

Economy

Dhaka, Delhi set to launch trading in rupee on 11 July

Bangladesh and India are all set to start trading in rupee as the central banks of the two neighbors have made all the necessary arrangements to make this happen. According to the agreed trading mechanism, Bangladeshi exporters will now be able to get export proceeds in rupee from 11 July, and the equivalent amount will be used for import bill settlement, sources at the Bangladesh Bank said. Bangladesh Bank Governor Abdur Rouf Talukder is expected to attend the launching event to be organised by the High Commission of India in Dhaka on 11 July.

<https://www.tbsnews.net/economy/dhaka-delhi-set-launch-trading-rupee-11-july-660354>

Rules on 'tax deducted at source' framed as per new tax law

The National Board of Revenue (NBR) has framed rules regarding tax deducted at source (TDS) in line with the new income tax law that came into effect last month. "The rules will help the withholding tax deducting authorities, including companies, to cut and deposit the tax to the state coffer without ambiguity," said a senior official of the NBR.

The new rule on TDS became effective on July 1. As per the new rules, taxpayers will be able to know the withholding tax rates against various sources of their incomes separately. From the rule, importers will also be able to know advance income tax rate against imports of various products, said the official.

<https://www.thedailystar.net/business/economy/news/rules-tax-deducted-source-framed-new-tax-law-3362096>

How currency devaluation costs govt dearly

The growth of Bangladesh's external debt in taka terms was much higher compared to its growth in dollar terms last year, as the high depreciation of the local currency increased the country's debt servicing costs. This has led to a liquidity crisis in both foreign exchange and local markets.

According to data from the Bangladesh Bank, the total foreign debt of Bangladesh in terms of US dollars grew by 6% year-on-year to USD 96.25 Bn at the end of December 2022, compared to a growth rate of 24.5% in the previous year. In contrast, the total external debt in terms of taka grew by 22.3% to BDT 9.53 Tn last year, compared to a growth rate of 25.9% in the previous year.

<https://www.tbsnews.net/economy/how-currency-devaluation-costs-govt-dearly-660286>

BEZA unable to repay govt debt now, seeks five years' time

The Bangladesh Economic Zones Authority (BEZA) has said it is unable to repay government debt with interest and has instead requested an additional five years to do so, according to officials. According to sources, BEZA currently owes BDT 1.31 Bn to the government, and in January of this year, the Ministry of Finance requested that the authority return the money.

In May, the Treasury and Debt Management Wing of the finance ministry once again reminded BEZA of its repayment obligation. Now, BEZA says it needs five years for the payback. In a recent letter to the Prime

Minister's Office (PMO), BEZA Executive Chairman Shaikh Yusuf Harun wrote that the authority had borrowed funds from the government for the development of various economic zones. He said the Finance Division approved a BDT 10.59 Bn annual budget for BEZA to spend in the current fiscal year. However, BEZA's sources of earnings are significantly limited, totaling only BDT 3.27 Bn, in comparison to the substantial sum earmarked for spending.

<https://thefinancialexpress.com.bd/economy/bangladesh/beza-unable-to-repay-govt-debt-now-seeks-five-years-time>

Wheat import falls for third year straight

Bangladesh's wheat imports fell for the third consecutive year, suffered by falling consumption for high prices and banks' sluggishness in opening letters of credit (LCs) amid the US dollar crisis, importers said yesterday. Wheat arrival declined 3.4% year-on-year to 3.875 Mn tonnes in fiscal year (FY) 2022-23 from 4.012 Mn tonnes the previous year, according to data of the food ministry.

The FY23 import of the grain, for which Bangladesh is highly dependent on the international market, was the lowest in eight years. With the drop in wheat imports, overall imports of food grains by Bangladesh's public and private sectors declined to 4.930 Mn tonnes, down 1.38% from the previous year.

<https://www.thedailystar.net/business/economy/news/wheat-import-falls-third-year-straight-3362126>

Workers' woes won't end as inflation outpaces wage growth

The cost-of-living crisis seems to have brought more woes for daily workers in Bangladesh than other groups of labourers as their average wage growth has been below the inflation rate for the past two fiscal years. This means daily workers did not receive any relief from the 12-year high average inflation in the just-concluded fiscal year although the wage has been ticking up for the past 17 months.

Data released by the Bangladesh Bureau of Statistics (BBS) showed that the average wage of low and unskilled workers was 7.04% in 2022-23 while the Average Consumer Price rose 9.02%. This results in a 1.98% gap between average inflation and wage growth in FY23 against 0.09% seen a year earlier.

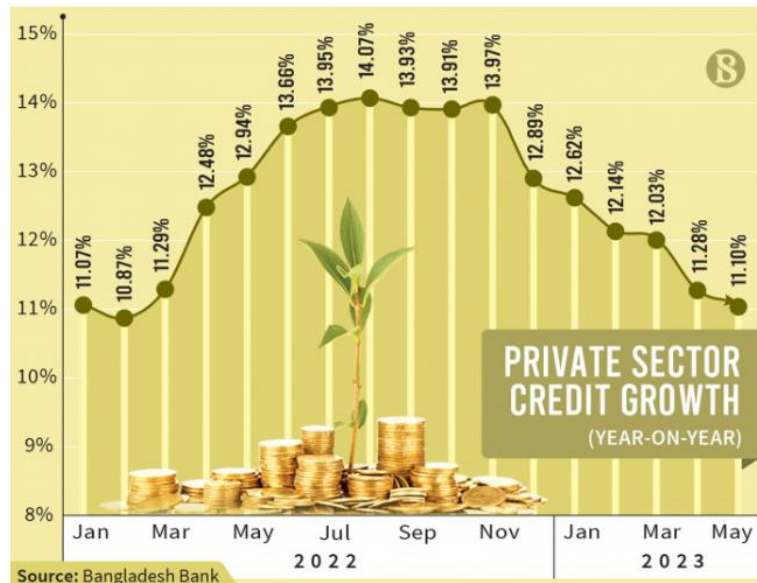
<https://www.thedailystar.net/business/economy/news/workers-woes-wont-end-inflation-outpaces-wage-growth-3362136>

Private sector loan growth dips for 6th consecutive month

The private sector credit growth fell for the sixth consecutive month, reaching 11.1% in May, which witnessed the lowest growth in the last 15 months due to a declining trend in opening letters of credit (LCs) for imports, and the banks' conservative attitude toward loan disbursement.

Experts said the banking system has decent liquidity, but the private sector's demand for loans has decreased. Mainly the ongoing dollar crisis in the banks has reduced the import which has impacted the import financing. Considering the downward trend in

private sector credit growth in the last six months and aiming to tighten the money supply, the central bank has lowered the credit growth projection to 11% for FY24 from the previous target of 14.1% set for FY23.



<https://www.tbsnews.net/economy/banking/private-sector-loan-growth-dips-6th-consecutive-month-660730>

Stock-Specific News

Pharmaceutical exports shrank 7% in FY23

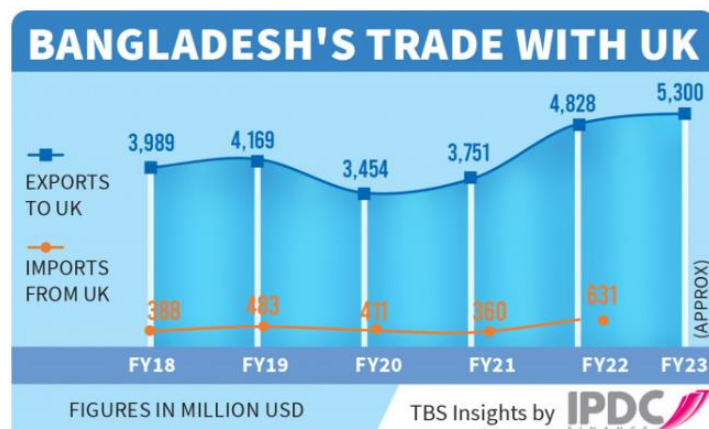
Pharmaceutical exports from Bangladesh shrank 7% year-on-year in fiscal 2022-23 due to the impacts of global economic crises and subsequent US dollar shortage in most underdeveloped countries. Data of the Export Promotion Bureau (EPB) shows that pharmaceutical exports fetched USD175.42 Mn in the preceding fiscal year (FY), down from USD188.78 Mn in FY2021-22.

<https://www.thedailystar.net/business/economy/news/pharmaceutical-exports-shrank-7pc-fy23-3362106>

Bangladesh's merchandise export to UK hits USD 5 Bn milestone

Bangladesh has achieved a significant milestone by surpassing the USD 5 Bn-mark in exports to the United Kingdom, according to commerce ministry data. In the just concluded fiscal 2022-23, Bangladesh's merchandise exports to the European country peaked at USD 5.3 Bn, demonstrating substantial growth from USD 4.8 Bn in the previous year and doubling the figures from a decade ago when it stood at USD 2.7 Bn.

Key export items contributing to this achievement include ready-made garments (RMG), frozen food, IT engineering, leather and jute goods, as well as bicycles. Approximately 80% of the exports comprise knitwear and woven garments. In terms of imports, Bangladesh's trade with the UK amounted to USD 380 Mn during the first 11 months of FY23 till May. It was projected to reach around USD 450 Mn by the end of the fiscal year on 30 June, as stated by a senior official from the commerce ministry.



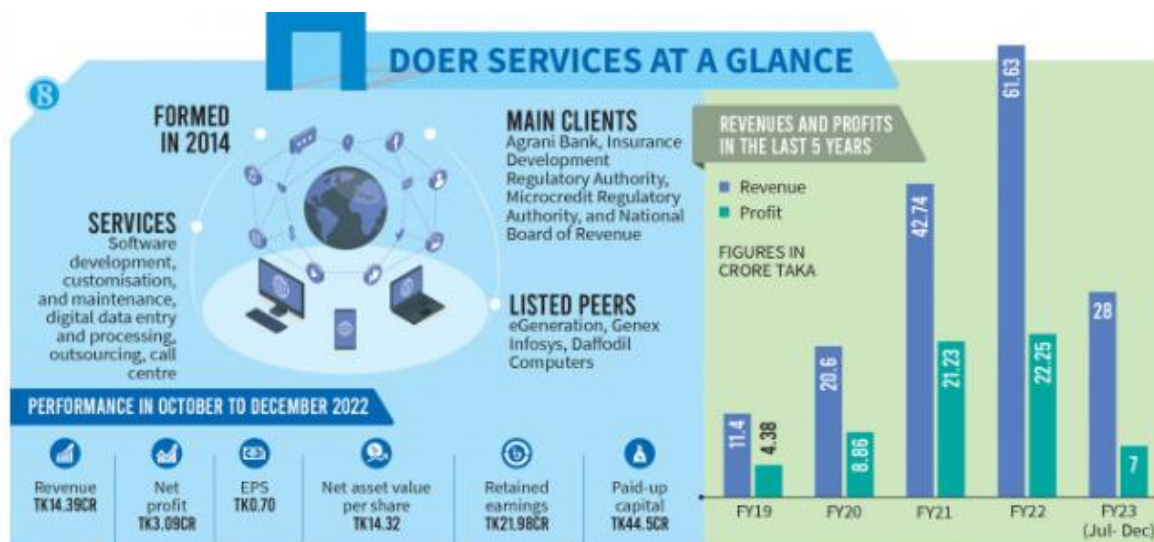
<https://www.tbsnews.net/economy/bangladeshs-merchandise-export-uk-hits-5bn-milestone-660646>

Stock-Exchange News

IT firm Doer Services to raise Tk5cr from SME platform

Doer Services PLC, an IT-based company, has filed an application to the Bangladesh Securities and Exchange Commission to raise Tk5 crore through qualified investor offer (QIO) from the SME platform of the bourses. The company will raise the fund by issuing 5 lakh shares at a face value of Tk10 each to expand its business.

Of the fund, the company wants to use Tk3.28 crore for product development and enhancement, Tk51 lakh to set up a cloud computing environment, Tk28 lakh for funding product penetration, and Tk68 lakh for expanding its development facilities.



<https://www.tbsnews.net/economy/stocks/it-firm-doer-services-raise-tk5cr-sme-platform-660686>

Southeast Bank announces 10% dividends

Southeast Bank Ltd announced 10% dividends, including 6% cash dividend, for the year that ended on December 31, 2022. The dividends were approved by the shareholders at the bank's 28th annual general meeting held virtually yesterday, said a press release. The bank raked in an operating profit of BDT 10.43 Bn in 2022.

The lender's total deposits amounted to BDT 371.14 Bn and its total assets reached BDT 493.09 Bn as on December 31, 2022. The earnings per share was BDT 1.42, and net asset value per share was BDT 24.87, while the price earnings ratio of the bank was 9.02 times in 2022.

<https://www.thedailystar.net/business/economy/banks/news/southeast-bank-announces-10-dividends-3361886>

Holcim Group CFO joins LafargeHolcim Bangladesh as director

Claudia Iris Albertini, Holcim Group's chief financial officer (CFO) for Asia, Middle East and Africa, has joined LafargeHolcim Bangladesh Limited as a director. She is also a member of the audit committee of the company, according to the company's Dhaka Stock Exchange (DSE) filing. LafargeHolcim Bangladesh has made a strong start to the year 2023, posting a net profit of BDT 1.90 Bn in the first three months – the highest in a particular quarter for the company.

<https://www.tbsnews.net/economy/stocks/holcim-group-cfo-joins-lafargeholcim-bangladesh-director-660738>

Regulator asks Banglalink to clear BDT 8.23 Bn dues

The telecom regulator has instructed Banglalink to clear dues worth around BDT 8.23 Bn after carrying out an audit into the mobile phone operator for the period from 1996 to 2019. Of the amount, BDT 3.93 Bn has been sought as VAT, tax and fees, outstanding dues related to revenue-sharing, handset royalty, access frequency and microwave frequency payments, and licence fees, according to a letter from the Bangladesh Telecommunication Regulatory Commission (BTRC). The rest, or BDT 4.30 Bn, was claimed as late fees.

<https://www.thedailystar.net/business/economy/news/regulator-asks-banglalink-clear-tk-823cr-dues-3362116>