

HIGHLIGHTS OF THE DAY

Bangladesh: Economy

December 01, 2021

Tax Rates to Fall if Tax Net Widens: Experts

The tax rates will come down if more people are brought under the tax net and if the government reduces the tax rate, people will be less inclined towards evading tax, speakers told a seminar yesterday.

The seminar, "Role of Income Tax in Implementation of Vision and Building of Future Bangladesh", was organised by the National Board of Revenue (NBR) on its premises marking "National Income Tax Day 2021".

This year the day's theme is "Implementation of Mujib year's pledge by ensuring spontaneous participation of taxpayers in paying taxes".

In a presentation the NBR said it would increase the contribution of direct tax in overall revenue collection to 50 per cent by 2041 and soon a sustainable revenue system would be formulated to increase the revenue administration's overall capacity.

Source: <https://www.thedailystar.net/business/economy/industries/tax-customes/news/tax-rates-fall-if-tax-net-widens-experts-2907016>



LIQUIDITY SITUATION IN BANKS

- » BB started mopping up money in Aug
- » Some Tk **68,971** cr was withdrawn till Nov
- » A rise in demand for loans created liquidity stress
- » Excess liquidity concentrated to a few banks
- » BB will not withdraw any fund this month

BB Decides Not to Mop up Funds

Bangladesh Bank yesterday decided not to mop up any money from the market as a part of its efforts to ease the ongoing liquidity crunch in the banking sector.

"No auction will be held for the Bangladesh Bank Bill, an instrument that is used to withdraw money from the market, this month. The ongoing liquidity crunch has compelled the central bank to take the decision," said a BB official.

Bankers welcomed the central bank decision, terming it time befitting, saying it will help loosen the ongoing liquidity pressure in the banking sector.

The BB decided to mop up excess liquidity on August 5 as the demand for loans nosedived during the period.

Between August and November, the central bank mopped up Tk 68,971 crore through the BB bills.

Source: <https://www.thedailystar.net/business/economy/banks/news/bb-decides-not-mop-funds-2907026>

Paramount Textile to Invest \$85.45m for Business Expansion

Paramount Textile Limited, a sister concern of Paramount Group, will invest \$85.45 million to enhance its production capacity.

The company wants to invest \$70.45 million for BMRE (Balancing, Modernisation, Rehabilitation, and Expansion), and \$15 million to set up a new fabrics unit.

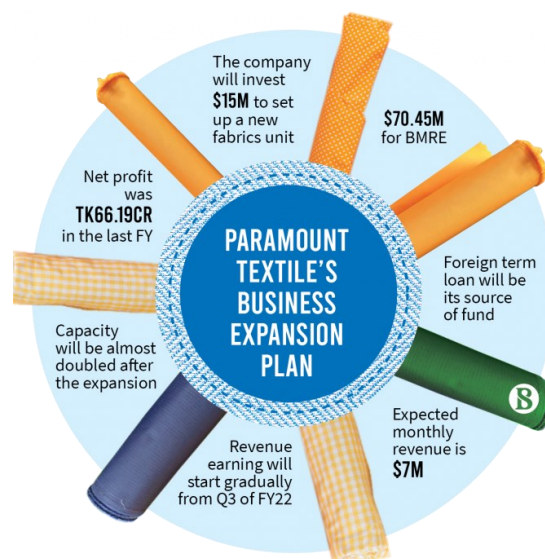
Foreign term loans will be the source of the fund. The company will receive this fund in instalments as the work progresses.

Md Robiul Islam, company secretary of Paramount Textile, said the production capacity of the new fabrics unit will be 400 tonnes per month, which will almost double the total production capacity of the existing factory.

In November 2020, Paramount Textile decided to invest in a 30MW (AC) grid-tied solar PV power plant in Intraco Solar Power Limited (ISPL). The company was supposed to purchase 80% shares of ISPL owned by Intraco CNG Ltd.

Earlier, the company invested in a 200MW heavy-speed diesel-based power plant at Baghabari in Sirajganj.

Source: <https://www.tbsnews.net/economy/stocks/paramount-textile-invest-8545m-business-expansion-337021>



BSEC Allows Premier Bank to Issue Tk200cr Perpetual Bond

The securities regulator has given approval to Premier Bank Ltd to issue a perpetual bond worth Tk200 crore.

The listed commercial bank will strengthen its additional Tier-1 capital base with the money collected this way, according to the Bangladesh Securities and Exchange Commission (BSEC).

This bond would be an unsecured, contingent-convertible, fully paid-up, non-cumulative and Basel-III compliant, the regulator said on Tuesday. Local institutional investors and high-net-worth individuals can buy the bond units through a private placement. General investors can also buy units through a public offering.

The coupon rate will be 6%-10% of the bond. The minimum subscription amount of the bond, both private placement and public offer, will be Tk5,000.

Source: <https://www.tbsnews.net/economy/stocks/bsec-allows-premier-bank-issue-tk200cr-perpetual-bond-337003>



DSEX Falls 1.36% amid Selling Spree

DSEX, the key index of the Dhaka Stock Exchange (DSE), lost 92.3 points or 1.36% to close at 6,703 on Tuesday as the investors went on a selling spree due to the concern over the new Covid-19 variant Omicron.

Besides, a tussle between the securities regulator and the central bank to settle issues related to unclaimed dividend and banks' exposure limit in the capital market also contributed to the fall of index.

It also said, "Investors have engaged in panic-driven sales throughout the week as the liquidity scenario in the money market is tightening and ongoing rise in inflation rate is expected to adversely impact macroeconomic indicators."

Considering the current market situation, the stock market regulator Bangladesh Securities and Exchange Commission (BSEC) and the money market regulator Bangladesh Bank met on Tuesday to discuss issues related to transferring of unclaimed dividends from the banks to the Capital Market Stabilisation Fund, calculation of bonds' exposure in the capital market, and adoption of corporate governance code at the banks.

Source: <https://www.tbsnews.net/economy/stocks/dsex-falls-136-amid-selling-spre-337000>



BSEC Approves Ekush Growth Fund

The stock market regulator has approved an open-ended mutual fund named Ekush Growth Fund.

The approval came in a meeting of Bangladesh Securities and Exchange Commission (BSEC) today at the commission building in the capital.

Mutual funds pool money from investors to channel it into securities such as stocks, bonds, and other assets. Depending on the profits earned, investors are then paid their share as dividends.

Open-ended mutual funds are not listed with the stock market but one can buy them from a fund managers' office on the basis of its net asset value.

Similarly, investors can sell off fund units at any time at prices based on its current net asset value.

Source: <https://www.thedailystar.net/business/news/bsec-approves-ekush-growth-fund-2906541>



Eurozone Inflation Soars to Highest Rate on Record

Soaring energy prices took eurozone inflation to its highest rate on record in November, official data showed Tuesday, challenging the European Central Bank's resistance to tightening monetary policy earlier than planned.

Consumer prices rose by 4.9 per cent this month, up from 4.1 per cent the previous month, the highest reading since the official statistics agency Eurostat began compiling the data more than 20 years ago.

The figure is more than double the ECB's target of two percent.

Inflation has soared worldwide as demand and economies have bounced back from coronavirus lockdowns, and the emergence of the Omicron variant has created new uncertainties.

Higher cost-of-living is being experienced across the eurozone, putting pressure on the ECB to scale back stimulus and consider raising interest rates earlier than planned.

Source: <https://www.thedailystar.net/business/global-economy/news/eurozone-inflation-soars-highest-rate-record-2906941>



India Reports 8.4pc Quarterly Growth on Pandemic Recovery

India's economy has recovered to its pre-pandemic size, official data showed Tuesday, boosted by a broad-based recovery in the July-September quarter after a deadly infection surge earlier this year.

Asia's third-largest economy maintained its virus bounceback with 8.4 per cent growth in the three months ending September 30, compared to a contraction of 7.4 per cent in the same quarter last year.

The country of 1.3 billion was hammered in 2020 by sudden Covid lockdowns that saw most industrial and manufacturing activity grind to a halt for months.

Infections skyrocketed again earlier this year in an outbreak that overwhelmed hospitals and crematoriums.

A recovery in consumption during the recent festive season helped the economy make up some lost ground.

Credit rating agency ICRA's chief economist, Aditi Nayar, said however that 'many indicators have displayed a flagging momentum in November 2021, suggesting that the revival in economic growth is yet to become durable'.

The economy grew by a record 20.1 per cent in the April-June quarter, compared to a contraction of 24.4 per cent during India's most stringent virus lockdown last year.

Compared to the previous quarter, India's economy expanded by 10 per cent at constant prices, according to an AFP estimate. The government does not release quarter-on-quarter economic data.

Source: <https://www.newagebd.net/article/156128/india-reports-84pc-quarterly-growth-on-pandemic-recovery>

Spanish Inflation Soars to 29-year High

Spanish inflation accelerated in November to its highest level in nearly three decades on the back of rising food and gas prices, official data showed Monday.

Consumer prices jumped by 5.6 per cent, up from a 5.4 per cent increase in October, according to preliminary figures from national statistics institute.

That is its fastest pace since September 1992, when the rate was 5.8 per cent.

The surge in inflation in the eurozone's fourth-largest economy was due largely to a spike in food prices, followed by higher gas prices, the statistics office said. Electricity costs, however, declined slightly after a month-long acceleration, it added.

As in other European Union nations, inflation in Spain has risen since the start of the year after consumer prices declined during most of 2020 due to the economic impact of pandemic lockdowns.

Source: <https://www.thedailystar.net/business/global-economy/news/spanish-inflation-soars-29-year-high-2906026>



UK Mortgage Approvals Slide to Lowest since Mid-2020

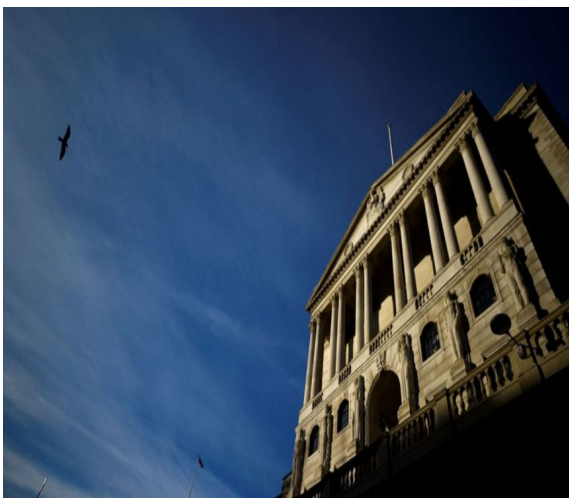
Mortgage approvals in Britain dropped last month to their lowest since June 2020, according to central bank data on Monday that underlined recent signs of slowing housing market activity after the end of a tax break on home purchases.

Along with more robust figures for consumer lending - which grew by its most since July 2020, when there was an easing of initial Covid-19 lockdown restrictions - the figures offer a mixed picture for the BoE as it considers a December rate rise.

The Bank of England said lenders approved 67,199 mortgages in October, below all forecasts in a Reuters poll of economists and down from 71,851 in September.

Other surveys have pointed to a slowdown in the number of homes coming to the market, something that has pushed house prices to new record highs despite the withdrawal of a temporary exemption from Stamp Duty Land Tax for property purchases.

Source: <https://www.thedailystar.net/business/global-economy/news/uk-mortgage-approvals-slide-lowest-mid-2020-2906021>



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