

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	
▲ 0.03%	▲ 0.10%	\$1,905.19	\$70.83	Flat	▼ 0.16%	▲ 0.73%	▲ 0.26%	BUY TK	83.95	101.60	118.36	12.94
5,993.33	10,472.89	(per ounce)	(per barrel)	51,934.88	28,814.34	3,187.23	3,624.71	SELL TK	84.95	105.40	122.43	13.61



Star BUSINESS

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Budget execution rate falls

Lack of efficiency, accountability, capacity and rise of corruption to blame

AHSAN HABIB

The government's national budget implementation rate fell significantly in the last one decade mainly due to a lack of efficiency, accountability and capacity and a rise in corruption.

For fiscal 2019-20, the government passed a national budget of Tk 523,190 crore but at the end of the year actual implementation was Tk

415,523 crore.

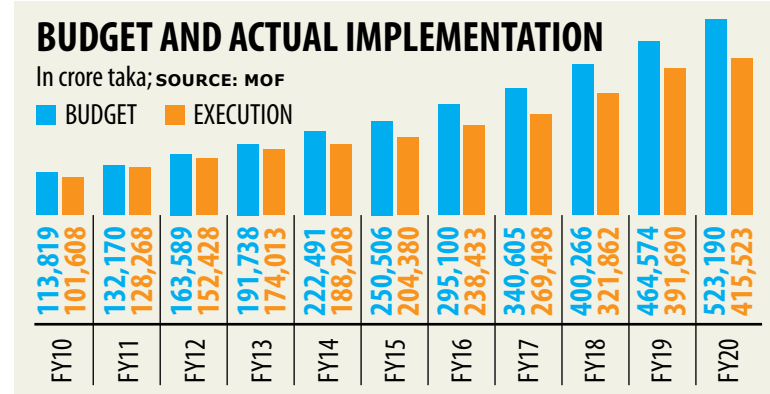
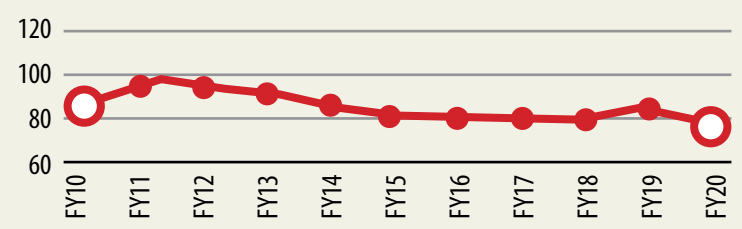
That means Tk 107,667 crore has been left unimplemented.

Over the last 10 years, the budget implementation rate has mostly been on a downward curve, falling to 79.4 per cent in 2019-20 from 84.3 per cent in the previous year.

Just five years ago, the implementation rate was more than 80 per cent every year and the highest during the decade was 97 per

Budget implementation rate

(in %); SOURCE: MOF



Clinics outside major cities to get tax break

SOHEL PARVEZ

The government will likely offer a 10-year full tax exemption in order to encourage private investors to establish hospitals outside of four districts, including Dhaka and Chattogram.

The idea behind the tax benefit is to facilitate the establishment of hospitals in various parts of the country so that people can get access to better medical treatment in their localities without taking the trouble of visiting the two big cities for healthcare, said a senior official of the finance ministry.

Finance Minister AHM Mustafa Kamal may offer the tax break while presenting the national budget and tax measures for fiscal 2021-21 tomorrow.

The measure has been planned at a time when the country has been battling the rogue coronavirus infection since the outbreak began in March 2020.

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Remittance hits 10-month high

A result of growing faith in formal channels, experts say

STAR BUSINESS REPORT

Remittance inflows hit a record high of \$2.17 billion in May, which was the highest since August this fiscal year, thanks to the hard-earned money sent by migrant workers amid the second wave of the Covid-19 pandemic.

Migrants sent 44 per cent higher remittance in May compared to the same period a year ago, when it was \$1.5 billion, Bangladesh Bank data shows.

With the May figure, the total remittance inflow exceeded last fiscal year's total to stand at \$22.8 billion, the highest in a single year.

Bangladesh received \$18.2 billion in remittance in total in fiscal 2019-20.

In the wake of the Covid-19 pandemic, the remittance inflow, one of the main barometers of the economy, dipped from March to May of 2020.

Appreciatively, the inflow rebounded in June and its upward trend continued till last month as the remittance senders are using more proper channels amid lockdowns slapped by states and restrictions on movement.

As per central bank data, the migrants had sent their money through 57 banks, including nine commercial banks.

Last month, the highest amount of \$639.36 million was sent through Islamic Bank Ltd while the second highest amount of \$242.80 billion was sent through the state-owned Agrani Bank.

The inflow of remittance, one of the main barometers of the economy, continues to rise at a time when the outflow of migrant workers for jobs abroad dropped by 69 per cent year-on-year to 217,669 in 2020.

According to Bangladesh Bank, the number of total outgoing workers was 33,271 in May this year and it was 64,259 in the same month last year, a 48.22 per cent decrease in the number of the outgoing expatriates.

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Tk 54.8 lakh crore black money generated in 10yrs

Bangladesh Economic Association says

STAR BUSINESS REPORT

Around Tk 88.6 lakh crore of untaxed or black money has been generated in the past 48 years since Bangladesh gained independence, said Bangladesh Economic Association (BEA) yesterday.

Of it, Tk 54.8 lakh crore or around 62 per cent has been generated in the past 10 years alone, that is, since 2010.

"At least 11 national budgets could have been prepared with the total untaxed money generated," said BEA President Prof Abul Barkat at a virtual press conference while proposing an alternative budget for the next fiscal year.

Prof Barkat's budget proposal is of Tk 17,38,716 crore. This was three times bigger than the current budget of Tk 5.86 lakh crore.

He explained that it was to help the country's economy recover from the damage caused in the Covid-19 fallouts.

Prof Barkat said it was quite a logical proposal capable of reducing social inequality and poverty and increasing tax on rich people, but that it was not possible for the present administration to implement it.

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BB eases farm loan rescheduling

STAR BUSINESS REPORT

The central bank yesterday instructed banks to reschedule defaulted loans in the farm sector without any down payment as part of its efforts to protect farmers from the ongoing economic hardship deriving from the coronavirus pandemic.

Banks will have to give a timeframe of two years to the farmers to repay the rescheduled loans, according to a notice by the banking regulator.

Lenders can follow the banker-customer relationship to reschedule the defaulted loans.

Farmers will get new loans without repaying any instalments of their rescheduled loans.

The farmers who are facing 'certificate cases' will also be considered for fresh financing from banks.

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Focus more on agriculture

Experts call for measures to ensure food security amid pandemic

AKANDA MUHAMMAD JAHID

The government should give importance to the agriculture sector, social safety net programmes, and job creation in the upcoming national budget in order to ensure food security and reduce the Covid-induced economic shock on the country's new poor, according to experts.

Besides, the repeated heatwaves and pest damage hampered agriculture throughout the past year while the two nationwide lockdowns also had an impact on the market, particularly the poultry and dairy sectors.

This made the food supply chain volatile and had adverse effects on retail.

The US Department of Agriculture said that boro paddy cultivation may decline by 1.5 per cent this session due to the recent heatwave and pest attacks in Bangladesh.

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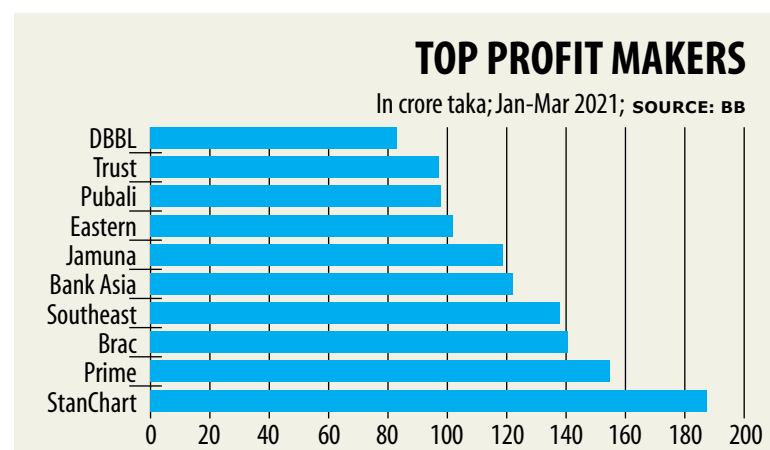


Agriculture production has increased as the government has given subsidies to farmers, says Agriculture Minister Mohammad Abdur Razzaque.

PHOTO: STAR/FILE

Nine banks incur net losses in Q1

Net profits in banking sector stand at Tk 1,356cr



AKM ZAMIR UDDIN

Nine banks faced net losses in the first quarter of this year as the majority of them have been in the red for years due to wide-ranging financial scams.

The banks are Bangladesh Krishi, BASIC, Rajshahi Krishi Unnayan, Padma, Bangladesh Commerce, Meghna, Bangladesh Development, ICB Islamic and NRB, data from Bangladesh Bank showed.

Of the lenders, Bangladesh Krishi Bank faced the highest amount of net loss amounting to Tk 774 crore in the first three months of this year.

The specialised development bank also incurred a net loss of Tk 533 crore last year.

This has given an indication that the net loss in the bank may increase to a large extent this

year compared to the previous year.

An official of the lender said that it had been facing a large volume of default loans since 2012, when it gave out funds to the non-farm sector in a breach of banking norms.

"The bank's loan recovery trend from the farm sector is good, but a large amount of fund has been stuck in the non-farm sector, which made it a loss-making lender," he added.

BASIC Bank suffered the second highest amount of net loss in the banking sector.

Between January and March, the lender's net loss stood at Tk 130 crore.

Md Anisur Rahman, managing director of BASIC Bank, said that 60 per cent of the total loans given out had turned into non-performing loans.

As much as 90 per cent of the defaulted loans,

which were disbursed between 2009 and 2013, are uncollectible, Rahman said.

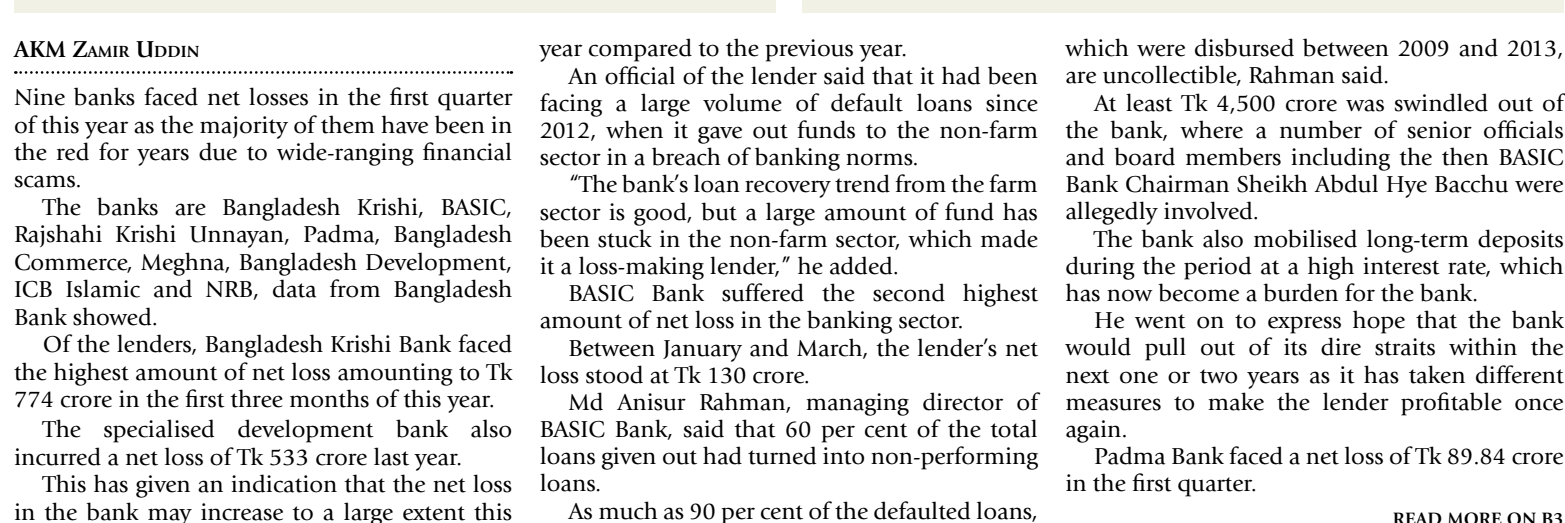
At least Tk 4,500 crore was swindled out of the bank, where a number of senior officials and board members including the then BASIC Bank Chairman Sheikh Abdul Hye Bacchu were allegedly involved.

The bank also mobilised long-term deposits during the period at a high interest rate, which has now become a burden for the bank.

He went on to express hope that the bank would pull out of its dire straits within the next one or two years as it has taken different measures to make the lender profitable once again.

Padma Bank faced a net loss of Tk 89.84 crore in the first quarter.

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