

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	STANDARD CHARTERED BANK
▼ 0.02%	▲ 0.04%	\$1,756.20	\$42.44	▲ 0.52%	▼ 0.18%	▼ 0.2%	▼ 0.08%	BUY TK 83.95	92.92	102.74	11.71	
3,962.04	6,819.39	(per ounce)	(per barrel)	34,911.32	22,437.27	2,629.69	2,965.27	SELL TK 84.95	96.72	106.54	12.31	



BUSINESS

DHAKA TUESDAY JUNE 23, 2020, ASHAR 9, 1427 BS ● starbusiness@thedailystar.net

75 firms get BB nod to borrow funds from stimulus package

AKM ZAMIR UDDIN

Seventy-five companies, including some large groups, have secured approval from the central bank to receive low-cost loans under the stimulus package dedicated to big borrowers in the industrial and service sector.

Banks have begun applying to the central bank from May 4, seeking consent so that the companies can get the funds as they set off to make a turnaround from the ongoing economic fallout brought on by the coronavirus pandemic.

The companies, which include Bangladesh Steel Re-Rolling Mills (BSRM), the largest steel-maker in the country, GPH Ispat, another steel-maker, Runner Automobiles and Shanta Holdings, have bagged approval to borrow nearly Tk 2,080 crore from the Tk 30,000-crore stimulus package.

The central bank took a decision on April 12 to introduce the stimulus package, allowing banks to get an interest subsidy of 4.50 per cent on disbursed loans, which the

end-users will get at 9 per cent.

The banking regulator later formed a refinance scheme of Tk 15,000 crore for the large borrowers as well, much to the relief of the cash-strapped banking sector that had been fretting about implementing the large package.

Under the refinance scheme, lenders will get funds in the form of working capital at 4 per cent interest from the BB and the end-users will get at 9 per cent.

In order to receive the refinance scheme, banks will have to give at least 50 per cent of each loan to industrial and service sector borrowers from their own sources.

BSRM got the permission to borrow Tk 17.50 crore, GPH Ispat Tk 15 crore, Runner Automobiles Tk 10 crore, Shanta Holdings Tk 25 and Ifad Autos Tk 15 crore.

The funds would be disbursed in the form of working capital and carry a maximum repayment tenure of one year.

Only 10 companies had managed approval from the central bank last month, but the affected corporate entities have taken initiatives to secure the loans since the beginning of June.

City Bank has accepted applications from 76 corporate organisations to provide loans worth Tk 1,023 crore. Of the applicants, 18 obtained the central bank's nod to

BANKS THAT DISBURSED LOANS SO FAR (LARGE INDUSTRIES)

In crore Tk; As of June 18

Sonali Bank	1,000
Eastern Bank	354
City Bank	350
EXIM Bank	170.5
Trust Bank	141.7
Mercantile Bank	27
Agrani Bank	19
Rupali Bank	10.20
IFIC Bank	4.7
TOTAL	2,077

SOURCE: BB

TOP 10 BORROWERS THAT GOT NOD FOR STIMULUS PACKAGE LOANS

In crore Tk; As of June 18

Biman Bangladesh Airlines	1,000
Bangladesh Machine Tools Factory	115.70
City Sugar Industries	95
BRB Cables	45
Shah Cement Industries	45
General Pharmaceuticals	35
TVS Auto Bangladesh	30
KSRM Steel Plant	30
Amtranet Group	30
Incepta Pharmaceuticals	25

SOURCE: BB



Govt-backed loans for state enterprises rise to Tk 60,653cr

REJAUL KARIM BYRON and MD FAZLUR RAHMAN

Taxpayer-guaranteed loans for Biman Bangladesh Airlines more than doubled to Tk 10,279 crore as the state-run carrier took credits to buy new Boeing aircraft.

The guaranteed amount stood at Tk 4,937 crore last fiscal year.

The carrier received guarantees from the government for the loans from JP Morgan, US Exim Bank, Sonali Bank and HSBC.

The latest credit guarantee includes Tk 2,654 crore that Biman took from state-run Sonali Bank in December last year to buy Boeing 787-9 aircraft and spare engines.

It took another Tk 977 crore for the purchase of the third Boeing 787-8 in July last year, according to a document of the finance ministry.

The airline borrowed Tk 1,000 crore in working capital loans from state-run Sonali Bank under the stimulus packages unveiled by the government to tackle the impact of the coronavirus

pandemic.

In total, the publicly-guaranteed loans at Biman account for a sixth of the credit backed by the taxpayers in the current fiscal year.

The government's guarantee and counter guarantee for the loans at state-owned enterprises (SoEs) stood at Tk 60,653 crore as of May, which is 2.16 per cent of the projected GDP of fiscal year 2019-20 and would account for 10.68 per cent of the government expenditure in 2020-21, according to the mid-term macroeconomic policy statement.

The total amount is about 5 per cent higher than Tk 57,825 crore in the last fiscal year.

The government has to provide the guarantee to the SoEs to help them borrow funds to run and expand operations as they can't secure loans on their own because of their weak financial conditions, said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

The government gives guarantees and counter



SECTORS	AMOUNT
Farm loans	Tk 3,680cr
Biman	Tk 10,279cr
Power	Tk 33,741cr
Energy	Tk 1,198cr
Telecom	Tk 1,168cr
BSJC	Tk 5,443cr
BJMC, BADC, TCB, BSFIC & others	Tk 5,140cr

READ MORE ON B3

Tax receipts keep falling as pandemic lingers

SOHEL PARVEZ and REJAUL KARIM BYRON

Revenue collection fell massively for the second consecutive month in May as incomes and demand for goods and services crashed because of the lengthy shutdown put in place to battle the Covid-19 pandemic.

The general closure, from March 26 to May 31, forced the National Board of Revenue (NBR) to post a negative growth in collection.

In May, it generated Tk 13,530 crore, which was 33 per cent down from Tk 20,110 crore a year ago.

The collection had crashed 50 per cent year-on-year to Tk 9,975 crore in April.

The biggest revenue collector for the state logged Tk 188,500 crore in the July-May period of the current fiscal year, down 2 per cent from Tk 193,202 crore a year ago, showed provisional data of the NBR.

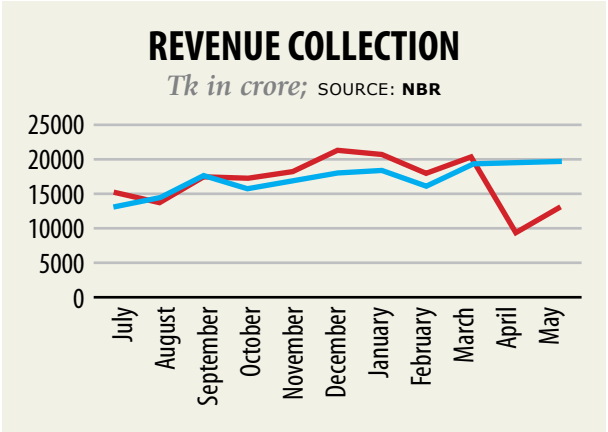
With just a month remaining of FY20, it is likely that the NBR's collection would be less than the previous year's receipt of Tk 223,892 crore. It would have to generate Tk 35,400 crore in June to equal last year's total.

In June last year when the situation was normal along with regular economic activities, the revenue board collected around Tk 31,000 crore.

So, the prospect of a collection that is higher than the previous year looks bleak under the prevailing condition. And if the NBR fails to touch last fiscal year's target, it would be the first time since 1973 that revenue collection would fall from a preceding year.

"The possibility of growth of revenue collection is unlikely," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, a think-tank.

In a letter to Finance Secretary Abdur Rouf Talukder, NBR Chairman Abu Hena Md Rahmatul Muneem said he expected that total revenue collection might be about Tk 220,000 crore in FY20, owing to the massive fall in tax receipts caused by the pandemic and consequent stoppage of economic activities.



Until May, only income tax grew marginally while the rest two areas – value-added tax and customs tariff -- declined year on year.

VAT collection dropped to Tk 75,900 crore in the 11-month period, from Tk 76,870 crore a year ago. Collection from customs duty dipped 6 per cent to Tk 54,816 crore.

Income tax receipts stood at Tk 57,795 crore, slightly above Tk 57,670 crore generated by the segment from July to May last year, according to the NBR.

"We can expect the NBR's revenue collection in the current fiscal year to be pretty much similar to last year's," said Towfiqul Islam Khan, senior research fellow of the Centre for Policy Dialogue, also a think-tank.

"In view of the prevailing Covid-19, the NBR had little options. But at the same time, we should also remind ourselves that a lack of implementation of planned reforms and weak administrative capacity contributed to a large extent."

Revenue collection from both the NBR and other sources might fall short of the original annual target by Tk 125,000 crore, the economist said.

READ MORE ON B3

No more duty exemption for furnace oil

SOHEL PARVEZ

The revenue authority has withdrawn duty-free import privilege for furnace oil in order to discourage establishment of power plants using the fuel and plug annual revenue losses of Tk 2,000 crore.

The move comes at a time when imports of the expensive fuel for power generation are soaring despite the fact that overall demand for electricity stands much below the generation capacity.

Moreover, it is five times cheaper to generate electricity with gas-based power plants, thanks to import of liquefied natural gas (LNG).

At the same time, a new-coal based power plant having 600 megawatts of generation capacity has come into operation recently at the southern seaport area of Payra.

As a result of this, power generation by natural gas rose.

Share of gas-based power plants in net power generation of 70,533 GWh increased by 5 percentage points to 68 per cent in fiscal 2018-19 from that of the last year, showed Bangladesh Power Development Board (BPDB) data.

At the same time, share of furnace oil

declined by more than one percentage point to 16 percent in fiscal 2018-19 from that of the previous year.

As the alternative fuel is already available and the country generates more electricity than the demand, the National Board of Revenue (NBR) has sought to remove duty benefit for furnace oil import as part of tax measures for the next fiscal year, said officials.

The change became effective from June 11, according to a notification.

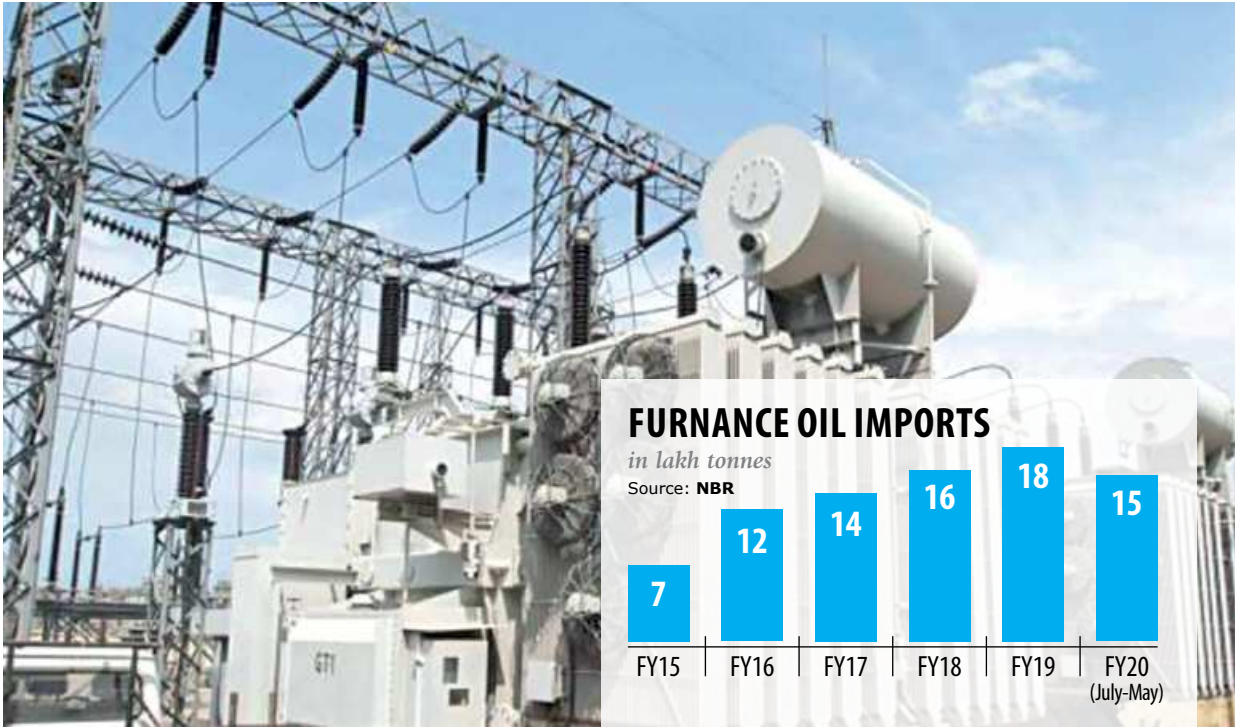
"The withdrawal of the exemption will bring us Tk 2,000 crore revenue that we lost annually in the past," said a senior official of the NBR seeking to remain unnamed.

The NBR offered duty-free benefit to import furnace oil in 2011 as part of the government's objective to increase generation capacity to meet the country's energy deficit and increasing demand for energy from the growing economy.

Encouraged by the removal of import tariffs, furnace oil import soared every year since fiscal 2014-15.

Import of the fuel increased 14 per cent year-on-year to 18 lakh tonnes in fiscal 2018-19 from that a year ago.

At the same time, the amount of



duty exemption increased.

Officials said total tax incidence for import of furnace oil would be 35 per cent after the removal of the

tariff-free benefit.

"The power generation cost by furnace oil will increase as import costs will rise," said a senior official of

the BPDB.

Currently, the country has 55 furnace oil-based power plants, including nearly 40 owned by

private investors.

The combined generation capacity of power plants based on the fuel is 5,430 MW, which is 27 percent of the total generation capacity, showed the BPDB data.

Finance ministry officials said per unit cost of electricity produced by furnace oil is Tk 13.77 whereas it is Tk 2.72 for natural gas.

Discouraging the establishment of furnace oil-based power plants is likely to reduce pressure on the state coffer for subsidies provided on electricity production.

The government had to bear nearly Tk 9,000 crore as subsidy for electricity last year, said the official.

Officials of Bangladesh Petroleum Corporation (BPC) welcomed the decision and expected sale of the fuel by the state agency to rebound following removal of duty exemption for furnace oil.

Despite the overall increase in furnace oil import in the country, the BPC's sales of the fuel to power plants slumped by half year-on-year to 3.19 lakh tonnes in fiscal 2018-19 from 6.5 lakh tonnes the previous year, said BPC Director Operation Syed Mehdi Hasan.

READ MORE ON B3