

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
Week-on-week		As of Friday		Friday Closings				As on Thursday				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	
▲ 1.13%	▲ 1.14%	\$1,889.97	\$71.89	▼ 0.25%	▼ 0.40%	▼ 0.44%	▲ 0.21%	83.95	101.40	118.05	12.91	
6,053.43	10,574.06	(per ounce)	(per barrel)	52,100.05	28,941.52	3,151.04	3,591.84	BUY TK	84.95	105.20	121.85	13.58



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Govt plays down poverty, job, vaccination: Sanem



STAR BUSINESS REPORT

The issues of poverty, the job market, small and medium enterprises, and coronavirus vaccinations have been underestimated in the budget proposed for the next fiscal year, said the South Asian Network on Economic Modeling (Sanem) yesterday.

"This would lead to limitations in formulating policies," said the think-tank in its post-budget media briefing held virtually.

Selim Raihan, executive director of the Sanem, said there was a disconnect between the title of the budget -- Bangladesh Towards a Resilient Future Protecting Lives and Livelihoods -- and its content.

"This disconnect is due to the improper and inappropriate assessment of the Covid-19 situation," he called the revenue target unrealistic.

The proposed budget has targeted to raise Tk 389,000 crore and elevate the revenue-to-GDP ratio to 11.3 per cent.

"The revenue-to-GDP ratio seems to be unrealistic and historically high," said Prof Raihan, calling for revising it downwards.

In the current fiscal year, the revenue-to-GDP ratio would be around 8 per cent.

SANEM'S TAKE ON FY22 BUDGET

Poverty, job, SME sector, vaccination underestimated	Solutions seem to be on an ad hoc basis	Emphasis should be on both financial and social recovery	Monitoring and evaluation process of goals unclear
Revenue-to-GDP ratio of 11.3pc unrealistic	Duty benefits may discourage businesses to expand into exports	Roadmap on budget implementation in priority sectors missing	No major reforms in health and education

The finance minister has proposed to reduce taxes for many businesses, so the revenue target was not achievable, he said. The think-tank pointed out that there had not been enough data collection about the pandemic situation from government organisations although statistics was very important to understand the ground reality. The poverty rate has increased, and there has been a big crisis in the labour market. Micro, small and medium enterprises have suffered the most and have received the least amount of support.

READ MORE ON B3

Corporate tax cut won't pay off

Raising tax deducted at source to create burden: ICAB

STAR BUSINESS REPORT

Despite a 2.5 percentage point corporate tax reduction, listed and non-listed companies might end up paying more tax than that last year because of a new plan to increase the tax deducted at source (TDS), said the ICAB yesterday.

The National Board of Revenue (NBR) seeks to hike the TDS to 7 per cent from 5 per cent for local supply while keeping it unchanged at 5 per cent at import, said The Institute of Chartered Accountants of Bangladesh (ICAB).

If the contradiction is not addressed, it shall certainly not bring relief for local entities encouraging industrialisation and foreign direct investment in Bangladesh, said Mahmudul Hasan Khusru, president of the apex body of chartered accountants.

The ICAB made the observation at a virtual press conference organised to share its analysis on the proposed national budget for fiscal 2021-22.

It welcomed the corporate tax reduction,



citing that it was higher than that in similar economies, including in neighbouring countries. In a presentation of proposed measures in the Finance Bill 2021, Snehasish Barua, convener of the ICAB's tax and law committee, said the effective tax being charge on import-dependent firms, especially suppliers, would be higher following the TDS hike.

"Change in tax rate could have been more beneficial to the business had the rate of tax deduction at source been reduced," he said. He also cited a new rule requiring companies to make payment of over Tk 50,000 through formal financial channels for purchase of raw materials.

This is inconsistent with the provision of VAT and SD Act, 2012 where firms are required to use formal banking channels for payments of over Tk 100,000, he said.

The ICAB also suggested that the government set a high growth target for the budget, pointing out that achieving the target required an integrated transition in all areas of the economy, which was difficult but not impossible.

READ MORE ON B3

BANGABANDHU SHILPA NAGAR

Marico to invest Tk 227cr in new unit

JAGARAN CHAKMA

Marico Bangladesh is set to invest Tk 227 crore to establish a new manufacturing unit at the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) in Mirsarai, Chattogram as a part of its efforts to catch a greater share of the growing market for fast-moving consumer goods.

A land lease agreement between Marico Bangladesh and the Bangladesh Economic Zones Authority (Beza) to hand over a 10-acre plot for the project will be finalised today.

This will be the company's third manufacturing unit in Bangladesh.

"Through this investment, we will expand the production capacity of our existing product lines," said Christabel Randolph, director of legal and corporate affairs at Marico Bangladesh.

Marico manufactures a range of baby care, skin care and male grooming products under brands such as Parachute Just for Baby, Parachute Skinpure and Studio X in addition to its heritage brands Parachute Coconut Oil, Parachute Advanced and Saffola Active Edible Oil.

"Almost 99 per cent of our product portfolio is manufactured in Bangladesh and we cater to both domestic and international markets from our existing factories in Gazipur," Randolph said.

"This fresh investment will enable us to better serve our consumers and supplement our endeavors to manufacture world-class products in Bangladesh," she added.

READ MORE ON B3

Continue 0.5pc source tax for 5yrs

Garment exporters urge government



STAR BUSINESS REPORT

Garment exporters yesterday demanded the continuation of the existing 0.5 per cent source tax for the next five years.

Apparel makers usually demand for source tax to be reduced to 0.25 per cent both before and after the budget is announced every year.

But this year they came up with the call to keep the tax the same for some time as Finance Minister AHM Mustafa Kamal in his budget speech on June 3 did not clearly mention any rate of source tax.

"The changes in source tax would hamper the business plan," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

"So, we demanded the continuation of the existing rate of 0.5 per cent source tax as the same source



STAR/FILE

Garment makers welcomed the proposed budget for continuing different facilities for exporters and cutting corporate tax and VAT.

tax is better for long-term business planning," he added.

Hassan was speaking at a press conference at the BGMEA's office in Uttara, Dhaka to express the

association's budget reaction. The BGMEA chief also demanded 10 per cent cash incentive on export receipts of garments made from non-cotton fibre.

READ MORE ON B3

FBCCI backs money whitening for specific period



STAR BUSINESS REPORT

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) yesterday said the opportunity to legalise undisclosed money could be offered in the productive sector for a specific period, not for indefinitely.

"Our views are clear. If there is any undisclosed money, the government can give them a chance to invest in the productive sectors for a specific period. However, it should not be allowed forever," said FBCCI President Md Jashim Uddin. He made the remarks at a media briefing at the FBCCI Icon Building while sharing the apex trade body's views on the proposed budget.

Finance Minister AHM Mustafa Kamal unveiled the budget for the fiscal year of 2021-22 on Thursday.

He, however, did not mention whether the government was going to continue the special provision on black money whitening, which allows individuals to legalise assets without facing any question about the source of funds from any authority.

READ MORE ON B3

Focus shifting from power generation to transmission

Govt aims to benefit from record generation capacity



MAHMUDUL HASAN and ASIFUR RAHMAN

The government has shifted its focus from power generation to transmission and distribution as the sector is struggling with overcapacity even though consumers are yet to receive a credible supply of electricity.

Because of the overcapacity, the country has to fork out a hefty amount to meet the cost of unutilised electricity.

This prompted the government to allocate funds in the budget for the next fiscal year for several large projects to improve the power transmission and distribution infrastructure.

Of the Tk 27,484 crore allocated for the power, energy and mineral resources ministry, the Power Division received about Tk 22,000 crore.

There were no allocations for new projects for the generation system and only the ongoing plants have received new funds, said Mohammad Hossain, director-general of the Power Cell, an agency under the Power Division.

READ MORE ON B2

KEY POINTS

Tk 27,484 cr allocated to power and energy ministry in FY22

Previously, 80pc of allocation would go to projects for generation

60pc of allocation to go to transmission, distribution in FY22

Subsidy for sector unchanged at Tk 9,000cr

Installed power capacity 25,227 MW

Maximum generation 13,792 MW

99pc of population have access to power



Vaccination challenge to budget implementation

Says an expert



STAR BUSINESS REPORT

A lack of funds is not the problem when it comes to implementing the proposed budget, but rather ensuring vaccination of the population, which can bring back business confidence, said Atiur Rahman, chairman of Unnayan Shamannay, yesterday.

"We should worry less about growth rate, deficit finance and so on, rather, we should give priority on how to vaccinate 60-70 per cent of the population in the quickest possible time," he said.

He was addressing a virtual press briefing organised by the non-governmental research organisation on the proposed national budget for fiscal 2021-22.

The government should have increased the health sector's allocation given the ongoing situation of the coronavirus pandemic, he said.

For the upcoming fiscal year, some Tk 33,000 crore has been allocated, which is 5.4 per cent of the overall budget.

OBSERVATIONS

- Vaccination should speed up
- Allocation for health sector should have been higher
- Attaining revenue target by NBR remains a challenge
- Imposing tax on MFS providers is not acceptable
- Govt should prepare a list of the poor promptly

But the government should have allocated at least 7 per cent fund of the proposed budget to tackle the Covid-19, Rahman said while presenting a keynote paper titled "How is the Budget for 2021-2022".

People will be relieved once vaccinated and business confidence will get a boost, he said, adding that this in turn would ensure success of the campaign of economic and social recovery.

READ MORE ON B3



SOCIAL ISLAMI BANK

A total of 50 mango cultivators of Kalaroa in Satkhira availed agricultural loans at 4 per cent interest from a government stimulus package under a joint initiative of Social Islami Bank and Solidaridad Network Asia. Kalaroa Upazila Nirbahi Officer Md Jubayer Hossain Chowdhury and Md Nurul Islam, deputy director of the Department of Agricultural Extension in Satkhira, attended the programme.



MERCANTILE BANK

Mercantile Bank Chairman Morshed Alam inaugurated the bank's 22nd anniversary celebrations launching an "MBL Rainbow" mobile banking app at its head office yesterday. Managing Director and CEO Md Quamrul Islam Chowdhury was present.

Pubali Bank chairman reelected

STAR BUSINESS DESK

Pubali Bank recently witnessed the unanimous reelection of the chairman of its Board of Directors.

The chairman, Monzurur Rahman, has 53 years' experience in banking and insurance and is also chairman of Rema Tea Company, says a press release.

He was an independent director of Lafarge Holcim Bangladesh and an elected member of the executive committee of Bangladesh Association of Publicly Listed Companies.

Rahman obtained a graduation degree from the University of Calcutta.



Monzurur Rahman

City Bank gets FinanceAsia title

STAR BUSINESS DESK

City Bank has been named "Best bank in Bangladesh 2021" by Hong Kong-based international publication FinanceAsia recently.

The title, awarded for the seventh time since 2012, recognises its performance, banking service innovations, financial growth during pandemic-hit 2020 and competence in serving customers and investors, says a press release.

"This recognition is a testament to the strong foundation on which this institution has been built and also our commitment to the valued customers," said City Bank Chairman Aziz Al Kaiser.

Airlines press US on refusal to lift Covid-19 travel restrictions

REUTERS, Arlington

Major airlines are pressing the United States government on its decision not to move quickly to relax Covid-19 restrictions that block travelers who have been in much of Europe and elsewhere even as other countries began to ease prohibitions.

On Monday, the heads of several major airlines as well as the chief executives of Heathrow Airport and industry group the US Travel Association will hold a virtual news conference to push for removal of travel restrictions between the United States and the United Kingdom.

On hand will be the CEOs of American Airlines, IAG unit British Airways, Delta Air Lines, United Airlines and JetBlue Airways Corp. The airline CEOs on May 11 had called for a summit between US officials, UK officials, and airlines to discuss how to "expeditiously reopen transatlantic travel."

Since March 2020, the United States has barred nearly all non-US citizens who have been in the UK within the last 14 days from entering the country. Most US travelers visiting the UK must quarantine for 10 days upon arrival.



REUTERS/FILE

Travellers wearing protective face masks to prevent the spread of the coronavirus disease reclaim their luggage at the airport in Denver, Colorado, US on November 24, 2020.

Airline and administration officials say no change is expected in the near term but add it is possible the restrictions could be removed as early as July 4 or thereabouts, but they caution no decisions have been made. On Friday, France said

vaccinated Americans starting on June 9 will be able to travel to the country. United said it would resume Paris flights from Washington in July and Delta said it was adding flights to France as well.

At a press event at Washington

National Airport on Friday, American Airlines President Robert Isom said, "We know there is tremendous pent-up demand for service." Isom said the airline has "a lot of capacity to be ready to go" for European travel. Asked if July 4 would be too late for

European summer travel, Isom said: "We're going to take it whenever it comes."

Airline officials had held out hope earlier that by late May, the United States would have lifted travel restrictions on the United Kingdom and Ireland, where new Covid-19 cases have plummeted.

The travel restrictions also apply to most non-US citizens in Brazil, South Africa, India and Iran. The Biden administration held a call with British officials on Thursday, people briefed on the matter said, but the White House gave no indication it is planning to lift restrictions.

The White House, which is focused on boosting US vaccination rates and reducing Covid-19 cases, declined to comment on Friday.

President Joe Biden is certain to face questions about the issue from foreign leaders when he travels to Europe next week.

"We certainly understand the desire of many Europeans to come to travel the United States and vice versa," White House spokeswoman Jen Psaki said May 21.

"We can't respond to public pressure or even emotion. We have to rely on the guidance of our health and medical experts."



UJJWALA

Afroza Parveen, managing director and co-founder of Ujjwala, and Moriam Javed Juhi, head of City Bank's dedicated banking platform for women City Alo, recently signed a memorandum of understanding facilitating loans for women entrepreneurs on easy terms for business expansion and skills development.



BEACON PHARMACEUTICALS

Md Ebadul Karim, managing director of Beacon Pharmaceuticals and lawmaker of Brahmanbaria-5 constituency, hands over health safety equipment to Shibganj Municipality Mayor Syed Monirul Islam for residents of the area in Chapainawabganj district.

Focus shifting from power generation to transmission

FROM PAGE B1

"Power generation is now in surplus. So, the government has put emphasis on transmission and distribution in the budget," he added.

Previously, about 80 per cent of the allocation used to go to the projects for generation and the rest for transmission. But for the next fiscal year, about 60 per cent of the allocation is going to transmission and distribution projects.

Under the transmission and distribution projects in the upcoming fiscal year, new distribution substations will be built, the old lines will be replaced with new ones, the wooden boards will be changed, and the capacity of transformers will be upgraded.

The Bangladesh Rural Electrification Board (BREB) is set to implement many distribution projects which will help reduce power outages in rural areas.

A project involving Tk 4,000 crore has been taken under the BREB to develop the distribution network.

The Bangladesh Power Development Board (BPDB), Dhaka Power Distribution Company (DPDC), Dhaka Electric Supply Company, West Zone Power Distribution Company, and Northern Electricity Supply Company also got funds to modernise their distribution systems.

DPDC received Tk 3,051 crore from the Annual Development Programme to

expand and strengthen the power system network. Under the project, the overhead electric cables will go underground.

The government has made allocations to develop the transmission system to evacuate electricity from the Rooppur Nuclear Power Plant and Matarbari and Payra power plants.

However, the budget for FY2021-22 is not in line with the government plan to phase out rental and the quick rental power plants to bring down the expenses stemming from growing capacity charges.

Khondaker Golam Moazzem, research director at the Centre for Policy Dialogue (CPD), welcomed the higher budget for the transmission and distribution systems.

"But, the transmission and distribution systems have not got as much importance as they should have got, and a tendency to spend money on generation is continuing despite the overcapacity," he said. "For the lack of adequate investment in the transmission and distribution, consumers are experiencing power cuts across the country."

The 600-megawatt Matarbari ultra super-critical coal-fired power project was given an ADP allocation of Tk 6,162 crore and the Rooppur Nuclear Power Plant Tk 18,426 crore.

Although the allocation for the Rooppur plant falls under the science and technology ministry, it is still for power generation.

"The allocation for generation is still higher than the funds set aside for transmission and distribution, which is disappointing," Moazzem added.

According to the CPD, 62 per cent of the ADP outlay for the power sector went to generation.

The power sector is struggling with overcapacity. More than 48 per cent of the generation capacity remained unused on June 2. As a result, BPDB needs a significant amount of subsidy to meet its cost.

For the next fiscal, the subsidy provided for the energy and power sector has remained unchanged at Tk 9,000 crore.

The subsidy will likely mean that the BPDB will not need to seek permission from the Bangladesh Energy Regulatory Commission to raise the power tariff. This is not desirable during the crisis, the CPD said in its budget analysis.

Because of the inefficiency in the power sector and overcapacity, the government has to pay the capacity charges, forcing it to subsidise the sector.

"If they don't get the subsidy, they have to increase the power tariff. If the quick rental plants and inefficient plants are phased out, this problem would be solved," Moazzem said.

"We expect a specific announcement from the power ministry on how these quick rental power plants will be phased

out, the old plants will be shut, and the new financing on coal-based power plants will be suspended," he added.

The government has a commitment to retire fossil-fuel based power generation and is moving towards clean-energy based power generation.

"But, the budget makes no such indication," Moazzem said.

Industry insiders say extreme overcapacity is undermining the government's success in the power sector.

At present, the installed capacity was 25,227 MW as of June 3, according to the Power Cell. The maximum power generation on the day was 13,014 MW. In Bangladesh, the highest 13,792 MW of power was generated on April 27.

The rates of overcapacity were found to be 59 per cent, 46 per cent, and 49.8 per cent in June FY18, FY19 and FY20, respectively.

The highest overcapacity was recorded in January and March of 2020, at 63.3 per cent and 62.5 per cent, respectively.

The excess capacity in developing countries is about 10 per cent, according to the California-based Institute for Energy Economics & Financial Analysis.

The beneficiary coverage of electricity has increased from 47 per cent in 2009 to 99 per cent this year with per capita power consumption having more than doubled at the same time.

Canada loses more jobs in May but summer hiring boom looms

REUTERS, Ottawa

Canada lost more jobs than expected in May amid continued lockdowns to curb a harsh third wave of Covid-19, data showed on Friday, but economists were quick to predict a rush of hiring in June as those restrictions ease.

Some 68,000 jobs were lost in May, Statistics Canada said, more than the average analyst forecast for a loss of 20,000. The unemployment rate climbed to 8.2 per cent, in line with expectations. Employment is now 3 per cent below pre-pandemic levels, Statscan said. "I am hopeful that this is the last down-print we have before we release a fury of hiring activity starting in June," said Derek Holt, vice president of Capital Market Economics at Scotiabank.

Many Canadian provinces are easing restrictions as new Covid-19 infections plummet and more Canadians get their job. Canada has administered first doses to about 60 per cent of its adult population, with just over 6 per cent fully vaccinated.

That should bolster the reopening of "high-contact" service sectors, where employment remains furthest below pre-pandemic levels, with hiring set to ramp up in subsequent months as businesses respond to a surge of pent-up demand.

"With households sitting on an exceptionally large stockpile of savings built up during the pandemic, that recovery could accelerate relatively quickly over the summer," said Nathan Janzen, senior economist at RBC, in a note.



Mirza Salman Ispahani, chairman of Ispahani Tea, receives a BT-23 tea plant sapling developed by Bangladesh Tea Research Institute from Commerce Minister Tipu Munshi at a programme organised by Bangladesh Tea Board at Osmani Memorial Auditorium in Dhaka recently marking National Tea Day.

'Malaysia keen to invest in Bangladesh'

STAR BUSINESS DESK

Malaysia has showcased keenness on investing in Bangladesh for being one of the fastest growing economies amidst the pandemic, said discussants at an online event jointly organised by Standard Chartered and Bangladesh Investment Development Authority yesterday.

The "Showcase Bangladesh 2021: Bangladesh-Malaysia Investment Summit" shed light on emerging strategic potentials in a shifting global landscape, says a press release.

"(The) Relationships...are characterised by a number of complementarities. It is time to take advantage of these complementarities and begin our respective journeys to become high income economies," said Commerce Minister Tipu Munshi.

"Malaysia and Bangladesh have historically had extremely good relationships and I believe any kind of cooperation...is a win-win situation," said Salman F Rahman, the prime minister's private sector and investment adviser.

"As we ascend to the next level, we realise the need to pick up the pace. An important part of this process is digitalisation," he said.

"Our relationship with Malaysia has common grounds on human resources, trade, investment culture and tourism and there are significant opportunities to further enhance the ties," said Md Golam Sarwar, Bangladesh high commissioner to Malaysia.

"I urge the Malaysian investors who are already established in Bangladesh to encourage and invite their investor friends to invest in our rapidly growing economy," he said.

"In terms of the close economic relations, our investment in Bangladesh cumulates to more than \$3 billion on various sectors like telecommunication, infrastructure, education and so on," said Haznah Md Hashim, Malaysian high commissioner to Bangladesh.

"To make this already established relationship even stronger, I would suggest the consideration of tax incentives in the short run and to reduce trade barriers and implement

FTA to help trade relations grow even stronger," she said.

"International investors have an excellent track record of operating in Bangladesh and are recognised as the leading taxpayers in sectors such as telco, insurance, financial sector, and FMCG," said Naser Ezaz Bijoy, CEO of Standard Chartered Bangladesh.

"These profitable opportunities will only grow as the country continues its remarkable development trajectory," he said. "We've witnessed Bangladesh evolving rapidly to become a force to be reckoned with — it is one of the fastest-growing economies in the world — and Malaysia is the 9th largest investor in Bangladesh," said Abrar A Anwar, managing director and CEO of Standard Chartered Malaysia.

"A free trade agreement...would be immensely beneficial," he said.

Datuk Md Nor bin Ali, chief investment officer of Edra Energy; Mahtab Uddin Ahmed, CEO of Robi Axiata; and Rupali Chowdhury, president of the Foreign Investors Chamber of Commerce & Industry, also spoke at the programme.

Govt plays down poverty, job, vaccination: Sanem

FROM PAGE B1

"Emphasis must not only be placed on financial recovery, but also on social recovery," said Raihan, a professor of economics at the University of Dhaka.

The recovery of social issues such as education, health, social security, poverty, and inequality needs to be addressed.

"The solutions presented [in the budget] seem to be on an ad hoc basis," he said, calling for overall planning on the crisis.

Budget implementation is a major issue, according to the think-tank.

Sanem's research found that actual spending stood around 75-78 per cent in the past 10-12 years compared to the proposed budgets.

"Increased spending does not imply that policies are being properly implemented."

The monitoring and evaluation process of the goals stated in the budget was not clear, so discussions of budget implementation were dependent on spending figures only, the Sanem said.

It said the budget deficit of 6.2 per cent could be higher.

To meet the budget deficit, it is important to ensure an "honest use" of the loans to be taken from the banking sector, Raihan said.

The government targeted a 40 per cent higher amount of funds to be mobilised from external sources compared to the current year.

"I have a huge doubt whether it is possible to receive such a higher amount of external sources," Raihan said.

Despite two waves of Covid-19, the government estimated the growth of the private investment to be 8.8 per cent in real terms at the end of FY21, up from 5.5 per cent a year ago. A 10.8 per cent growth has been set for the upcoming fiscal year.

"I want to be optimistic, but the reality

does not give such hope. To reach the targeted growth, we need a historically high amount of investment in the private sector. But our recent research shows 15 major sectors are reluctant to invest now and are trying to restore their business amid the pandemic."

The Sanem said there was no mention of new poor, although about 2.5 crore to 3 crore people slipped below the poverty line.

"How they would be incentivised or receive benefits was not mentioned in the budget although it said the poverty rate would reduce and jobs will be created."

The duty benefits on imports also pose a risk as it may discourage businesses to expand exports, it said.

Prof Sayema Haque Bidisha, research director of the Sanem, said there had been an increase in allocation in the social security and health sectors, which was certainly positive.

"The budget is, overall, business-friendly, which is positive, and there is a visible effort in reviving the economy."

But it was not clear how much the general public, the low-income people and the middle class would benefit from the efforts made to boost businesses, she said.

"It is also not clear how many small and medium-sized enterprises will benefit from the concessions, and it is also not clear whether the kind of incentives given to stimulate businesses will actually spread to the labour market. Therefore, a real roadmap is needed."

She said there was a need for major reforms in health and education, especially in the face of the pandemic.

"There was an expectation for something different, which we did not observe."

Continue 0.5pc source tax for 5yrs

FROM PAGE B1

Globally, the fashion industry has been shifting to manmade fibre thanks to their environment-friendliness, functionality and durability.

However, Bangladesh is still very weak in the trade of manmade fibre and clothing items while competing countries have been making strides in this regard.

Manmade fibre garments occupies 78 per cent of the global business while cotton fibre holds the remaining 22 per cent.

However, some 74.14 per cent of Bangladesh's garment export earnings come from cotton made items.

So, Bangladesh is lagging behind in the mainstream business of manmade fibre garments, which is worth a few hundred billion dollars globally.

New investments will come and a lot of jobs will be created if the government gives 10 per cent cash incentive on export receipts of manmade garment items, Hassan said.

The manmade fibre garment manufacturers will also be able to create new job opportunities and bring back the workers who lost their jobs because of the severe fallouts of the Covid-19 pandemic, he added.

Hassan welcomed the proposed budget for continuing different facilities for the garment exporters and cutting the corporate tax and value-added tax.

He also said the garment sector has already reemployed the workers who became jobless after the Covid-19 outbreak.

However, he could not exactly say how many workers have lost their jobs and how many were re-employed with the opening up of the economy and global supply chain

after a pause for lockdowns.

By October and November this year, the sector will witness a full recovery of business, the BGMEA chief said.

However, Hassan urged the government to take measures to remove bureaucratic tangles for the ease of doing business.

Currently, Bangladesh is the global leader in green garment factories and the country's production system has improved to a great extent since the Rana Plaza disaster in 2013, he said.

Of the 100 global Leadership in Energy and Environment Design (LEED) certified garment factories, about 39 are in Bangladesh.

Bangladesh has 143 LEED certified buildings and 40 of them are platinum rated factories.

Ten years ago, the amount of apparel shipments to new markets stood at \$700 million, which was 6.88 per cent of Bangladesh's total apparel shipments per year. Now the rate has increased to 17 per cent to over \$6 billion a year.

So, it is indicating that the government's four per cent stimulus for the new markets worked well.

During the 2008-09 fiscal year, the government gave four per cent incentives on export to new markets. Bangladesh considers all the markets as new ones except the EU, US and Canada.

Hassan also said the EU should extend its generalised system of preferences (GSP) to Bangladesh for more than 10 years.

After 10 years, the EU should grant Bangladesh the GSP plus as the south Asian economy was hit hard by the pandemic, he added.

Tax cuts for cement industry nominal, won't lower prices

FROM PAGE B4

The annual demand for the key construction material is about four crore tonnes against a production capacity of 8.4 crore tonnes. Around Tk 42,000 crore has been invested in the industry till date.

Moreover, millions of construction workers and officials are both directly and indirectly employed by the industry, which deposits roughly Tk 5,000 crore to the state

coffer through customs and taxes.

With a surplus in supply, locally produced cement has been exported to many destinations for more than 15 years now.

The per capita consumption of cement in the country currently stands at 210 kgs while it is a whopping 1,700 kgs in China, 690 kgs in Malaysia, 620 kgs in Thailand, 517 kgs in Vietnam, 412 kgs in Sri Lanka, and 305 kgs in neighbouring India.

India cenbank says focused on growth as inflation not 'persistent'

REUTERS, Mumbai

The Reserve Bank of India (RBI) kept interest rates at record lows on Friday and announced additional bond purchases to support the economic recovery, at risk of being derailed by a devastating second wave of Covid-19 infections.

The RBI's monetary policy committee (MPC) voted unanimously to hold the repo rate, its key lending rate, at 4 per cent and kept the reverse repo rate, the borrowing rate, unchanged at 3.35 per cent as predicted in a Reuters poll.

The central bank also promised to keep its policy accommodative for as long as necessary, as it downgraded the growth forecast for the 2021/2022 fiscal year and said current inflation pressures would likely be transient.

"At this point of time the MPC has very consciously taken the decision to focus on growth," said RBI Governor Shaktikanta Das during a press briefing.

"The MPC was of the view that at this juncture policy support from all sides is required to gain the momentum of growth that was evident in the second half of 2021 and to nurture the recovery," Das said earlier in a statement.

India's annual economic growth rate picked up in January-March compared with the previous three months, but economists are increasingly

pessimistic about the June quarter after a huge wave of Covid-19 cases triggered lockdowns in several states.

Das said RBI will buy 1.2 trillion rupees (\$16.44 billion) worth of bonds in the September quarter on top of the quantitative easing programme announced in April. The RBI said then it would buy 1 trillion rupees worth of bonds under the G-SAP 1.0 programme.

Economists said the government would also need to step up and announce fiscal measures in an effort to aid the recovery as monetary policy alone will not prove adequate.

"We believe that expecting the RBI to do all the heavy lifting for an economy suffering from massive demand destruction, is rather unfair on the central bank," said Kunal Kundu, India economist at Societe Generale.

When asked about the need for fiscal stimulus, Das said it was the government's prerogative but added that the capital expenditure provisions made in the budget should aid in creating demand.

Indian financial markets showed little reaction to the monetary policy announcement, which was widely expected.

The RBI's monetary policy committee downgraded its growth forecast for the 2021/22 fiscal year to 9.5 per cent from 10.5 per cent

previously but did not expect the fallout from the current coronavirus restrictions to be as bad as the impact of a national lockdown last year.

"The sudden rise in Covid-19 infections and fatalities has impaired the nascent recovery that was underway, but has not snuffed it out. The impulses of growth are still alive," Das said.

Das said normal monsoons will augur well for the agriculture sector and, alongside supply side interventions from the government, should help keep inflationary pressures in check.

But supply constraints due to coronavirus curbs and rising input costs, on the back of higher commodity prices, could fuel inflation, the RBI said.

Retail inflation is seen at 5.1 per cent in 2021/2022 and RBI deputy governor Michael Patra said the MPC's view is that inflation is not "persistent".

"Their insistence on ignoring the inflationary build up due to rising commodity and food prices is extremely intriguing and could pose financial stability risk at some stage," said independent adviser and market expert Sandip Sabharwal.

The central bank has slashed the repo rate by a total of 115 basis points (bps) since March 2020 to soften the blow from the pandemic, following 135 bps worth of rate cuts since February 2019.

Marico to invest Tk 227cr in new unit

FROM PAGE B1

Marico began its journey in the country around 20 years ago with 36 brands across 10 categories under the Parachute Advanced, Saffola, Nihar, Parachute Just for Baby, Parachute Skinpure, Parachute Naturale, Livon and Studio X franchises.

Even despite the Covid-19 pandemic, the company enjoyed good business during the last financial year as its revenue grew by 15.4 per cent and profitability increased 17.5 per cent.

With Marico showing resilience amid the second wave of infections and the government's prudent measures in the form of movement restrictions and vaccination efforts, the company is hopeful of continuing to deliver growth in profits for its shareholders in fiscal 2021-22.

Randolph went on to say that construction on the new unit would begin as soon as Beza hands over the plot.

"We plan to accelerate the pace of development and hope to go into commercial operations by mid-2022," she added.

Marico Bangladesh commenced exports to South Asian markets in 2018, primarily, Nepal and India.

Since last year, the company has also commenced exports to Middle Eastern markets and will look to further expand its export potential.

"We are proud to be ambassadors of "Made in Bangladesh" and enhance this equity in both domestic and international markets," Randolph said.

Through the company's efforts, Bangladeshi consumers can be assured of availing the best-in-class quality products, made right here in their own country.

Regarding the project's financing, she said that their primary plan is to self-finance the project.

"We are, however, exploring other financing options as well and will avail external financing if the terms and rates are feasible," she added.

According to the investment proposal, Marico will create 2,500 opportunities for direct employment at the new production unit.

Beza Executive Chairman Paban Chowdhury said Marico is a renowned company that is doing very well in Bangladesh and is capable of ensuring quality investment.

FBCCI backs money whitening for specific period

FROM PAGE B1

The current provision to legalise untaxed money on payment of 10 per cent tax on the disclosed amount expires on June 30.

The special treatment drew flak from various quarters as it discourages compliant taxpayers and encourages corruption.

However, people with undisclosed wealth will be able to invest their income to buy real estate and land by paying tax. The scope to invest the untaxed money in economic zones and hi-tech parks will also continue in the next fiscal year.

Jashim said people who paid taxes regularly would feel discouraged if the government extended the opportunity to invest undisclosed money for a long time.

Budget implementation has long faced challenges in the areas of governance, monitoring, investment, revenue collection, and ensuring business-friendly tax administration, the FBCCI said.

"Increasing administrative and executive efficiency, transparency and accountability in these areas and upgrading monitoring quality were crucial to overcoming the challenges." The federation expressed dissatisfaction over the hike in advance income tax (AIT) from 5 per cent to as much as 20 per cent for businesses. The increase might bring businesses to a standstill, it said.

As business operating expenses rose due to the AIT, the FBCCI had earlier placed a proposal demanding its withdrawal.

In the proposed budget, the rate of business turnover tax for individual taxpayers has been reduced from 0.50 per cent to 0.25 per cent. The FBCCI urged the government to make the rate effective for all businesses.

The advance tax on imports was cut from 4 per cent to 3 per cent even though the FBCCI had earlier recommended that the tax be withdrawn.

The federation urged the government to meet the budget deficit by borrowing funds

from foreign sources and issuing special local bonds instead of taking it from local banks. It called for withdrawing the 15 per cent tax imposed on private universities, medical, dental and engineering colleges, citing the education system was greatly affected by the pandemic.

The federation appreciated the government moves taken to attract investment and protect local industries. It applauded the focus on skills development and the tax cuts for companies where 10 per cent of the employees belonging to the third gender.

Metropolitan Chamber of Commerce and Industry President Nihad Kabir, Dhaka Chamber of Commerce and Industry President Rizwan Rahman, and Bangladesh Textiles Mills Association President Mohammad Ali Khokon were present during the media briefing.

Corporate tax cut won't pay off

FROM PAGE B1

The institute, however, said tax exemption in various industries, particularly for agriculture and agro-based industries and on building hospitals outside the major cities would ultimately help create new jobs.

It also welcomed proposed tax breaks for cloud services, system integration, e-learning platforms, e-book publishing, mobile application development services and IT freelancing providers until 2024.

But the body did not support the move to increase tax on mobile financial service providers.

The ICAB lauded advance tax applicable on imported goods for production purposes being reduced to 3 per cent from 4 per cent, saying it would reduce the producers' current capital requirements.

Vaccination challenge to budget implementation

FROM PAGE B1

Given the pandemic-induced economic slowdown, the revenue collection target for the National Board of Revenue (NBR) has been revised downwards for the ongoing fiscal year, Rahman said.

The target is Tk 330,000 crore, the same as that of last fiscal.

He opined that attaining the target would be very challenging for the NBR and they must show utmost efficiency.

The proposed tax on mobile financial service (MFS) providers is not acceptable as it may have an adverse impact on the growing sector, said Rahman, also a former governor of the central bank.

Many poor people are highly dependent on the MFS providers to settle their transactions of small amounts, he said.

As per the proposed budget, the corporate

tax levied on listed MFS providers may soar by 5 percentage points.

If the MFS provider is not listed, a 7.5 per cent increase in corporate tax has been suggested.

If the tax is imposed, the MFS providers may levy an additional charge on clients to adjust the cost, Rahman said.

The government agencies dedicatedly implementing social safety net programmes should strengthen their capacities to materialise the schemes efficiently, he said.

The government has allocated Tk 107,610 crore for the social protection schemes for the upcoming fiscal year, which is up 12 per cent but lower than the average 17 per cent growth of allocation between fiscals 2009-10 and 2021-22.

There is no list for the poor and the government should prepare a list of the urban ones immediately such that they can be brought under the social protection scheme, Rahman

said.

AK Enamul Haque, an emeritus fellow of the organisation, said the social safety nets conventionally targeted those living below the poverty line.

Considering the current situation, safety nets are required for those living just above the poverty line, he said.

A universal pension scheme could be a good way to do so, he said.

Khondoker Shakhawat Ali, another emeritus fellow, said the budget proposal should have presented a clear timeframe for vaccinating the population.

The government should aim to vaccinate 70-80 per cent of the population within the coming fiscal year, he said.

To do so, the government should initially prioritise importing vaccines and then move to producing those, Ali said.

Tax cuts for cement industry nominal, won't lower prices

Market players cite rising raw material prices, shipping costs



JAGARAN CHAKMA

Although the government said that it would reduce the taxes levied on the import of raw materials used to make cement, this initiative will not have a satisfactory impact as prices would remain the same at the consumer level, according to market players.

While announcing the proposed national budget for fiscal 2021-22 on Thursday, Finance Minister AHM Mustafa Kamal said the advance income tax on raw material imports for cement production would be reduced from 3 to 2 per cent.

Kamal also proposed that the tax deducted at source on the supply of cement be cut by 1 percentage point to 2 per cent, and to provide tax incentives for the industry to ensure easy and cost effective infrastructure development in the country.

"But this nominal reduction will not benefit consumers as raw material prices recently increased in the international market," said Mohammed Amirul Haque, managing director of Premier Cement.

Besides, the shipping costs have risen significantly over the past three to four months, he added.

According to Haque, the current shipping cost of one tonne of clinker is around \$63 while it was \$56 just a few weeks ago.

"This is why the price of cement has increased in the domestic market since mid-March," Haque said.

Similarly, the rising trend in international shipping costs began last November.

Just one-and-a-half months ago, it would cost about \$20 to

transport one tonne of clinker on a mother vessel from Indonesia, Vietnam, or even the Middle East, to Bangladesh.

"So, reducing advance income tax and source tax by 1 percentage point each will not bring an adequate benefit for consumers," Haque added.

Md Shahidullah, managing director of Metrocem Cement and first vice-president of the Bangladesh Cement Manufacturers

Association (BCMA), echoed the same. "If the government reduced the import taxes to Tk 200 from Tk 500 per tonne of clinker, then consumers would be benefited," he said.

The price of each 50-kilogramme (kg) bag of cement recently rose by around 12 per cent, or Tk 50, to hit roughly Tk 450 -- a development which will surely push up construction costs, be it for the government's development projects or private projects.

Against this backdrop, cement makers have demanded the complete withdrawal of the inconsistent advance income tax imposed on raw material imports as the impact of the tax concession given to the cement sector in the proposed budget is very nominal.

"We will meet with officials from the National Board of Revenue to discuss our demands, including the complete withdrawal of tax

the final budget.

"The proposed tax cuts are nothing but unreasonable coercion for an industry since we cannot say just how much profit it could make," said Md Alamgir Kabir, president of the BCMA.

"It depends on the country's economy, market system, demand and above all, competition," he added.

The BCMA chief went on to say that profit and loss are determined



MAIN TAKEAWAYS

- AIT reduced by 1 percentage point
- Source tax at supply stage cut by 1 percentage point
- Price rose 12% in one year
- Price increased by Tk 50 per bag on average
- Clinker price went up by \$6 per tonne during last one month
- Shipping cost rose by \$6 per tonne

paid at source on the supply stage," Shahidullah added.

As far as the market players are concerned, the taxes levied on raw material imports has always been inconsistent and therefore, is by no means desirable.

So, if not a complete withdrawal, then the taxes should at least be made compatible.

The BCMA also demanded that the rate of withholding tax on cement supply, which has been proposed to be reduced from 3 per cent to 2 per cent, be withdrawn in

after an audit by a government-designated body, regardless of whether it is a listed company or not.

"So, if the government thinks that advance income tax should be paid, we should not have any objection," he said.

"But the income tax imposed should not ultimately be a liability in any way," Kabir added.

At present, there are about 35 local and foreign cement companies in Bangladesh.

READ MORE ON B3

BASIS welcomes budget, but wants tax break until 2030



STAR BUSINESS REPORT

Bangladesh Association of Software and Information Services (BASIS) has welcomed the new national budget, but it expressed its worries as the fiscal plan did not include the proposals placed by the association.

The government did not enlist broadband internet service and training on information technology as an Information Technology Enabled Service (ITES), which is a long-pending demand of the association.

"We proposed reducing the tariff on cyber security software, but the government did not say anything about it in the budget," said BASIS President Syed Almas Kabir.

Tech-enabled services have been enjoying tax exemptions since 2008 and it will continue until 2024.

The government also added e-learning and e-books within the scope of ITES.

The software and information service providers wanted the tax exemption to be extended until 2030 to attract long-term investment for the sector, but nothing was there about it in finance minister's budget speech on June 3.

Earlier, the association also had urged the government to allocate Tk 500 crore for the technical assistant project to brand Bangladesh globally as a technical assistance (TA) provider nation.

It had also suggested the government to set aside a Tk 300 crore fund from where women entrepreneurs can take loans at 2 per cent interest.

However, the new budget did not explicitly mention the TA project or the creation of women IT entrepreneurs, Kabir said.

He made the comments in a virtual press briefing on the proposed national budget for 2021-22 fiscal year. BASIS organised the event yesterday.

About Tk 95,000 crore has been allocated in the budget for education and technology, but it is not clear how much of

it is allocated for the IT sector.

Moreover, there is no specific direction in the budget about how a local IT market for private software companies will be created and how the government will implement digitisation.

Mobile financial services or digital transactions should have been exempted from value-added tax to give a boost to the industry, but the government increased taxes for the sector, which will make MFS expensive for the mass, the BASIS president said. The speakers of the event also demanded e-commerce or online business be exempted from source tax and advance trade VAT.

A lot of mega infrastructure projects are going on in the country now, but it is not clear how much will be spent for the local software sector of the projects, Kabir said.

"Local software and IT services industry will not expand if local software companies do not get the opportunity to provide software or IT services in these infrastructure projects."

The BASIS leaders hoped the government will consider the proposals tabled by the association for building a truly digital Bangladesh.

The software and information service providers wanted the tax exemption to be extended until 2030 to attract long-term investment for the sector, but nothing was there about it in finance minister's budget speech on June 3.

GLOBAL BUSINESS

US hiring underwhelms in May as economic reopening hits turbulence

AFP, Washington

The United States added 559,000 jobs last month as hard-hit sectors rehired workers laid off during the worst days of the pandemic, but analysts warned the virus was continuing to complicate the economy despite massive government stimulus.

The Labor Department data undershot analysts' expectations for a lofty rebound in hiring enabled by accelerating Covid-19 vaccination campaigns, following the surprisingly weak employment gains in April.

Even so, the jobs gains pushed the unemployment rate down to 5.8 per cent from 6.1 per cent in April.

Rubeela Farooqi of High Frequency Economics said the report indicated unemployed Americans were staying away from workplaces as companies rehired, which she blamed on the persistent aftershocks from business restrictions meant to stop the virus from spreading.

"Job growth remains surprisingly sluggish in an economy that is no longer facing capacity constraints," she said in an analysis, adding, "Ongoing pandemic-related issues including childcare and health concerns are likely a constraint on job growth."

That echoes widespread reports from businesses about the difficulty filling open positions.

President Joe Biden acknowledged the bumpy recovery but said his bet on the \$1.9 trillion pandemic rescue measure he signed into law in March was paying off, helping the economy recover strongly from the mass layoffs that put tens of millions of people out of work as the pandemic began in March 2020.

"This is progress, historic progress" after "our worst crisis in 100 years," Biden said of the data.

He said the country was leading the world in recovering from the pandemic with two million jobs created in his first four months in office.

"No other major economy in the world is going as fast," he said.

The US economy still has a long road to travel before it can return to the record-low unemployment seen before the pandemic

hit. The May data showed there are still 7.6 million jobs yet to be regained from February 2020.

"We're going to hit some bumps along the way," Biden said.

"You can't reboot the world's largest economy like flipping on a light switch."

"Still, the report contained important evidence that people who wanted jobs were getting them, with 431,000 people leaving the ranks of the long-term unemployed, dropping the total to a still-high 3.8 million in May.

Sectors that were badly damaged by pandemic business restrictions made up the bulk of the employment gains last

month, with the leisure and hospitality sector adding 292,000 jobs, two-thirds of which were in businesses like bars and restaurants.

Accommodations added 35,000 jobs, and amusement, gambling and recreation businesses added 58,000, but the leisure and hospitality sector overall remains short 2.5 million positions compared to February 2020, the report said.

Brian Deese, director of the White House National Economic Council, noted the jobs report was based on data for the week of May 12, and since then vaccinations have increased further as business restrictions eased.

"Since that period, an additional 21 million adult age Americans have gotten fully vaccinated, and so we're making progress even since this snapshot in time," Deese told reporters.



US businesses are hiring, but Labor Department data indicates some unemployed workers are staying away from the workplace, constraining employment growth.

US leisure and hospitality pay surges to a record

REUTERS

Hotels, restaurants and other businesses are boosting pay as they try to rebuild their staffs and meet increasing demand from Americans ready to venture out as pandemic-related restrictions are lifted and more people are vaccinated.

But it is unclear if the increases will be sufficient to entice enough workers back to close the employment gap remaining in the sector hit hardest by Covid-19 job losses. Average hourly earnings for workers in leisure and hospitality rose to \$18.09 in May, the highest ever and up 5 per cent from January alone, according to Labor Department data released on Friday.

Pay rose even faster for workers in non-manager roles, who saw earnings rise by 7.2 per cent from January, far outpacing any other sector. That higher pay could be a sign that companies are lifting wages as they seek to draw people back to work after more than a year at home. Some businesses are struggling to keep up with higher demand as more consumers, now fully vaccinated, get back to flying, staying in hotels and dining indoors. Job gains in leisure and hospitality this year have so far outpaced gains in other sectors.

But it is too soon to know whether the boost will be enough



REUTERS/FILE

People crowd outdoor dining at a restaurant as coronavirus disease restrictions are eased in Ann Arbor, Michigan, US on April 4.

to help speed up hiring at a time when many workers are still facing other obstacles, including health concerns and having to care for children and other relatives.

"The fact of the matter is, the pandemic is still going on," said Daniel Zhao, a senior economist for Glassdoor. "The economy is running ahead of where we are from a public health situation."

Some 2.5 million people said they were prevented from looking for work in May because of the pandemic, according to the Labor Department.

And just about 40 per cent of Americans are now fully vaccinated, meaning that many workers may still be concerned about the health risks they might face on the job, Zhao said. Employment in leisure and hospitality is still in a deep hole when compared with pre-pandemic levels.

The industry added 292,000 jobs in May, with about two-thirds of that hiring happening in restaurants and bars.

But overall employment is still down 2.5 million jobs, or 15 per cent from pre-pandemic levels,

more than any other industry.

If job gains continued at the pace seen in May, it would take more than eight months to replace the jobs lost. And it's not yet clear that all of the jobs will be recovered, especially if business travel remains depressed or if other habits change after the pandemic.

Some people who previously worked at hotels or restaurants moved on to other types of jobs during the pandemic, such as packaging goods at a warehouse, and it's too soon to know whether they will switch back as more of the economy reopens, said Zhao.

Some Republicans and businesses struggling to find workers say generous unemployment benefits are slowing down the labor market recovery by making it easier for workers to stay home.

Others say the benefits may be helping workers cover the bills while they wait for schools to reopen, receive vaccinations and resolve other obstacles that made it difficult for them to work during the pandemic. "People were making decisions based on those other factors, but they had the wherewithal to make those choices because of the extended unemployment benefits," Cleveland Federal Reserve Bank President Loretta Mester said during an interview with CNBC.

Powell, Lagarde split over central bank role in climate policy

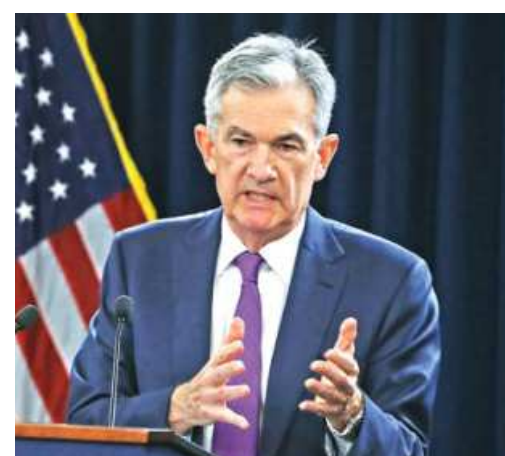
AFP, Paris

US Federal Reserve chief Jerome Powell said Friday it was not the central bank's role to set climate policy, a stance rejected by European counterpart Christine Lagarde who warned that "the planet is burning".

"We are not and we do not seek to be climate policy makers as such. We have a very specific mandate and precious independence," Powell told a videoconference hosted by the Bank of International Settlements (BIS) and France's central bank. "We should avoid trying to fill in public policy where governments haven't done so yet, that's not up to us," the head of the US central bank concluded. Lagarde did not agree.

"Our planet is burning and we, central bankers, could look down at our mandate and pretend that it is for others to act. And that we should simply be followers, I don't think so," Lagarde said.

"I believe that if we did, we would be failing on our mandate and that we would be missing in action," she added. Chinese counterpart Yi



US Federal Reserve chief Jerome Powell

Gang agreed that "our planet is in danger", and added: "The most important thing we are doing is to tell the general public how important green finance and climate change risk is."

"Lagarde, who has made climate protection

financing an ECB priority, referred to one of its key concerns when she said: "Climate change could impair monetary policy transmission because it is likely to induce financial instability if it is not taken into account."

"The bank would be "squarely in our mandate when we guide banks on climate related risks as well as environmental risks," she added.

Powell steadfastly sought to keep the Fed out of the fray, however, saying that "climate change is not something we directly consider in setting monetary policy." He nonetheless acknowledged that "there is no question that climate change has the potential to affect the structure of the economy over time."

"Central banks clearly can play an important role in building data and analysis to understand the macroeconomic consequences of climate change, to qualify the risks for financial system through scenario analysis for example."

"Gang agreed that central banks could play an informative role "so that households, general public, firms, enterprises and also ordinary people understand the very implication of climate change."