



The recent flooding in Sylhet has inundated numerous poultry farms in the region, forcing them to sell what they can at throwaway prices in order to reduce losses. Here, a young farmhand is seen using a microphone to attract customers in a desperate attempt to sell all his chickens. The picture was taken on Monday at Shalutikar Bazar in Nandigram union of Gowainghat upazila.

PHOTO: SHEIKH NASIR

## Budget offered little for stocks

Analysts tell BICM seminar

### STAR BUSINESS REPORT

The stock market received little focus in the proposed national budget for fiscal year 2022-23, said stock market specialists yesterday.

However, the government proposed several steps to turn the economic indicators vibrant and if attaining that is possible, the stock market will benefit, they added.

Their comments came in a seminar titled "Budget FY2022-23 Implications for the Capital Market" organised by the Bangladesh Institute of Capital Market (BICM) on its premises in Dhaka.

The capital market received a huge number of policy support in previous years but the figure was quite low in the recently proposed budget, said Md Eunusur Rahman, chairman of Dhaka Stock Exchange (DSE).

There was little focus on the stock market as the government had to concentrate more on the economic situation in other frontiers such as containing inflation and keeping the foreign exchange market stable, he said.

The DSE sent seven recommendations to the government, one of which was

taken into consideration and adopted through a reduction in corporate tax, although some preconditions have been attached.

"We recommended raising tax-free dividend income to Tk 1 lakh from the present Tk 50,000," said Rahman, a former senior secretary to Financial Institutions Division.

The success of the capital market depends on the economic success of an economy, so the proposed budget will be helpful for the market as it tried to make the economy vibrant and stabilise the macroeconomic situation, he added.

The government focused on macroeconomic stability, inflation containment and attaining a stable foreign exchange market, all fit for the moment, said Mohammed Helal Uddin, director (research) at the Centre on Integrated Rural Development for Asia and the Pacific.

The government paid little focus on the share market since it was less of a necessity at this moment considering the overall economic situation, he said.

There was nothing in the budget that turned out negative for the stock market. If the economy can be revived in

such a tough period, it will be good for the market, said Uddin, also a professor of economics at the University of Dhaka.

Black money was not allowed to be whitened through the stock market this year, so people were pondering whether this would have a negative impact on the market, he said.

But not much money was whitened through this method in the previous years, so it is not a big deal for the market, he added.

Uddin recommended reducing the supply of shares by limiting the entry of new companies through the issuance of initial public offering (IPO) in the market now considering the present situation.

"Private sector investment needs to be raised, but I don't know how it would be increased to 60 to 70 per cent of the GDP from the present 23 per cent," said Asif Ibrahim, chairman of Chittagong Stock Exchange.

"The government needs to ensure a favourable environment for investment," he said. Brokerage commission has been reduced all the while intense competitiveness pervades stock brokerage firms, so it would be better if source tax can be reduced for the

brokerage firms, he said.

The government did not increase the tax gap between listed and non-listed companies, so companies are not that interested in getting listed. The companies are going to the banking sector for their financing needs, he added.

"We also did not see any proposal on bringing government-owned companies to the market," Ibrahim added.

The corporate tax rate was higher than that in competing economies, so the government reduced it by 5 percentage points in the last two years even amidst the pandemic, which is laudable, said Snehasish Barua, partner at the Snehasish Mahmud & Co.

But one precondition that over 10 per cent of shares have to be offloaded is not aligned with the Bangladesh Securities and Exchange Commission (BSEC) rules, he said. Another precondition stipulating that the receipt of money and expenses be through banking channels will be quite tough for companies to abide by, he added.

Prof Mahmuda Akter, executive president of the BICM, and Ziaur Rahman, president of Capital Market Journalists' Forum, also spoke.

## Furniture sales fall victim

FROM PAGE B1  
industry as it greatly affected import costs, he added.

Rahman, also managing director of Hatil, expressed concerns over the proposed budget for the upcoming fiscal year as certain measures would inflate the cost of importing related accessories.

In addition, the last Dhaka International Trade Fair did not offer any relief for furniture companies as the event was held at a new location for the first time amid the Covid-19 situation, which prevented adequate customer turnout.

"We did not get much response from the fair as the crowd was thin," he said.

With this backdrop, Hatil, a leading furniture

maker in the country, will most likely have to adjust its product prices after the upcoming Eid in order to offset the company's current situation.

Asked what their plan was in this regard, Rahman said they are trying to remain economical so that the prices are affordable for middle-class people.

Echoing the same, NHM Fazle Rabbi, head of marketing at Partex Star Group, said sales have dropped by at least 30 per cent to 35 per cent over the past year.

"Sales are not up to the mark," he said, adding that branded companies control around 35 per cent of the total domestic furniture market while small and unbranded manufacturers hold the rest.

Rabbi then said that to attain their sales targets, Partex is planning to offer several discounts.

"People usually think twice or thrice before buying furniture as they are not essential," he added.

On the other hand, Regal Furniture, a concern of Pran-RFL Group that caters to middle-and-higher-income customers, seems to be doing good business despite the industry's recent struggles.

"Regal makes wooden, metal and laminated furniture products at affordable prices," said Kamruzzaman Kamal, director for marketing at Pran-RFL Group.

"As a result, we have registered 20 per cent growth over the years," he added.

## Taka slides

### FROM PAGE B1

Between July and April, imports soared by 41 per cent to \$68.66 billion, while exports grew 35 per cent to \$41 billion. This resulted in a record trade deficit -- the gap between exports and imports -- of \$27.56 billion, up 53 per cent year on year.

Bangladesh has had to spend \$8.2 billion additionally in 2022 compared to 2021 due to higher prices of nine essential commodities in the international market, namely crude oil and refined oil, liquefied natural gas, wheat, fertilizer, palm oil, coal, soybean oil, maize and rice, finance ministry

documents showed.

The remittance, the cheapest source of foreign currencies for Bangladesh, was down 16 per cent year-on-year to \$19.2 billion in the first 11 months of the current financial year, ending on June 30.

All these brought the reserves down to \$41.38 billion on June 15, which was \$46.15 billion on December 31.

In order to prevent a massive fall of the local currency and help banks settle import bills, the Bangladesh Bank has so far injected more than \$7 billion into the market in the outgoing fiscal year, a central bank official said.



Mohammed Mohsin, chairman of Rahim Steel, attends a programme to hand over a fatigue testing machine to Prof Md Delwar Hossain of the civil engineering department at the Bangladesh University of Engineering and Technology on the university premises on Monday.

PHOTO: RAHIM STEEL

## Now laptops getting dearer

### FROM PAGE B1

According to industry people, the sale of laptops in Bangladesh is expected to reach 450,000 units by 2022. HP, Asus, Dell, Lenovo and Acer are the top selling brands.

Local manufacturers, however, have enjoyed a concessionary VAT rate of 1 per cent on the import of raw materials for computer accessories since 2017. A similar rate is applicable to the purchase of the raw materials for the production of printers, toners, notebooks, tabs and notebooks.

The new VAT at the import stage and the concessionary facility will bring in raw materials to benefit Walton, the lone manufacturer having a 30 per cent value addition

capacity, and a handful of assemblers.

Contacted, Liakat Ali, deputy managing director of Walton Digi-tech Industry, said anybody can qualify for the benefit if they have the facilities aimed at boosting local manufacturing.

"Once we were importers of laptops. Now we manufacture them. We are now manufacturing motherboards in the country as well."

The local tech giant has manufactured about 50,000 laptops this year so far. Half of them has been purchased by the government and the rest by consumers, according to Ali.

The imposition of the VAT on printer imports came two months after Walton launched two new

models of the device with wireless facilities in early April.

The annual demand for printers is around 150,000 units.

"The impact of the VAT

will be overwhelming since the middle-class and the lower-middle class are the top consumers of the products," said AKM Fahim Mashroor, chief executive officer of Bdjobs.com and AjkerDeal.

"Businesses will also be hurt."

Ahmed Hasan, managing director of Ryans IT Limited, one of the top retailers of personal computers and laptops in the country, said if the VAT is not withdrawn, the consumers will have to bear additional prices once the new consignment of imported laptops reaches

## Euro rises, yen falls to 24-year low

REUTERS, London

The euro rose on Tuesday, drawing support from the European Central Bank's plans to raise interest rates to contain inflation, while the yen slumped to a 24-year low as the Bank of Japan's ultra-loose monetary policy stance continued to weigh.

The euro was 0.4 per cent firmer at \$1.0554 after ECB Chief Economist Philip Lane said the ECB will raise interest rates by 25 basis points at its July meeting, but the size of its September hike is still to be decided, suggesting a larger 50 basis point hike could be on the cards.

## Govt's borrowing

FROM PAGE B1  
A BB official said the government's borrowing from the banking sources might further increase in the remaining days of this fiscal year due to its lacklustre performance in revenue collection and falling investment in savings certificates.

The National Board of Revenue (NBR) has still a long way to go to fulfil its fiscal target, which will force the government to avail a hefty amount of loans from banks, they said.

Tax collection stood at Tk 227,756 crore until April against this fiscal year's target of Tk 330,000 crore, showed data from the NBR.

In addition, investment in national savings certificates has declined

to a large extent as the government introduced investment slabs and slashed the interest rate anywhere from 1 percentage point to 3 percentage points on different savings tools last year.

Between July and April this fiscal year, net investment in the tools stood at Tk 17,519 crore, down 50 per cent year-on-year.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said government borrowing from banking sources usually goes up in June as it has to settle several kinds of unsettled bills.

Declining credit flow to the private sector will not create any problem at this

moment given the ongoing macroeconomic situation, he said.

The instability in the macroeconomy stemming from high import payments will not continue forever, he said.

However, if the government embarks on the borrowing spree next year, the private sector will face troubles, he said.

The government in its proposed budget set a borrowing target of Tk 106,334 from the banking system for the next fiscal year, up 39 per cent year-on-year.

This has given an indication that the government will borrow more funds from the banking sources next year.

capacity, and a handful of assemblers.

Contacted, Liakat Ali, deputy managing director of Walton Digi-tech Industry, said anybody can qualify for the benefit if they have the facilities aimed at boosting local manufacturing.

"Once we were importers of laptops. Now we manufacture them. We are now manufacturing motherboards in the country as well."

The local tech giant has manufactured about 50,000 laptops this year so far. Half of them has been purchased by the government and the rest by consumers, according to Ali.

The imposition of the VAT on printer imports came two months after Walton launched two new