

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 0.33%	▲ 0.34%	\$1,779.56	\$68.70	▲ 0.06%	▲ 0.21%	▲ 0.06%	▲ 0.52%	BUY TK 83.95	100.74	116.17	12.75
5,479.61	9,560.05	(per ounce)	(per barrel)	49,765.94	29,053.97	3,221.58	3,474.90	SELL TK 84.95	104.54	119.97	13.40



# Star BUSINESS

DHAKA FRIDAY APRIL 30, 2021, BAISHAKH 17, 1428 BS • starbusiness@thedailystar.net

## Focus on health and social protection, not GDP growth

CPD says in budget proposal

STAR BUSINESS REPORT

The upcoming budget should focus on health, social protection and job creation to shield the people from the impacts of the second wave of the coronavirus, instead of putting too much attention on economic growth, the Centre for Policy Dialogue (CPD) said yesterday.

The think-tank also reiterated the need for an expansionary macroeconomic stance in the budget for 2021-22, accommodating the required additional public spending.

"The budget will have to allocate resources in a way that would address the needs of both the immediate and the recovery phase." In the immediate term, the government will need to focus on health risk mitigation and ensuring food security through expanded

### CPD SAYS...

- Focus on health, social protection and employment, not GDP growth
- Pursue expansionary macroeconomic stance
- Pay special attention to speedy disbursement of foreign assistance
- Set realistic revenue collection target
- Reinstate highest income tax rate of 30%
- Curb tax evasion
- Initiate wealth and property tax



safety nets. "In the recovery phase, which should be pursued parallelly, the budget will have to make allocations and undertake

measures given the demands of entrepreneurs, enterprises, businesses and commerce."

The CPD made the calls in its budget proposals, which were presented during a virtual media briefing.

The budget for FY22 is being prepared in the backdrop of a number of disquieting developments in the economy: weak performance of the FY21 budget implementation; the persistence of adverse impacts of the first wave of Covid-19; continuing stagnation in private investment; the second wave; and failure of the external

sector to pick-up.

"The FY22 budget will need to address these and the medium-term fiscal reform issues to make a recovery sustainable," the CPD said.

It recommended increasing the allocations for health and social security on a priority basis.

Some 2 to 3 per cent of the gross domestic product (GDP) should be allocated for the health sector and 4 to 6 per cent for the social security sector to help the country fight the pandemic, it suggested.

"Because of the coronavirus, the poverty rate has increased when the tax collection was not satisfactory," said Prof Mustafizur Rahman, a distinguished fellow of the CPD.

"The government has to collect more taxes from the high-income group and disburse it as cash assistance among the poor now."

The cash assistance should be given at least two to four times a year for a longer period as it seems that the coronavirus would stay for a few more years, he said.

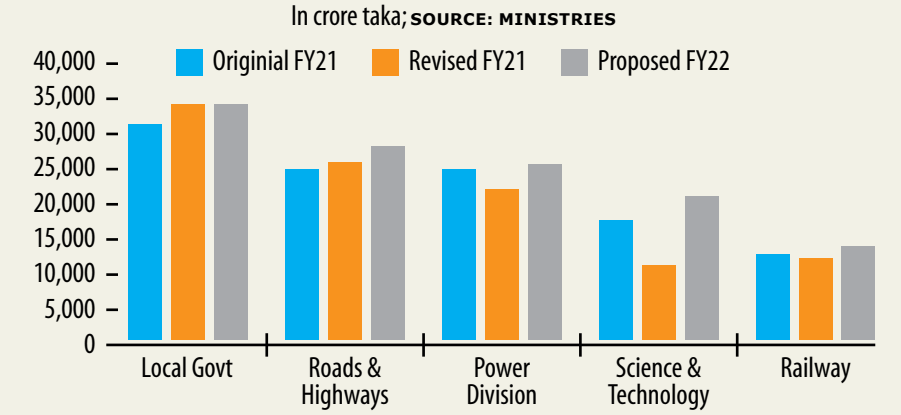
"In order to increase the financial assistance, the government can raise the maximum income tax rate to 30 per cent from the existing 25 per cent," Prof Rahman said.

READ MORE ON B3

## Govt plans ambitious aid use target

Aims to spend \$10.35b in FY22

### ADP allocation for top 5 ministries, divisions



REJAUUL KARIM BYRON and DWAIPIYAN BARUA

The government plans to set an ambitious target of using foreign aid worth Tk 88,024 crore for development projects in the next fiscal year as external assistance has piled up.

The amount is equivalent to \$10.35 billion and up 39.72 per cent from the annual development programme (ADP) in the outgoing fiscal year.

Development partners have also indicated that they would inject more funds to help Bangladesh recover from the pandemic-induced slowdown quickly.

The total size of the ADP may be fixed at Tk 225,124 crore in the next fiscal year of 2021-22, up from the revised ADP of Tk 197,643 crore.

An official of the planning ministry said they were already informed about the ceiling of the allocation by the finance ministry. Based on the ceiling, the planning ministry was formulating the next ADP.

The next ADP would be finalised by the first week of May, and it would be placed before the National Economic Council for approval.

An official at the finance ministry said the government was looking to increase the allocation of foreign aid in the upcoming ADP as the country was sitting on a huge amount of unused foreign aid.

He said the government could use as much foreign aid as possible as borrowing costs were very low.

READ MORE ON B3

## PM readies Tk 880cr cash assistance for the poor

STAR BUSINESS DESK

The prime minister's cash assistance for the poor and jobless people hit by the second wave of Covid-19 will begin to roll in on May 2.

Under the programme, Tk 880 crore will be distributed among 35 lakh families.

Prime Minister Sheikh Hasina will inaugurate the programme, according to a statement from the finance ministry.

Each family will get Tk 2,500 and the fund will be directly transferred to the receiver's mobile banking account or bank account through the electronic money transfer system.

Last year, an initiative was taken to give Tk 2,500 each to 50 lakh families. However, 15 lakh families were later excluded due to various irregularities. The latest assistance will be given to those who got it last year.

READ MORE ON B2

## Pay salary, Eid bonus by May 10

Govt asks garment factory owners

STAR BUSINESS REPORT

Garment workers will have to be paid salaries and festival allowances by May 10 so that they can enjoy the Eid-ul-Fitr festival with near and dear ones, said Monnujan Sufian, state minister for labour and employment, yesterday.

The minister shared the decision at a news briefing after a tripartite meeting of union leaders, government high-ups and factory owners at Srama Bhaban in Dhaka.

Sufian also instructed factory owners to stagger holidays zone-wise so that there was no crisis of transportation and workers can travel to their village homes maintaining social distancing.

The decision comes amid health experts warning that any major relaxation of ongoing restrictions on movement may aggravate the transmission of the coronavirus, especially at this time when India's health system has broken down due to the spread of a new variant of the virus.

At the briefing, the state minister also said if all the workers were allowed to go on leave for holidays in one go, it would be difficult to contain the spread of Covid-19.

Citing previous instances, she said it was observed that when the over 5 million industrial workers were allowed to go on holiday all in one go, it became difficult for them to avail transportation.

Many workers experienced severe difficulties going to their village homes, she said.

There are some industry-dense zones such as Dhaka, Gazipur, Narayanganj and Narsingdi.

Some 60 per cent of the country's garment factories are located in Dhaka, Gazipur, Savar, Ashulia, Maona and Tongi zones. The remaining 40 per cent are in Narayanganj, Narsingdi and Chattogram.

READ MORE ON B3



Shoppers and shopkeepers try their best to maintain health regulations while getting on with their day at Fortune Shopping Mall in Malibagh of the capital on Wednesday. The government allowed markets to remain open from 10:00am to 8:00pm every day, hoping to enable some sales for clothes traders ahead of Eid-ul-Fitr amidst the economic slump induced by the pandemic.

SK ENAMUL HUQ

## OPEN-ENDED MUTUAL FUNDS An alternative to low-yield bank deposits

AHSAN HABIB

With the interest rate on deposits falling steadily, keeping money in the banks seems to provide negative returns.

So instead, if you are looking to invest in securities that offer higher gains, open-ended mutual funds could be a good alternative despite certain risks.

Mutual funds pool money from investors to channel it into securities such as stocks, bonds, and other assets.

Depending on the profits earned, investors are then paid their share as dividends.

As of March 2021, 29 asset management companies in the country are managing a total of Tk 13,420 crore under 101 mutual fund schemes.

Some 64 of these schemes are open-ended mutual funds that have a combined asset value of Tk 10,380 crore. In 2018 and 2019, all open-ended funds generated an average excess return of 7.5 per cent and 9.6 per cent respectively over stock market movement.

Some fund managers have provided dividend yields of more than 8 per cent year-after-year while others paid 12 to 15 per cent cash dividends even amid the ongoing Covid-19 crisis in 2020.

READ MORE ON B2



## Insurance stocks a double-edged sword for investors

### ANALYSIS

AHSAN HABIB

Stocks of almost all non-life insurance companies have more than doubled over the past year while the benchmark index of the Dhaka Stock Exchange (DSE) rose 38 per cent.

At least two insurance companies saw their stock prices grow over five times the original value while it was three to four times for 17 others, shows the DSE data.

However, this rise in value is not supported by an increase in earnings.

For example, Provati Insurance surged eight times from its original value but declared only 17 per cent stock dividend for 2020. The company's earnings per share rose 85 per cent to Tk 1.26 in the first quarter of 2021.

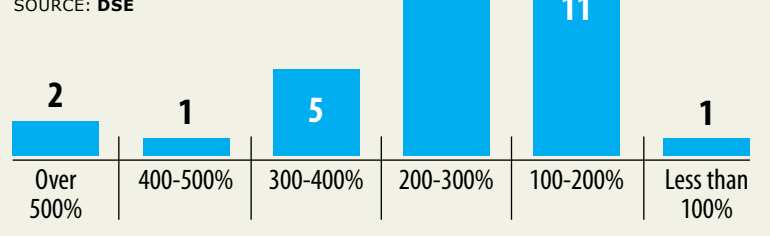
The same scenario prevailed for almost all other non-life insurers.

"The insurance stocks are rising abnormally but I don't find any valid

### JUMP OF INSURANCE STOCKS IN LAST ONE YEAR

Number of companies

SOURCE: DSE



reason for such a rise," said stock market analyst Prof Abu Ahmed.

Even though banks provide higher dividends than the insurance sector, their stock price hovers at around face value while insurance stocks are jumping.

"This is insane. The investors who bought these stocks will have to face the reality though when the gamblers complete their sell-offs," he said, adding that a stock cannot be overvalued for long without

maintaining the fundamentals.

Bangladesh's stock market is gambler-driven, so investors are rushing towards such stocks.

The alarming thing is that people are taking margin loans to invest in these stocks.

"Most of our investors' behaviour contradicts what we read in textbooks," said Ahmed, also a former chairman of the economics department at the University of Dhaka.

READ MORE ON B3

## স্মরণ

এনসিসি ব্যাংক লিমিটেড এর সাবেক পরিচালক মরহুম দীন এম রানা এর ৯ম মৃত্যুবার্ষিকী আজ।

আমরা তাঁকে গভীর শ্রদ্ধায় স্মরণ করছি এবং তাঁর বিদেহী আত্মার মাগফেরাত কামনা করছি।

পরিচালনা পর্ষদ এবং ব্যবস্থাপনা কর্তৃপক্ষ

এনসিসি ব্যাংক





## Early pineapple harvest benefits farmers



Prices of pineapple are higher this year compared to the previous year due to high demand across the country, including the capital. The photo was taken from Sreemangal upazila of Moulvibazar recently.

PHOTO: MINTU DESHWARA

AKANDA MUHAMMAD JAHID

An intense heatwave is sweeping across the country. The sun's piercing rays inevitably cause streams of sweat to run off pedestrians. At this very moment, when sheer exhaustion leads to a desperate attempt at quenching one's thirst, a nonchalant roadside vendor offers his basketful of one of nature's simplest delights. Yes, the season's saving grace is in the form of the sweet pineapple, to be precise, the popular "honey queen" variety. Surrounded by a tough segmented skin and topped with a tuft of stiff leaves, this tropical fruit has now turned irresistible. Scenes of people relishing on the aromatic yellow flesh, carelessly dripping juices all over, are surprisingly very common now on Dhaka streets. Just as people are quenching their thirst, so has the advanced arrival of this fruit helped bring smiles to farmers during the days of the ongoing pandemic. Though the peak time for harvest starts from late May or the first week of June, many farmers of Rangamati and Khagrachhari, and some of Moulvibazar have started picking it early to get a good price during Ramadan. Harvesting has already started in Rangamati on a small scale since the middle of March, said

Krishna Prasad Mallik, deputy director of the Department of Agricultural Extension (DAE) in the district. "We are getting on an average 24 tonnes of the fruit per hectare. This yield is comparatively good in this off-season. It will increase during the peak time," he said. Kazi Lutful Bari, deputy director of the DAE in Moulvibazar, said usually harvesting starts there around May and June. But considering the huge demand for this fruit during Ramadan, some farmers are harvesting a little in advance to get good prices, he added. This year, the price is a bit higher compared to that last year due to high demand across the country, including the capital, during Ramadan and Covid-19 pandemic. The retail price of four pieces ranges from Tk 120 to Tk 400 depending on the size and markets. Vendors on rickshaw-vans in Dhaka city usually sell the smallest ones for Tk 30. However, farmers are selling the fruit at wholesale markets in Rangamati anywhere between Tk 5 to Tk 50 based on the size variations. Shamsul Haque, owner of a pineapple orchard at Radhanagar in Moulvibazar's Sreemangal, said the demand for pineapple has increased during Ramadan.

The retail price of four is around Tk 400 in the local market, albeit dependent on the size, he added. Masudur Rahman, a private job holder in Mohammadpur of Dhaka, said he consumes pineapple during iftar every day as the fruit seemingly relieves fatigue and thirst after a whole day of fasting. Suroj Mia, a security guard in Dhanmondi area, said though the price of pineapple was comparatively high this year, the fruit was still cheaper compared to other fruits in the market. "Therefore, I often buy pineapple for iftar," he said. "I can't fast as I pull rickshaw all day. But in this intense heat, I eat pineapple usually to deal with my fatigue and quench my thirst," said rickshaw puller Ramjan Ali who was thronging with some others at a mobile shop on a rickshaw-van in Raja Bazar area recently. Alongside Ramadan, the demand for pineapple is high during the Covid-19 pandemic as this fruit is considered a good option for dealing with colds and fevers, as it contains vitamins C, A, B6, E, and K, calcium, folate, iron and zinc, which help the immune system keep healthy. Even before the season, the pineapples on the market are very sweet and tasty, said many customers.

READ MORE ON B2

## Date sales moderate this Ramadan

MD ABU TALHA SARKER

Seasonal date traders in Dhaka have moderate sales of the most popular iftar item ahead of and during Ramadan as many city-dwellers left the capital because of the reinstatement of the strict coronavirus restrictions. Like previous years, hundreds of thousands of makeshift and roadside shops selling dates have sprung up throughout the city, hoping there would be a spike in sales in the weeks preceding the fasting month and throughout Ramadan. Some traders said business was good a week before the advent of Ramadan. They even saw good sales during the initial days of the fasting month. They said it would be more profitable for them than any other month of the year if they could continue it for the rest of the month. Rafiqul Islam Fahim, a retailer at Karwan Bazaar kitchen market, expressed satisfaction over date sales ahead of and during Ramadan. However, turnover was not as much as he expected because of the thin presence of customers. "Sales will accelerate when customers come to the market. But because of the Covid-19 fears along with the government restrictions, there have not been large crowds. We have to accept the reality of the country and the world as well," he said on Tuesday. Md Mominullah, a vendor in the same area, sells dates worth Tk 4,000-5,000 per day now, much lower than the pre-Covid

period. "We have been able to keep our shop open while most of the businesses had to be shut during the restriction on movement. In that sense, we are lucky enough that we could manage our livelihood under the difficult circumstances." In the first week of Ramadan, Mehmud Jadar, a seasonal date trader at Bihari Palli in Kalshi, Mirpur, said he made a good sale of dates a week before Ramadan began on April 14. "I've earned higher than I had expected before the start of the holy month despite the latest restriction," he said. After Covid-19 infections and deaths from the virus began rising alarmingly, the government enforced the lockdown-like control from April 5. As the situation worsened, it went for a strict countrywide lockdown from April 14. The restriction was later extended thrice to May 5. Shahinur Rahman runs a shop that sells biscuits on Kalshi road. He added a variety of dates to make some additional bucks prior to Ramadan that could help ease his debt burden. Rahman, who incurred losses after the coronavirus hit the country in March last year, has borrowed from banks and local cooperatives to keep his business up and running. His hopes to earn additional income were blasted when the government slapped the restriction to rein in the second wave of Covid-19.

READ MORE ON B2



STAR

Like previous years, many makeshift and roadside shops have sprung up throughout the city to sell dates, hoping there would be a spike in sales.

## Samsung profit jumps by nearly half

South Korean tech giant Samsung Electronics posted a 46.3 per cent rise in first-quarter net profits on Thursday, largely driven by robust sales of its smartphones and home appliances due to continued stay-at-home demand. The firm is the flagship subsidiary of the giant Samsung group, by far the largest of the family-controlled empires known as chaebols that dominate business in South Korea, the world's 12th-largest economy. The conglomerate is crucial to the South's economic health--its overall turnover is equivalent to a fifth of the national gross domestic product. Samsung Electronics said net profits rose 46.3 per cent in January to March from a year earlier to 7.1 trillion won (\$6.4 billion). "Solid sales of smartphones and consumer electronics outweighed lower earnings from semiconductors and displays," the firm said in an earnings report.



This picture taken on April 28 shows a woman walking past an advertisement for the Samsung Galaxy S21 smartphone at an underground shopping area in Seoul.

The figures came a day after Samsung's controlling Lee family announced plans to pay more than \$10 billion in inheritance taxes following the death last year of chairman Lee Kun-hee -- one of the world's biggest-ever such settlements -- and donate a vast trove of art including works by Picasso and Monet. The coronavirus has wreaked havoc with the world economy, with lockdowns and travel bans imposed around the globe for many months. But the pandemic -- which has killed more than two million people worldwide -- has also seen many tech companies boom, including Samsung. Coronavirus-driven working from home has been boosting demand for devices powered by Samsung's chips, as well as home appliances such as TV and washing machines. "Pent-up demand has led the growth in home appliances," said James Kang, a senior researcher at Euromonitor International. "But once the coronavirus situation

improves with the distribution of vaccines, the growth of home appliances will be slower than 2020 as people spend more time outdoors," he added. Operating profit rose 45.4 per cent to 9.4 trillion won, while sales were up 18.2 per cent to 65.4 trillion won. Analysts say the company has enjoyed a particular boost from rolling out its Galaxy S21 series in January, more than a month ahead of the flagship product's usual annual launch schedule.

"Samsung remains the largest vendor shipping 77 million smartphones globally in the first quarter, growing 32 per cent year-on-year," said Neil Maston, executive director at Strategy Analytics. "Samsung's newly launched more affordable A series 4G and 5G phones, and the earlier launched Galaxy S21 series combined drove solid performance in the quarter." But this growth may be hampered in the second quarter in the face of a global chip shortage crisis and a decline in market demand due to the pandemic, said Jene Park, a researcher at Counterpoint Research. "In the case of Samsung, its main components are being procured in-house, thus its production is expected to be relatively smooth compared to other companies," Park told AFP. "However, Samsung's Q2 earnings will be adversely affected by the aftermath of Covid-19 in its major markets, such as India," he added.

## GLOBAL BUSINESS

### Biden launches audacious middle class spending package

President Joe Biden will unveil a nearly \$2 trillion spending plan to boost the middle class Wednesday as the highlight of a sunny, yet audacious speech to Congress, signaling the Democrat's bid to reshape America. Addressing a joint session of Congress on the eve of his 100th day in office, Biden will hail what on Tuesday he called "stunning" success in vaccinating Americans -- a national effort that has transformed the country from coronavirus catastrophe to leader in global recovery. And with solid approval ratings and a Democratic congressional majority -- albeit razor thin -- Biden will seek to ride the momentum with announcement of a huge program to pour billions of dollars into education and childcare. The spending spree, dubbed the American Families Plan, will be cast as a historic move to redress economic inequality and allow millions more Americans to join the middle class. To pay for it, Biden wants to reverse tax cuts for the rich that his Republican predecessor Donald Trump pushed through in 2017.



US President Joe Biden

### German jobless rate holds steady in April

Germany's unemployment rate stayed stable at six percent in April, the federal labour agency said Thursday, even as a third coronavirus wave forced new restrictions in Europe's top economy. Although the country's joblessness rate remained unchanged for the fourth consecutive month, seasonally adjusted figures showed the number of unemployed actually rose slightly by 9,000 people. In raw numbers, less representative of underlying trends but more closely followed in public debate, the number of people out of work fell by 56,000 to just over 2.77 million. "The labour market is developing solidly. The ongoing restrictions in many areas are slowing down the recovery, but are not leading to new burdens" on the jobs market,

said Detlef Scheele, head of the BA federal labour agency. Before the pandemic struck last year and idled entire sectors of the economy, Germany's unemployment rate had hovered at record lows of around five percent. The country managed to stave off mass layoffs by relying heavily on subsidised short-time work schemes known as "Kurzarbeit" in German. At the peak of the health crisis last

April nearly six million Germans were placed on reduced hours. That figure has fallen to around 3.2 million people currently, yet the number "has been rising steadily" again in recent months, the agency said. Germany's bars, restaurants, leisure and cultural centres have been closed since November, but the country has struggled in recent weeks to contain an uptick in Covid-19 cases fuelled by the more contagious British virus variant. The government this month introduced new "emergency brake" legislation to enforce tougher restrictions in hard-hit regions, including renewed closures of non-essential shops, night-time curfews and school closures. The German economy is projected to have shrunk by 1.8 per cent over the first quarter of 2021, according to forecasts by economic institutes.



AFP/FILE

Most stores have been closed in Germany since December 16 last year.