

## Economy

### Bangladesh, India to launch trade in rupee today

Bangladesh and India are set to launch settlement of bilateral trade in Indian rupee (INR) today in an effort to cut over-dependence on the US dollar for transaction. The move is likely give some respite to the importers since they will be able to open letters of credit in rupee to source a portion of the products from the neighboring country, thus cutting the use of the US dollar to some extent.

The government has toughened import rules due to the shortage of the American greenback, driven by higher import bills, with a view to stopping further depletion of Bangladesh's foreign currency reserve, which has fallen by nearly 30% from a year ago. The BB has already given permission to three banks – Sonali Bank, Eastern Bank and State Bank of India (SBI) in Bangladesh – to open nostro accounts with their counterparts in the neighboring country.

<https://www.thedailystar.net/business/news/bangladesh-india-launch-trade-rupee-today-3366211>

### Bangladesh receives 2nd highest FDI in its history in 2022: Unctad

Foreign direct investment (FDI) in Bangladesh rose by 20.2% to USD 3.48 Bn in 2022, the second highest in the country's history, according to Unctad's World Investment Report 2023. Unctad mentioned that a recent law "Bangladesh Patents Bill 2022" extended the duration of patent protection from 16 to 20 years, to promote FDI in 2022. This law could have had an influence on the increase in FDI inflows.

After a strong rebound in 2021, global FDI fell by 12% in 2022 to USD 1.3 Tn, due mainly to overlapping global crises – the war in Ukraine, high food and energy prices, and soaring public debt, shows the report. Meanwhile, outward FDI from Bangladesh declined by about 43% to USD 52.6 Mn in 2022.

<https://www.tbsnews.net/economy/348b-2022s-foreign-direct-investments-quadruple-next-year-bida-executive-chairman-663810>

### Edible oil prices fall for lower import cost

Refiners in Bangladesh have reduced the prices of soybean oil and palm oil as import costs decreased in line with the global market situation. The Bangladesh Vegetable Oil Refiners' and Vanaspati Manufacturers' Association, an association of mill owners, said the new prices will come into effect from today. As per a press release from the association, the price of one-litre bottles of soybean oil has been reduced by BDT 10 to BDT 179, down by some 5%. Bangladesh requires about 2 Mn tonnes of edible oil each year, shows data from the commerce ministry. Only 0.2 Mn tonnes of this requirement can be sourced from local producers while the rest is met through imports.

<https://www.thedailystar.net/business/economy/news/edible-oil-prices-fall-lower-import-cost-3366806>

### Taka-rupee debit card from September: BB

The central bank is going to introduce a taka-rupee debit card in September to allow travellers to make payments at home and in India, Bangladesh Bank Governor Abdur Rouf Talukder said yesterday. Under the current practices, travellers buy US dollars before travelling to India and convert them into the rupee when they are in the neighboring country. The use of the card will allow travelers to reduce exchange rate losses

twice. The card may allow Bangladesh to save a significant amount of US dollars since a lot of people travel to India for health, tourism and religious purposes.

<https://www.thedailystar.net/business/economy/news/taka-rupee-debit-card-september-bb-3366801>

### **IT exports rising though growth decelerates**

Information technology exports from Bangladesh grew in the July-April period of the just-concluded fiscal year on the bank of higher demand for IT-enabled services from global clients, official figures showed. Local IT companies saw their earnings jump by 24.60% year-on-year to USD 460 Mn in the first 10 months of 2022-23, according to the Export Promotion Bureau (EPB).

The higher earnings were driven by ITESs, which include graphic design, image editing and business process outsourcing. Receipts from ITES shipments surged 37.57% to USD 382.31 Mn. Although the overall IT exports climbed 24.60% in July-April of FY23, the pace of growth decelerated compared to a year ago.

<https://www.thedailystar.net/business/economy/news/it-exports-rising-though-growth-decelerates-3366826>

### **Channel more financing to SMEs**

At least half of all credits disbursed by banks and other financial institutions in Bangladesh should go to small and medium enterprises (SMEs) since a significant of them still don't have access to the formal credit system despite recent improvements, said Momtaz Uddin Ahmed, a former professor of the economics department at the University of Dhaka. There are nearly 7.8 Mn SME units in Bangladesh, contributing about 25% to the country's GDP and employing around 30% of the workforce.

Access to financing for them has increased in the past one decade, thanks to initiatives from the government and the Bangladesh Bank. The central bank has set up a separate SME department while banks have opened dedicated SME desks and branches.

<https://www.thedailystar.net/business/economy/news/channel-more-financing-smes-3366796>

### **Chambers urge govt to seek extension of Black Sea grain deal**

Six major business chambers in Bangladesh yesterday urged the government to pursue a further extension of an international deal to help keep the grain supply smooth at home and abroad. The Black Sea Grain Initiative, negotiated by the United Nations and Turkey, is an agreement that allows Ukraine to export millions of tonnes of grain through the Black Sea despite the ongoing war with Russia. In a joint statement, the six major business chambers said Bangladesh and other countries would face risks if the initiative is not renewed.

<https://www.thedailystar.net/business/economy/news/chambers-urge-govt-seek-extension-black-sea-grain-deal-3366781>

### **Banks want penalty interest against default loans back**

Banks have requested the central bank to reinstate the penalty interest against defaulted loans to encourage good borrowers and discourage bad ones or willful defaulters. They made the call after the

central bank's latest circular lifting the lending rate cap gave no instruction on penalty interest, which the banks have been charging against classified loans as per the central bank's previous circular issued in 2020.

The Association of Bankers, Bangladesh (ABB) has recently sent a letter to the Bangladesh Bank, highlighting the confusion and expressing their desire. According to central bank data, the total default loan in the banking sector stood at BDT 1.32 Tn in March, which was 8.80% of the total outstanding loans. It was lower in December last year at BDT 1.21 Tn, which is 8.16% of the total outstanding.

<https://www.tbsnews.net/economy/banking/banks-want-penalty-interest-against-default-loans-back-663870>

## Stock-Specific News

### Eastern Bank opens India business desk

Eastern Bank Limited (EBL) yesterday launched a dedicated "India Business Desk" to facilitate cross-border business transactions between Bangladesh and India. Md Shahriar Alam, state minister for foreign affairs, inaugurated the desk at the bank's head office in Gulshan, Dhaka yesterday, said a press release. The bank also launched a co-brand card with the India-Bangladesh Chamber of Commerce and Industry (IBCCI) at the same event.

<https://www.thedailystar.net/business/economy/news/eastern-bank-opens-india-business-desk-3366631>

### Pubali Bank signs deal with Rural Electrification Board

Pubali Bank Ltd and Bangladesh Rural Electrification Board (BREB) recently signed an agreement on collecting the latter's postpaid electricity bill through Pubali Bank's online/mobile banking app "PI" by using API. Under the agreement, customers of Polli Biddyt Samity will be able to pay their postpaid electricity bill through Pubali Bank's internet banking/PI mobile banking app.

<https://www.thedailystar.net/business/economy/news/pubali-bank-signs-deal-rural-electrification-board-3366696>

## Stock-Exchange News

### Floor price will be lifted once economy stabilizes: BSEC chief

The stock market regulator will withdraw the market's floor price as soon as the economy reaches a stable condition and investments of investors are secured, said a top official of the Bangladesh Securities and Exchange Commission (BSEC) yesterday. The BSEC set the floor price of every stock at the end of July last year to halt the free fall of the market indices amid global economic uncertainties. Currently the BSEC is working with the finance ministry to enable the listing of 22 state-owned companies soon, said BSEC Chairman Shibli Rubayet Ul Islam at a seminar in Dhaka.

<https://www.thedailystar.net/business/economy/news/floor-price-will-be-lifted-once-economy-stabilises-bsec-chief-3366811>

### Block trades make 99% of SME boars turnover

The daily turnover at the small capital platform of the DSE stood at BDT 212.5 Mn on Tuesday, where 99% came from block market transactions. According to market insiders, investors prefer trading shares through the block market rather than trading through the main platform. Initially after its launch in 2021, there was an obligation to invest at least BDT 10 Mn in the shares of listed companies in order to be considered eligible for trading shares in the SME platform. But the minimum investment was later reduced to BDT 2 Mn for each investor.

<https://www.tbsnews.net/economy/stocks/block-trades-make-99-sme-boars-turnover-663862>

### **Protection Fund left unused even in the decade after demutualization**

Victims of embezzlement of stock brokers have not received any benefit from the Investors' Protection Fund of the Dhaka Stock Exchange (DSE) even after it was brought under the demutualization scheme in 2014. The fund has been left unused and inadequate. Contribution from the exchange, stock brokers and other possible funds has remained insignificant.

Officials of the securities regulator say the existing balance, BDT 181.20 Mn, does not match with the amount estimated to lessen the sufferings of the affected investors. Under the demutualization process, the DSE sold 25% of its stakes at a price of BDT 22 per share to a Chinese strategic partner.

<https://thefinancialexpress.com.bd/stock/bangladesh/protection-fund-left-unused-even-in-the-decade-after-demutualisation>

### **Committee formed to probe embezzlement by Moharam Securities**

The Bangladesh Securities and Exchange Commission (BSEC) has formed a probe committee to look into the clients' asset embezzlement cases at Moharam Securities — a member firm of the Chittagong Stock Exchange (CSE) — confirmed Rezaul Karim, BSEC executive director and spokesperson. Moharam Securities is one of the four CSE brokers that have been in suspension due to an identified total of around BDT 500 Mn loophole in their accounts. The other three were Sylhet Metro City, Trendset Securities, and Firstlead Securities.

<https://www.tbsnews.net/economy/stocks/committee-formed-probe-embezzlement-moharam-securities-663886>

### **A quarter of BO accounts closed in two years**

Around 0.656 Mn beneficiary owner (BO) accounts, which are needed to trade stocks, were closed over the last two years mainly due to a lackluster condition of the primary and secondary markets of securities in the country. A few years back, a section of investors was operating a huge number of BO accounts, mainly to participate in lotteries of initial public offerings (IPO) to avail shares at low prices, said an official of a leading brokerage house.

In 2020, the Bangladesh Securities and Exchange Commission (BSEC) changed the system such that all shares were equally divided among everyone who subscribed to an IPO. On top of that, BSEC set a precondition stipulating that anyone intending to subscribe to an IPO must have at least BDT 50,000 invested in the secondary market. These two developments meant that operating BO accounts are no longer profitable and so the IPO hunters are leaving the market, said the official requesting anonymity.

<https://www.thedailystar.net/business/economy/news/quarter-bo-accounts-closed-two-years-3366791>