

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



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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.

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Corporate tax cut won't pay off

Raising tax deducted at source to create burden: ICAB

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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.

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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.

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Continue 0.5pc source tax for 5yrs

Garment exporters urge government



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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.

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FBCCI backs money whitening for specific period



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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.

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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.

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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



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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.

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