

## MACRO

### **New tax law to cast disruptive impact on industries: PRI**

Full application of a new VAT and SD law from July will have disruptive implications for the country's manufacturing sector with strong resistance from the import-substitution sectors. Such fear was aired by economist Dr Ahsan H Mansur, as he pointed out that the Value Added Tax (VAT) and Supplementary Duty (SD) law 2012 would banish supplementary duty from import products in one shot from some 1,400 products. It will keep the protection for only 170 products. "Withdrawal of the protection from those large numbers of products may create problem. It should be done in phases," said Dr Mansur, Executive Director of the Policy Research Institute (PRI). Immediate withdrawal of the protection levels might hurt the local industry, he told a pre-budget meet with the National Board of Revenue (NBR) on its premises Tuesday.

**Link:** <http://www.thefinancialexpress-bd.com/2016/04/27/27958/New-tax-law-to-cast-disruptive-impact-on-industries:-PRI>

### **Bangladesh poised to be a top investment destination**

Policymakers and business leaders from Bangladesh yesterday reiterated the country's potential as a top investment destination after China and India. The necessary conditions for taking off the Bangladesh economy have been created, said Finance Minister AMA Muhith in his keynote speech at the fourth Bangladesh Investment Summit, Asia, held at Ritz-Carlton Hotel in Hong Kong. "Never before, Bangladesh was so well prepared to absorb talent, technology and investment from outside. Never before the country was so investment hungry as it is today." The inflow of foreign direct investment into Bangladesh rose 27.19 percent year-on-year to \$1.45 billion in the July-February period, according to central bank data. "I can assure you that the environment for doing business will be even better in the coming days. We are open to you, to your ideas, innovations and enterprises."

**Link:** <http://www.thedailystar.net/business/bangladesh-poised-be-top-investment-destination-1215187>

### **Supplementary duty should go in phases**

The Policy Research Institute yesterday said the government should reduce supplementary duty in phases, instead of bringing it down in one go, to implement the new VAT law, which may come into effect in July. The full application of the VAT and Supplementary Duty Act 2012 will have disruptive implications for the manufacturing sector with strong resistance from import substituting producers, the PRI said. The research organisation placed its recommendations for the national budget for fiscal 2016-17, at a discussion with senior officials of the National Board of Revenue, at the NBR headquarters. The PRI said the full application of the new VAT law will eliminate supplementary duty (SD) on all tariff lines, except for 241 products.

**Link:** <http://www.thedailystar.net/business/supplementary-duty-should-go-phases-1215181>

### **Ecneec approves cross-border road project**

The Executive Committee of the National Economic Council yesterday approved the Tk 2,473-crore Cross-Border Road Network Improvement Project to boost regional connectivity. Japan will finance 75 percent of the project cost, under which 17 bridges, seven culverts and two load control stations will be built. The project will be completed in 2022. The project has been taken up keeping in mind the Motor Vehicle Agreement signed by India, Bangladesh, Nepal and Bhutan, which will allow seamless movement of people and cargo among the four countries, said a planning ministry official. The roads and small

bridges used for establishing regional connectivity are inadequate, and the customs and border management are in a bad shape.

**Link:** <http://www.thedailystar.net/business/ecnec-approves-cross-border-road-project-1215172>

### **Defaulted industrial loans post 17.77pc rise in H1**

The total amount of defaulted loans in the industrial sector in the July-December period was Tk 2,980.03 crore higher than that in the same period of the previous fiscal year, 2014-15, due to a dull business environment and a lack of effective loan recovery measures by the scheduled banks and the non-bank financial institutions. According to the latest Bangladesh Bank data, the defaulted industrial loans stood at Tk 19,746.84 crore in the first half of FY2015-16, rising by 17.77 per cent from that of Tk 16,766.81 crore in the same period of FY15. An economist and some BB officials said industrial sector faced a major setback in recent months due to political uncertainty and absence of law and orders that ultimately fuelled the defaulted loans in the sector. 'One of the main causes of the defaulted loans rising in the industrial sector was political uncertainty and absence of law and orders,' Former interim administration adviser Mirza Azizul Islam told New Age on Tuesday. He said the country had witnessed a number of high-profile murders which created uncertainty in the business sector.

**Link:** <http://newagebd.net/225158/defaulted-industrial-loans-post-17-77pc-rise-in-h1/>

### **B'desh can accelerate growth using youth bulge: UNDP report**

Bangladesh is now a home to 10.56 crore of working-age people, creating an excellent opportunity for the country to accelerate its growth by properly utilising the demographic dividend. According to UNDP's Asia-Pacific Human Development Report 2016, the proportion of working-age people (15 to 64 years, and 66 per cent of its total population) in the country will increase to 70 per cent or nearly 13 crore of people by 2030. The report also says the number of old (60+) population is now 7 per cent in the country which will triple to 22 per cent by 2050. Speaking at a press conference at a city hotel on Tuesday, Thangavel Palanivel, chief economist and senior strategic advisor UNDP's Regional Bureau for Asia and the Pacific, said Bangladesh is having a youth bulge now with 19 per cent of people aged between 15 and 24.

**Link:** <http://newagebd.net/225153/bdesh-can-accelerate-growth-using-youth-bulge-undp-report/>

### **EAB wants cut in tax at source**

Exporters Association of Bangladesh (EAB) has called upon the National Board of Revenue (NBR) to reduce tax at source to 0.30% from existing 0.60% on export in the budget for the next fiscal year. The association made the demand in its budget proposal recently sent to the NBR. Prices of export-oriented products have witnessed a drastic fall in US and European markets, said the association members. They added that the devaluation of Euro against US dollar also expedited the fall. In the last five years, all related costs of the industry have hiked significantly including 219% wage hike and 12% hike in the cost of doing business – all these putting the RMG industry under pressure, according to the EAB. To encourage other export-oriented sector and provide equal benefits for all, there should be a unified source tax system, EAB President Abdus Salam Murshedy told the Dhaka Tribune.

**Link:** <http://www.dhakatribune.com/business/2016/apr/27/eab-wants-cut-tax-source>

## **BANK**

### **SWIFT admits multiple cyber fraud incidents into its network**

SWIFT, the global financial network that banks use to transfer billions of dollars every day, warned its customers on Monday that it was aware of 'a number of recent cyber incidents' where attackers had sent fraudulent messages over its system, reports Reuters. The disclosure came as law enforcement authorities in Bangladesh and elsewhere investigated the February cyber theft of \$81 million from the Bangladesh central bank account at the New York Federal Reserve Bank. SWIFT has acknowledged that the scheme involved altering SWIFT software on Bangladesh Bank's computers to hide evidence of fraudulent transfers. Monday's statement from SWIFT marked the first acknowledgement that the Bangladesh Bank attack was not an isolated incident but one of several recent criminal schemes that aimed to take advantage of the global messaging platform used by some 11,000 financial institutions. 'SWIFT is aware of a number of recent cyber incidents in which malicious insiders or external attackers have managed to submit SWIFT messages from financial institutions' back-offices, PCs or workstations connected to their local interface to the SWIFT network,' the group warned customers on Monday in a notice seen by Reuters.

**Link:** <http://newagebd.net/225151/swift-admits-multiple-cyber-fraud-incidents-into-its-network/>

### **China's banking regulator seeks help from Yunus to promote microcredit**

The China Banking Regulatory Commission (CBRC) has sought help from Nobel Laureate Prof Muhammad Yunus to promote microcredit in China to help the country's efforts to reduce poverty and support entrepreneurship among rural people. Guo Ligen, vice-chairman of the commission, led a high powered delegation to meet Prof Yunus at the Yunus Centre in Dhaka to discuss the policy to promote microcredit in the world's second largest economy, Yunus Centre said in a statement. Ligen said it is the top priority of the Chinese government to reduce poverty and promote microcredit to support entrepreneurship among rural people, particularly women.

**Link:** <http://www.thedailystar.net/business/chinas-banking-regulator-seeks-help-yunus-promote-microcredit-1215163>

### **BB report: Banks perform well in Oct-Dec period**

Bangladesh banking sector's performance indicators demonstrated remarkable improvements during the October-December period of 2015, said Bangladesh Bank quarterly report, attributing the figures to an increase in economic activities after the end of political unrest. The return on asset (ROA), a basis to measure profitability, increased to 0.8% from 0.6% a year earlier, the report said. Return on equity (ROE) in the banking industry also increased to 10.5% from 8.1% during the period. Another positive development was that monthly interest rate spread for all banks, the difference between monthly weighted average interest rate of advances and deposits, also remained below 5%. The central bank also presents impressive outlook for the January-June period of 2016 due to rises in domestic demand and prospective food production, and return to a stable political situation. "If the trend continues, targets of 7% economic growth and 6.20% inflation seem to be quite achievable" the report said.

**Link:** <http://www.dhakatribune.com/business/2016/apr/27/bb-report-banks-perform-well-oct-dec-period>

**StanChart's profits down 64pc**

Standard Chartered said Tuesday first quarter profits slumped 64 percent year-on-year as revenue for the period also plunged, following a turbulent 2015 in which the troubled bank announced it would axe thousands of jobs. The Asia-focused bank said profits for the first three months fell to \$539 million from \$1.49 billion in the same period last year.

**Link:** <http://www.thedailystar.net/business/stancharts-profits-down-64pc-1215175>

**TELECOMMUNICATION****Lift VAT on internet use: telcos**

Mobile operators once again urged the revenue authority to withdraw VAT on internet use and modem sales, at a pre-budget discussion yesterday. The Association of Mobile Telecom Operators of Bangladesh (AMTOB) put forward its budget proposals for the upcoming fiscal year, along with its long-pending demand for the removal of SIM taxes, to the National Board of Revenue at the latter's office. TIM Nurul Kabir, secretary general of AMTOB, said there is 15 percent VAT on internet use and modem sales at the moment; if the government decides to withdraw it, the cost of internet will reduce and volume of use will go up drastically. "The NBR may think it will lose money if the VAT is withdrawn, but we can assure that the government's overall earnings will increase," said Kabir. "Internet will drive digitisation and so we need to concentrate on increasing the number of users."

**Link:** <http://www.thedailystar.net/business/lift-vat-internet-use-telcos-1215169>

**FUEL & POWER****Oil slump to pull down subsidy in next budget**

The negation of subsidy on petroleum in the wake of global oil slump may pull down the allocation of subsidies in the budget for the next fiscal year to Tk 230 billion from that in the original budget of the current fiscal, officials said. But this, on the other hand, is up by at least Tk 4.0 billion over the revised figure of the current financial year. The original subsidy for the current fiscal year was Tk 260 billion. The revised budgetary allocation is Tk 189.0 billion. The government has estimated much lower subsidy allocation for the next fiscal year, beginning July 01, banking on the steep fall in the prices of fuels on the international market. However, the actual amount might be up or down, which can be learnt later in the process of budget formulation. The lower estimation in terms of subsidy payments is due mainly to zero allocation for Bangladesh Petroleum Corporation (BPC) for the next year while low for the power development board.

**Link:** <http://www.thefinancialexpress-bd.com/2016/04/27/27959/Oil-slump-to-pull-down-subsidy-in-next-budget>

**LPG market to heat up**

Five companies are set to roll out their liquefied petroleum gas business this year in a bid to capture the household segment of the market. The companies -- Orion, Index, Navana, Sena Kalyan Sangstha and Beximco -- will shell out about Tk 900 crore in total for their LPG plants. At present, natural gas is piped to households in Dhaka, Chittagong and some other big cities as cooking fuel. But the supply is fast depleting. The demand for LPG will certainly rise in future and the government has opened the business to the private sector to meet this impending high demand, said Salman F Rahman, vice-chairman of Beximco Group. LPG is a mixture of propane and butane that becomes liquid under pressure,

which can then be stored in pressurised containers for use. It is relatively new in Bangladesh and the market is still small. Presently, seven companies supply imported LPG. The companies are: Totalgaz, Omera, Jamuna, Bashundhara, LAUGFS Gas Bangladesh (formerly known as Petredec Elpiji), BM Energy and state-owned Bangladesh Petroleum Corporation. Bangladesh consumed only 1.6 lakh tonnes of LPG in 2015, according to industry insiders. Of the quantity, 1.42 lakh tonnes were imported and 18,000 tonnes were generated from different government factories as a by-product.

**Link:** <http://www.thedailystar.net/business/lpg-market-heat-1215178>

## **TEXTILE**

### **Garment exporters must focus on growing Asian market: analyst**

Bangladesh should focus on the growing Asian apparel market, where the retail value of garment and textile consumption in just India and China will more than double to \$750 billion by 2020, from approximately \$300 billion at present, said a Swiss textile expert. The Asian garment and textile sector has been growing fast and will continue to do so in the next four years, said Christian P Schindler, director general of Switzerland-based International Textile Manufacturers Federation or ITMF. Schindler was in Dhaka to discuss the global textile and garment industry with Bangladeshi spinners and weavers on Sunday. "The garment retail markets of Asia, particularly China and India, will increase as well as the western markets," Schindler said. Currently, about 80 percent of China's garment products are produced for its local consumption.

**Link:** <http://www.thedailystar.net/business/garment-exporters-must-focus-growing-asian-market-analyst-1215184>

## **STOCK**

### **PREMIERLEA**

#### **Hamid becomes Premier Leasing MD**

Abdul Hamid Mia joined Premier Leasing and Finance Limited as managing director on Sunday, said a news release. Prior to this, he was the additional managing director of National Bank. He completed his post graduation in economics from Dhaka University in 1979. Hamid started his banking career in Sonali Bank as a trainee general in 1979. During his 36 years of banking career, he worked for Sonali Bank, IFIC Bank, Southeast Bank and National Bank in mid-level and senior executive positions.

**Link:** <http://newagebd.net/225133/hamid-becomes-premier-leasing-md/>

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