global markets as they believe people hold cash at a time when uncertainty arises. The uncertainty among people mounts further because of the upward trend in the rate of inflation, which, in fact, forced depositors to drive away the money from the banking system to meet growing living costs, according to them.

<https://thefinancialexpress.com.bd/economy/bangladesh/money-outside-bank-vaults-fuels-inflation>

BB hikes capital requirement for new banks

Bangladesh Bank yesterday said that the upcoming commercial banks in the country will have to ensure **BDT 5 Bn as paid-up capital instead of the existing BDT 4 Bn requirement**. A central bank official said the new rule will be applicable to all who apply for licenses to open new banks.

Asked why the measure is not applicable for existing banks, the official said many of them cannot immediately raise their capital base. This includes state-run banks, which have long been struggling to manage their required capital. He went on to say that the central bank had taken the decision to raise the paid-up capital requirement before the coronavirus pandemic, but it did not implement the rule given the business slowdown.

<https://www.thedailystar.net/business/economy/news/bb-hikes-capital-requirement-new-banks-3347556>

Capital shortfall of 11 banks rises to BDT 335.75 Bn

The capital shortfall of 11 banks, mostly state-run ones, increased by BDT 28.73 Bn to BDT 335.75 Bn at the end of March this year amid rising bad loans, according to the latest Bangladesh Bank report. It was BDT 307.02 Bn at the end of December last year. The state-run lenders in capital shortfall are Sonali Bank, Janata Bank, Agrani Bank, Rupali Bank, BASIC Bank, Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank. Their shortfalls amount to BDT 281.17 Bn.

"The government should inject capital into the state-owned banks to reduce their shortfall. If not, their crisis will continue. At the same time, the government should also ensure that the banks do not have default loans again," said Ahsan H Mansur, executive director of the Policy Research Institute.

<https://www.tbsnews.net/economy/banking/capital-shortfall-11-banks-rises-tk33575cr-650630>

Textile

Focus on making apparel by recycling yarn, fabric

Local garment suppliers will have to focus on making apparels wholly from recycled materials by 2030 as the H&M is going to abide by a European Union (EU) due diligence law on protecting the environment and human rights. As a part of the new rules, the H&M has a target to have 24% of its apparels sourced from recycled or sustainable materials by 2025, said Ziaur Rahman, regional country manager of the Swedish retail giant in Dhaka.

The recycled materials are yarn and fabric made from old and discarded clothing or scrap of garment manufacturing processes, widely known as "jhoot" in Bangla. No virgin cotton will not be used in the apparels and the only exception will be fibres from cotton grown from sustainable cultivation practices, Rahman told The Daily Star.

<https://www.thedailystar.net/business/economy/news/focus-making-apparel-recycling-yarn-fabric-3347561>

Stock-Exchange News

Dhaka stocks see 70% less foreign trades this May

Foreign investors' transactions in Bangladeshi stocks dropped by around 70% in May compared to that in the same month last year, according to the Dhaka Stock Exchange (DSE). Besides, the foreign investors' net investment in stocks became negative in May – following a positive momentum for two months – as they sold more shares than they bought. Earlier, in March and April this year, the foreign investors' net investment were positive as they bought more shares than they sold when the dollar market started to become stable after months of volatility.

<https://www.tbsnews.net/economy/stocks/dhaka-stocks-see-70-less-foreign-trades-may-650590>

Stock-Specific News

Berger Paints allowed to secure \$60m loan from parent company

Berger Paints Bangladesh Limited has received approval from the Bangladesh Investment Development Authority (Bida) to obtain a \$60 million loan from its parent company, J&N Investments (Asia) Limited. J&N Investments (Asia) Limited holds 95% of the shares of the multinational paint manufacturer. According to a disclosure made on Thursday by Berger Paints, the country's leading multinational paint manufacturer, the loan will facilitate the opening of letters of credit for the import of raw materials. The loan will also be disbursed in phases based on business requirements, it added.

<https://www.tbsnews.net/economy/stocks/berger-paints-allowed-secure-60m-loan-parent-company-651522>