

Economy

Jica offers Tk 2,273cr budgetary support loan

Japan International Cooperation Agency (Jica) will provide an Official Development Assistance loan of BDT 22.73 Bn (equivalent to JPY 30 Bn) as budgetary support for strengthening public financial management. Ichiguchi Tomohide, chief representative of JICA Bangladesh, and Sharifa Khan, secretary to Economic Relations Division, signed an agreement in this regard at National Economic Council in Dhaka yesterday, according to a press release. The loan comes with an annual interest rate of 1.6% along a 30-year repayment period, including a 10-year grace period. Aimed toward the economic recovery of Bangladesh, it is to be disbursed quickly, it said.

<https://www.thedailystar.net/business/economy/news/jica-offers-tk-2273cr-budgetary-support-loan-3357426>

Reserves surpass USD 31 Bn

The country's foreign exchange reserves today rose past USD 31 Bn after three multilateral lenders extended USD 925 Mn to Bangladesh. In addition, the higher inflow of remittances ahead of Eid-ul-Azha also played a role in pushing the reserves up. The reserves stood at USD 41.82 Bn at the end of June last year. The BB has so far injected nearly USD 13.5 Bn into the banking sector this fiscal year, which eroded the reserves to a large extent.

<https://www.thedailystar.net/business/news/reserves-surpass-31-billion-3356306>

Remittance rebounds

Remittance rebounded in Bangladesh in the outgoing financial year, extending some breathing space to an economy struggling to keep its head above water amid the lingering crisis at home and abroad. Families and relatives received USD 2.02 Bn in the first 25 days of June from their breadwinners toiling abroad, up more than 57% from the USD 1.28 Bn that was received in the first 23 days of the same month last year, data from the central bank showed.

The current pace of growth of 4.6% is much higher than the 2% uptick estimated by the central bank for 2022-23. The overall earnings will be USD 21.45 Bn in the year, said the BB in its latest monetary policy statement. The latest increase in remittance comes as the government says 1.074 Mn migrant workers have left Bangladesh for jobs abroad so far in FY23, the highest in a single year.

<https://www.thedailystar.net/business/economy/news/remittance-rebounds-3356571>

Revenue soars sharply in May

Revenue collection saw a major jump in May, following negative growth just the previous month, and NBR officials are attributing it to easing import restrictions and an increase in monitoring. According to sources at the National Board of Revenue (NBR), revenue in May increased by around 29% year-on-year, which is the highest in the current fiscal year.

While approving a USD 4.7 Bn loan to Bangladesh in January, IMF set some conditions, which included increasing the tax-to-GDP ratio by 0.5% to 8.3% in fiscal 2023-24, from 7.8% in fiscal 2021-22. Before

disbursing the next tranche of the loan in October, the IMF will review how well its conditions for reforming Bangladesh's financial sector have been met.

<https://www.tbsnews.net/nbr/revenue-soars-sharply-may-656434>

RMG exports get new route through Mongla Port

Mongla Port, the country's second-largest seaport, has witnessed a surge in activity and has become a key gateway for garment exports and imports, thanks to the enhanced connectivity provided by the Padma Bridge. This development has opened up new opportunities for Bangladesh's largest export-earning sector, the apparel industry, which previously relied heavily on the Chattogram port.

On 27 July 2022, Swedish fashion giant H&M took the initiative to ship goods from Mongla port through the Padma Bridge, aiming to reduce lead time, as reported by industry insiders and buyers eager to capitalise on the time and cost savings. According to Mongla port (traffic) officials, garment exporters based in Dhaka and its surrounding areas are now increasingly utilising Mongla port due to its proximity to Dhaka, which is only 170 kilometres away compared to 260 kilometres to Chattogram.

<https://www.tbsnews.net/supplement/rmg-exports-get-new-route-through-mongla-port-656382>

ADP execution to miss target

The Annual Development Programme (ADP) execution is going to miss target this fiscal year (FY), 2022-23, as the government agencies implemented only 61.73% of the ADP till May, insiders said. The government ministries and agencies will have to implement the rest 38.27% within June to execute the total BDT 2.36 Tn ADP in the current fiscal.

Meanwhile, the public agencies implemented only 11.40% of the ADP in May, the Implementation, Monitoring and Evaluation Division (IMED) data showed. The Ministry of Health is the worst performer among all the big budget holding ministries and divisions.

<https://thefinancialexpress.com.bd/economy/bangladesh/adp-execution-to-miss-target>

With heavy reliance on RMG, Bangladesh revises down export target to USD 70 Bn

The Bangladesh government has revised down the export target to USD 70 Bn for the fiscal year 2023-24. Earlier in 2022, the Cabinet Committee on Economic Affairs had approved the draft of "Export Policy 2021-2024", setting the USD 80 Bn export target for FY2024.

Of the total, USD 60 Bn is expected from goods and USD 10 Bn from the service sector. The target was revised down to the turbulent global economic situation, sources said. Garments will play a major role in goods export, comprising USD 50.5 Bn of the total target. Among other major sectors, home textiles is expected to contribute USD 1.23 Bn, jute and jute products USD 1.02 Bn, leather and leather goods USD 1.30 Bn and agriculture USD 0.96 Bn to meet the export target.

<https://www.tbsnews.net/economy/heavy-reliance-rmg-bangladesh-revises-down-export-target-70b-656882>

4 more projects to be dropped from Indian LoC

Four more proposed development projects are in the process of being dropped from the Indian Line of Credit (LoC) list due to complications over implementation and loan terms. India was supposed to lend USD 1.01 Bn to these projects. However, the USD 1 Bn loan meant for these projects will be transferred to other ongoing projects running under Indian credit and are facing cost increases. At present, 40 projects are running under Indian LoC and the number will come down to 36 if the four proposed projects are dropped. Six projects have been dropped from the LOC list in the last three years, including two projects dropped in May 2023.

<https://www.tbsnews.net/economy/4-more-projects-be-dropped-indian-loc-656966>

Govt rolls back fuel oil import duty decision over price hike concerns

The parliament has passed the Finance Bill 2023 excluding the proposed BDT 13.75 per litre specific duty on the import of 11 types of fuel oils due to concerns over potential price increases at the consumer level. Furthermore, the existing 7.5% VAT on the collection of aluminum scrap has been withdrawn.

On 1 June, the finance minister proposed a specific duty of BDT 13.75 per litre for 11 petroleum products, including kerosene, light diesel, motor spirit, and jet fuel. Presently, major fuel oils such as furnace oil, jet fuel, diesel, and octane attract a total of 34% government duties and taxes, consisting of a 10% duty, 15% VAT, 2% advance income tax, and 5% advance tax. By eliminating the advance tax, the overall tax ratio on fuel oil prices will decrease to 29%.

<https://www.tbsnews.net/economy/govt-rolls-back-fuel-oil-import-duty-decision-over-price-hike-concerns-656494>

Petrobangla seeks BDT 71.81 Bn loan to foot LNG import bills

State-owned Petrobangla, the oil gas and mineral corporation of Bangladesh, has sought a loan of BDT 71.81 Bn from the finance ministry to meet the cost of liquefied natural gas (LNG) import until next September. The cash-strapped corporation wrote a letter in the last week of May, mentioning that its loss amounted to BDT 254.8 Bn from 2018 to May this year and it now needs the loan to foot LNG import bills. The amount was over BDT 80 Bn in just one year from May 2022 because of the surge in global LNG spot price.

<https://www.tbsnews.net/bangladesh/energy/petrobangla-seeks-tk7181cr-loan-foot-lng-import-bills-658534>

SMEs suffer as economic woes linger

The government's various benefits and incentives for small businesses are yet to pull away entrepreneurs from the pandemic-induced devastation as they are now confronted with fresh challenges, one worse than the other. The problem with the sale of manufactured goods has added to their existing woes of difficulty in getting loans and an increase in the price of raw materials due to the dollar crisis.

According to the RJSC, the number of company liquidations in the country has increased each year since the pandemic broke out worldwide in 2020, with 317 facing liquidation in the first nine months of the current fiscal year 2022. -23. These were all small and medium enterprises and had a cumulative

investment to the tune of BDT 173 Bn. The contribution of the industrial sector to the economy of Bangladesh is 37.07% while it is about 28% for the SME sector. The government has formulated the SME policy, aiming to increase the contribution of the SME sector to 32% by 2024.

<https://www.tbsnews.net/economy/smes-suffer-economic-woes-linger-657050>

Stock-Specific News

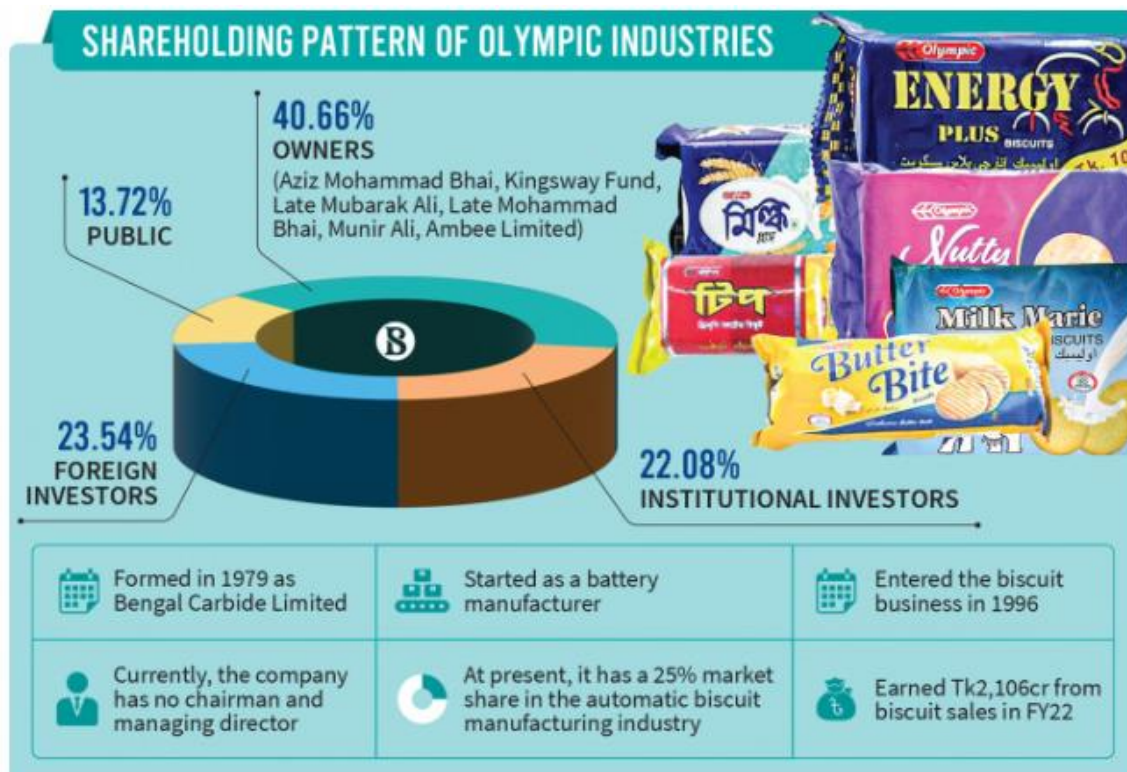
Pragati Life Insurance declares 12% cash dividend

The board of directors of Pragati Life Insurance Ltd recommended a 12% cash dividend for the year that ended on 31 December 2022. The decision has come from the board of directors' meeting on Monday. In 2021, the life insurer recommended 11% cash and 6% stock dividends for the year.

<https://www.tbsnews.net/economy/stocks/pragati-life-insurance-declares-12-cash-dividend-657358>

Aziz Mohammad Bhai's second generation enters Olympic board

The second generation of businessman Aziz Mohammad Bhai has entered the board of Olympic Industries Limited, a leading biscuit manufacturer of the country, through the appointment of his son and nephew as directors. According to sources within the company, Asar Aziz M Bhai, son of Aziz Mohammad Bhai, has been nominated by Ambee Limited, which holds a 3.29% stake in Olympic Industries while Ahad Mohammad Bhai, son of Aziz's late brother Raja Mohammad Bhai, has been appointed as shareholder director.



<https://www.tbsnews.net/economy/stocks/aziz-mohammad-bhais-second-generation-enters-olympic-board-657402>