

Money changers asked to become member of trade body

STAR BUSINESS REPORT

All licensed money changers will have to become members of their trade body concerned by June 30 to run operations smoothly.

The Bangladesh Bank issued a notice to this end on June 1.

The central bank said it is necessary for licensed money changers to be a member of relevant association representing the sector in order to streamline the operations of money changing business.

Accordingly, money changers have been advised to be a member of relevant association by June 30, 2023.

AKM Ismail Haq, president of the Money Changers' Association of Bangladesh, welcomed the move.

This will help money changers run business properly and contribute to curbing hundi operations,

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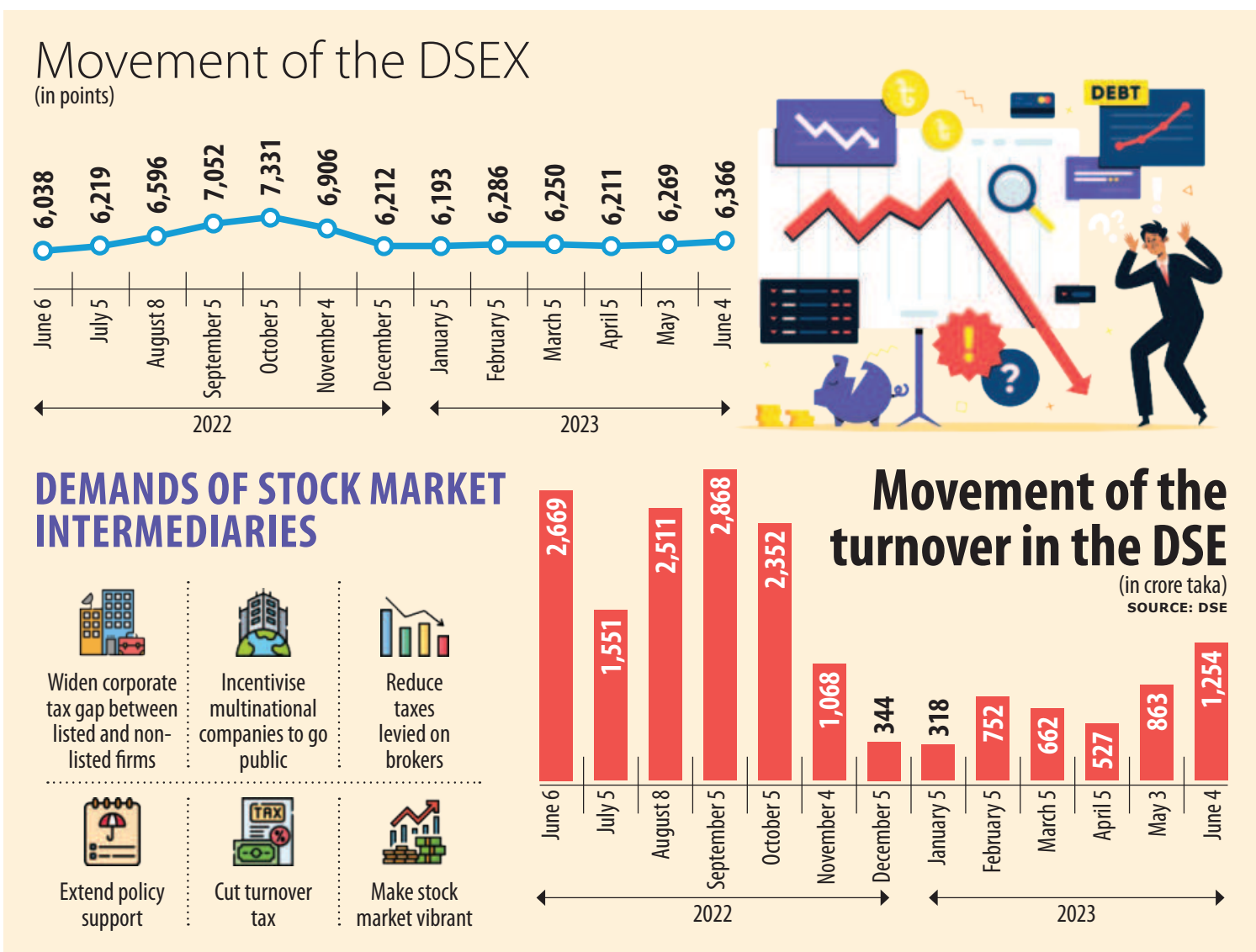
"Eight money changers have already applied for memberships and the rest will also do the same following the latest circular from the Bangladesh Bank," he said.

The notice came as the foreign exchange regime in Bangladesh has been facing a volatile situation for nearly a year owing to a sharp fall in the reserve, which pushed up both the exchange rate and the inflation rate to a record high.

In August, Haq told The Daily Star that many depositors and share market investors came to buy dollars on speculation that the US currency would soar against the taka. They bought dollars like any other products.

On the other hand, tourists who have long-term plans to travel also tried to hold onto dollars, so the demand went up, Haq had said.

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Widen corporate tax gap between listed, non-listed firms

Brokers, merchant bankers urged govt

STAR BUSINESS REPORT

Stock market intermediaries yesterday urged the government to widen the corporate tax rate gap between listed and non-listed companies to encourage more companies to go public.

They also called for reducing the tax imposed on brokers considering the bearish trend of the market.

The demands came during a discussion on "Budget 2023-24: Capital Market Perspectives" jointly organised by the Capital Market Journalists' Forum (CMJF) and the Bangladesh Merchant Bankers Association (BMBA) at the former's office in the capital.

Planning Minister MA Mannan said he would convey the demands to the high-ups of the government.

"As the economy is growing, a strong capital market is needed, but in Bangladesh, it is still not in a position to drive the economy forward," he said.

He said discussion had been going on for years on bringing in more multinational companies to the capital market.

"But the discussion has not seen much success. Stakeholders should continue to focus on it."

Md Sayedur Rahman, president of the BMBA, said the positive side of the budget was that no new tax was imposed.

"But the disappointing side is that no policy support was proposed either. In fact, the budget did not discuss any issue related to the stock market."

He urged the government to widen the corporate tax rate gap between listed and non-listed companies to attract non-listed companies to the market.

Currently, the corporate tax rate for listed companies is 20 per cent while it is 27.5 per cent for non-listed companies. These rates

are not applicable for banks, insurance companies, non-bank financial institutions and telecommunication and tobacco companies.

The tax rate for listed banks, insurance companies and NBFIs is 37.5 per cent. It is 40 per cent for the non-listed firms in the same categories. The rate is 45 per cent for telecommunication companies and tobacco companies.

Currently, the corporate tax rate for listed companies is 20 per cent while it is 27.5 per cent for non-listed companies.

The BMBA chief also called for canceling the double taxation on dividends and the advanced income tax on bonds.

He explained listed companies declare profits after deducting the corporate tax. And when they distribute profit among the shareholders in the form of dividends, the companies also deduct the tax on the income.

"Market intermediaries see this as a double taxation."

Richard D'Rozario, president of the DSE Brokers Association of Bangladesh, said many top government officials have assured that the double taxation issue would be addressed but no step has been taken so far.

"We are disappointed."

He said the government should give some incentives to encourage companies to go public.

"Though it seems costly initially, it will pay huge dividend in the end."

For example, he said, when a company gets listed, it can't evade tax since it has to come

under many regulatory agencies.

In the international stock market, when a company get listed, it expects a proper valuation of it. But the companies in Bangladesh do not prefer to get listed for a number of factors, said D'Rozario.

"In order to change the tendency, the government will have to give some incentives."

Prof Hafiz Md Hasan Babu, chairman of the DSE, said the capital market plays a vital role in driving economic growth in many countries. In Bangladesh, the stock market seems to have been stuck at a stage.

"If it receives some policy support from the government, it also can play a significant role in accelerating economic development," he added.

Asif Ibrahim, chairman of the Chittagong Stock Exchange, said many stock brokers are passing tough period, so the tax on turnover should return to the previous rate of 0.015 per cent from the present 0.05 per cent.

"The government should work to bring more multinational companies to the market in order to make it vibrant."

According to Ibrahim, the stock market should reach such a strong position so as to provide long-term financing.

Ibrahim said most large businesses in Bangladesh take loans from the banking sector to run their day-to-day operations and expand. "But they should go to the capital market to raise funds at a far lower cost."

If companies do not turn to the capital market for funds, the pressure on the banking sector will not lessen, he said, adding that banks are currently working as a long-term fund provider.

"For long-term financing, the bond market also can play a significant role. The government can emphasise on it."

Ziaur Rahman, president of the CMJF, and Abu Ali, general secretary, also spoke.

Why should you have an emergency savings fund?

JASIM UDDIN RASEL

Setting aside a portion of money can be a great help during the worst time. People don't know what is going to happen in the near future. Any sudden accident may occur and he may require emergency money for treatment.

Employees may lose jobs anytime and they may take time to manage another job or one may dream to start own business. At the beginning of the business, there may be less or no income to maintain the family expenses.

These are a few reasons that explain why we should have an emergency fund. Now the first question is: how much you should have in a rainy day fund?

It is better to save one month's savings for family expenses. Calculate how much you need to maintain your monthly family expenses and then start to set aside a small amount of money for the rainy day fund.

When your one-month emergency fund is saved, then plan for a two-month saving fund. This means altogether three months' family expenses shall be your emergency fund.

It will be safe to save your rainy day fund in a separate bank account so that you can't use it during your usual time.

It is expected that within these three months, you will be able to manage another job or you will be able to generate income from your new business. Moreover, you may use this fund to buy household items such as a television or fridge immediately after they are damaged.

If you have any debt from a bank or relative and require to pay loans in instalments, financial experts suggest maintaining savings that are equal to six-month's expenses. It will help you maintain your family expenses as well as loan repayment.



When it comes to savings, the most common phrase we hear is "How will I set aside money from my monthly income when it is difficult to maintain monthly expenses?"

It is suggested that if you are doing only one job, you can earn extra money by getting involved in additional jobs after your day job.

Nowadays, the most popular word is "passive income". You may earn extra income by using your skills and this income will help you set aside money for the rainy day fund.

If you don't have that opportunity, you may list down all your monthly expenses and follow them in the next few months. Now identify the expenses that are not necessary and try to avoid them with a view to saving money for the emergency fund. This strategy will help set aside money and will give you mental peace during an emergency.

Jasim Uddin Rasel is the author of Smart Money Hacks

Stock market remains in black

STAR BUSINESS REPORT

The stock market of Bangladesh remained in the black yesterday, the first trading day after Finance Minister AHM Mustafa Kamal proposed the national budget for fiscal year 2023-24 on June 1.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), added 10 points, or 0.16 per cent, to reach 6,366 points by the end of the session.

However, the DS30, which represents blue-chip stocks, decreased 0.1 per cent to 2,199 points while the DSES, an index comprised of shariah-compliant companies, increased 0.24 per cent to 1,392 points.

Although market intermediaries are expressing disappointment over the budget as there were no new measures for developing the stock market, turnover rose amid higher investor confidence.

Stocks listed with the country's premier bourse stretched their gaining streak for the second session in a row while turnover hit a seven-month high as bargain hunters put fresh bets on sector-wise issues, according to International Leasing Securities.

This is because their confidence rose after observing that the country's macroeconomic progress is being reflected in the budget, it said.

Among the top gainers, IT rose 3.4 per cent, life insurance advanced 2.6 per cent and jute increased 1.4 per cent.

Meanwhile, the travel and general insurance sectors shed 1.1 per cent and 0.9 per cent respectively.

Investors' attention was mostly centred on the life insurance (18.4 per cent), IT (12.2 per cent) and bank (9.8 per cent) sectors.

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A tea seller waits for customers at his shop in a market in Rawalpindi. Pakistan's year-on-year inflation hit a record 37.97 per cent in May with the nation on the brink of economic collapse and crucial bailout talks stalled. Non-perishable foods and transport costs climbed more than 50 per cent over May 2022 while average inflation for the past 12 months was 29.16 per cent, the latest Pakistan Bureau of Statistics data showed.

PHOTO: AFP

Lankan Alliance Finance Ltd becomes Alliance Finance PLC

STAR BUSINESS REPORT

Lankan Alliance Finance Ltd has changed its name to Alliance Finance PLC, according to a notice of the central bank.

It came nearly a week after the Bangladesh Bank directed non-bank financial institutions (NBFIs) to complete legal procedures in order to replace their company suffix "Limited" with PLC.

In Bangladesh, companies are switching to the PLC (Public Limited Company) suffix in order to comply with the amended Company Act 1994. The amendment was made in 2020.

A PLC is a public company and is the equivalent of a US publicly traded company

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