

Economy

\$1b in budget support arrives next week

About \$1 billion in budget support is set to arrive in the next few days from three development partners to help the government meet its deficit financing for this fiscal year. Of the sum, \$400 million is coming from the Asian Development Bank, another \$400 million from the Asian Infrastructure Investment Bank and \$216 million from the Japan International Cooperation Agency.

However, the inflow would not be enough to prop up the country's net international reserves enough to meet the \$24.46 billion floor set by the International Monetary Fund to get the second tranche of the \$4.7 billion sanctioned.

<https://www.tbsnews.net/economy/reserves-get-boost-800m-budget-support-adb-aiib-648906>

Bangladesh can earn USD 5 Bn from seafood exports in next 5 years: Bida

Bangladesh Investment Development Authority (BIDA) Executive Chairman Lokman Hossain Mia has said, by utilizing the blue economy properly, the country can earn USD 5 Bn from seafood exports in the next five years. Currently, the country earns USD 500 Mn from exporting 30,000 tonnes of seafood.

Bida and Solidaridad Network Asia (SNA) have inked a Memorandum of Understanding (MoU) regarding the "Promotion and development of the Bangladeshi Seafood sector to contribute to the blue economy and expand the seafood market share in the international arena". Solidaridad Network Asia, in association with Bida, will take initiatives to increase investment in seafood production through partnerships among various national and international stockholders, governments, and NGOs.

<https://www.tbsnews.net/economy/bangladesh-can-earn-5b-seafood-exports-next-5-years-bida-649302>

Power sector fetches USD 30 Bn foreign investment in last 13 yrs: Nasrul

State Minister for Power, Energy and Mineral Resources Nasrul Hamid on Tuesday said power sector fetched USD 30 Bn foreign investments in the last 13 years since 2009. On the other hand, he said the accumulated foreign investment in the mineral and energy sector was BDT 153.73 Bn.

Terming uninterrupted power supply is a big challenge for the government, Nasrul Hamid said the government will go 'mixed fuel' system where coal, oil, renewable energy and power import from neighboring countries would be considered instead of dependent on any particular system for uninterrupted power supply. Considering the global carbon emission, he said although Bangladesh is not a responsible country in carbon emission but the government has a plan to include 10% renewable energy like solar power in the power generation.

<https://www.tbsnews.net/bangladesh/energy/power-sector-fetches-30b-foreign-investment-last-13-yrs-nasrul-649318>

Cenbank plans policy rate hike in new monetary policy to tame inflation

The Bangladesh Bank is planning to **raise policy rates** in the upcoming monetary policy for the next fiscal year with the aim of taming inflation by making money costlier. The hike in the key interest rates, also

known as the repurchase agreement (repo) and reverse repo rates, will make money costlier, thereby discouraging banks from lending. Also, the reverse repo rate will be renamed the Spending Deposit Facility Rate (SDFR) in the new monetary policy.

Despite rate hikes on a couple of occasions, credit growth remained upward owing to the lending rate cap. However, in the new monetary policy, the central bank plans to move away from the lending rate cap regime and introduce an interest rate-based monetary policy, following the suggestion of the International Monetary Fund (IMF). According to industry insiders, if the lending rate cap is lifted, a policy rate hike will be effective this time. This is because it will make borrowing more expensive for banks, which in turn will push up lending rates, discouraging borrowers from taking loans at higher costs.

<https://www.tbsnews.net/economy/banking/cenbank-plans-policy-rate-hike-new-monetary-policy-tame-inflation-649282>

NBR has to realise BDT 900 Bn in June

An uphill task it looks as the revenue authority has to realize nearly BDT 900 Bn in revenue in June to reach the target for this fiscal year, passing through financial austerity. Its track record shows the National Board of Revenue (NBR) is left to go cracking on sources in the final month of the fiscal as it collects BDT 250 to BDT 300 Bn in tax revenue a month.

The government set BDT 3.70 Tn as tax revenue-collection target for FY 2022-23. However, revenue collection until May had come close to the volume of taxes collected in the entire FY 2021-22 worth BDT 2.87 Tn. The VAT wing of the NBR collected BDT 1.08 Tn followed by Income Tax wing BDT 889.60 Bn and customs duty BDT 836.85 Bn in the July-May period. NBR officials say share of indirect taxes is gradually going down in the tax-revenue collection. Import duty has declined to 28% to 29% from earlier 45% while direct tax increased to 33% from 22%.

<https://thefinancialexpress.com.bd/economy/bangladesh/nbr-has-to-realise-tk-900b-in-june>

Cut domestic borrowing to rein in inflation

Given the inflationary pressure in the economy, the government should consider cutting its dependence on domestic borrowing from the central bank to finance the budget deficit so as to contain inflation, said the Policy Research Institute of Bangladesh (PRI). And it can reprioritize allocations for the Annual Development Programme (ADP) and cut its dependence on borrowing to finance a deficit of BDT 2.62 Tn in the proposed budget of BDT 7.62 Tn, said the research organization.

<https://www.thedailystar.net/business/economy/news/cut-domestic-borrowing-rein-inflation-3345656>

Rising worker outflow fails to resurge remittance

Over the first five months of the current calendar year, Bangladesh dispatched over 0.5 Mn workers overseas, as per the Bureau of Manpower Employment and Training (BMET). However, the notion that "the more Bangladeshis seek employment overseas, the greater the inflow of remittances for the country" appears to have faltered.

According to data from the central bank, despite the escalating exodus of workers, remittance income has failed to rebound, with Bangladesh witnessing a 10.27% decline in inward remittances compared to the

previous year in May. The figures indicate that in May this year, the influx of remittances amounted to USD 1.69 Bn, a decline from the USD 1.88 Bn recorded during the same period last year. Industry insiders attribute this remittance conundrum to 'hundi', an illicit and unofficial avenue for transferring funds back home.

<https://thefinancialexpress.com.bd/economy/bangladesh/rising-worker-outflow-fails-to-resurge-remittance>

Saudi firm to take over Patenga terminal

Bangladesh is set to sign an agreement with a Saudi company on operation, modernisation and expansion of the Patenga Container Terminal (PCT) beside Chittagong seaport, in the first go of Riyadh's port-venture bids here.

The deal with Red Sea Gateway Terminal (RSGT) Company is expected to be signed by November this year, Ambassador Essa bin Yousef Al Duhailan of the Kingdom of Saudi Arabia (KSA) to Bangladesh told the FE Tuesday.



<https://thefinancialexpress.com.bd/national/saudi-firm-to-take-over-patenga-terminal>

Proposed Income Tax Bill-2023

Tax bill proposes clipping ACC wings

Although tax returns are a key document for investigating illegal wealth, the Income Tax Bill 2023 proposes making it impossible for Anti-Corruption Commission officials to access a suspect's tax files without a court order. ACC officers fear that if the bill passes, investigations will become unnecessarily complicated and lengthy.

<https://www.thedailystar.net/news/bangladesh/news/tax-bill-proposes-clipping-acc-wings-3345486>

Bank, NBFIs, and Insurance

Banks boast rises in deposits, advances, investments

Deposit in Bangladesh's banking system increases and so does the number of millionaire accountholders, according to latest official statistics that come as solace for banks in the wake of liquidity crunch. Simultaneously, advances from the scheduled banks increased by Tk173.81 billion or 1.25 per cent to Tk14.05 trillion during the first quarter (January-March) of 2023.

According to the Bangladesh Bank statistics revealed Tuesday, the total deposit liabilities (excluding interbank items) of the scheduled banks increased by Tk 250.52 billion to reach Tk16.13 trillion during the quarter. The volume of increased deposits was Tk116.39 billion and Tk 24.23 billion in the previous quarter (October-December 2022) and the corresponding quarter (January-March 2022) respectively.

As the deposit was enhanced, the banks' tendency of borrowing from the central bank declined by 6.88 per cent year on year. The banks altogether borrowed Tk 1.12 trillion from the BB at the end of the quarter under review. The entire borrowed amount from the BB in the previous quarter was Tk 1.20 trillion.

<https://thefinancialexpress.com.bd/trade/banks-boast-rises-in-deposits-advances-investments>

Bank accounts, with over BDT 10 Mn, rise by 246 in March quarter

Despite runaway inflation, the number of bank accounts, with deposits exceeding BDT 10 Mn, has increased by 246 in the January-March quarter compared to the previous three months. According to a central bank report, as of March, there were 110,192 accounts with deposits exceeding BDT 10 Mn. Out of these accounts, 76,790, or 70%, are in private banks, while the second highest number of accounts, 23,801, are in state-owned banks.

The rate of increase in deposits in urban areas is higher than that in rural areas. Deposits in the banking sector increased by 1.58% in the March quarter compared to December, the central bank said. Out of this, urban areas have seen an increase of 1.54% and rural areas by 1.72%. However, there was negative growth in rural deposits in the December quarter.

<https://www.tbsnews.net/economy/banking/bank-accounts-over-tk1cr-rise-246-march-quarter-649290>

NBFIs asked to prepare clear guidelines for recruiting officials, employees

Non-bank financial institutions (NBFIs) have to draw up clear guidelines for overall human resource management including recruitment and promotion of employees and officials, says a central bank a circular, issued on Tuesday. The Bangladesh Bank said this initiative was taken to ensure good governance in financial institutions so that honest and skilled staff are appointed to posts.

According to the circular, the board of directors of NBFIs must approve a guideline for the head of Internal Control and Compliance (ICC), head of Customer Relationship Management (CRM), chief financial officer (CFO) and company secretary positions. It also states that one person cannot hold more than one post in the above-mentioned positions. In case of appointment to these posts, the central bank should be informed within 15 working days along with the appointees' resumes.

<https://www.tbsnews.net/economy/banking/formulate-clear-policies-appoint-promote-officials-bb-financial-institutions-649134>

Stock-Specific News

Eastern Bank's stock dividend credited by CDBL

The Central Depository Bangladesh Limited (CDBL), on Tuesday (13 June), credited the bonus shares of Eastern Bank Ltd (EBL) to the beneficiary owner (BO) accounts of its investors. The private sector lender had recommended a 25% dividend for its shareholders for the year 2022, consisting of 12.50% cash and 12.50% stock. Eastern Bank Ltd recorded consolidated earnings per share (EPS) of BDT 4.77 during the year, showing an increase from BDT 4.47 in 2021. However, in the first quarter of 2023, the bank's consolidated EPS stood at BDT 1, down from BDT 1.11 compared to the same period of the previous year.

<https://www.tbsnews.net/economy/stocks/eastern-banks-stock-dividend-credited-cdbl-648862>

Sluggish marine business slashes Express Insurance profit by 38%

Express Insurance Limited has reported a 38% year-on-year drop in its profit for the January to March quarter of 2023 owing to a decline in its marine insurance business. At the end of the quarter, the company's net profit stood at BDT 26.1 Mn, which was BDT 42.4 Mn in the same quarter of the previous year. Its earnings per share (EPS) stood at BDT 0.4. It recommended a 7% cash dividend for 2022 in a board meeting held this Monday. To secure shareholders' approval of the dividend, the company has scheduled its annual general meeting (AGM) on 28 August. The record date is 24 July 2023.

<https://www.tbsnews.net/economy/stocks/express-insurances-earnings-decline-38-jan-mar-648834>

Southeast Bank signs deal with Nagad

Southeast Bank Limited signed an agreement with mobile financial service (MFS) provider Nagad on remittance disbursement. Under this agreement, the bank's associate overseas exchange houses, money transfer operators, banks and its 100% owned subsidiary Southeast Exchange Company (South Africa) can easily collect remittances and send to Nagad's 78.8 Mn beneficiaries' wallets directly round the clock. Even the beneficiaries can withdraw the money from Nagad's 220,000+ payout locations around the country which will ultimately facilitate financial inclusion to the masses.

<https://www.thedailystar.net/business/economy/news/southeast-bank-signs-deal-nagad-3345581>

Three firms fined for late dividend payment

The Dhaka Stock Exchange (DSE) has slapped fines on SS Steel Ltd, Oimex Electrodes Ltd, and Information Services Network Ltd because they failed to disburse the dividends declared for the fiscal 2021-22 in due time. According to the listing regulations, a company must complete the distribution of its declared dividends within 30 working days from the date of annual general meeting (AGM). Failure to do so would result in a penalty of BDT 5,000 for each day of default. The fine amounts are BDT 0.115 Mn for SS Steel, BDT 0.145 Mn for Oimex Electrodes, and BDT 0.175 Mn for Information Services Network. Along with the payment of penalty, in separate letters to these companies, the DSE sought a clarification from them about the aforesaid non-compliances of securities laws.

<https://www.tbsnews.net/economy/stocks/three-firms-fined-late-dividend-payment-649322>