

Economy

Industry's contribution to GDP up, employment down

Bangladesh's industrial sector has failed to create proportional fresh employment during the last five years despite growth in its contribution to the gross domestic product (GDP), research findings show. Employment in the sector fell by 3.4% last year to 17% which was 20.4% in 2017 while its contribution to the country's GDP went up to 36.9% from 32.5% during the period.

In another reverse imbalance between growth and jobs, share of agriculture to the GDP fell to 11.6% last year from 14.1% in 2017 but employment share increased by 4.6% points from 40.6% in 2017 to 45.3% in 2022. Urban employment also decreased, with the depression rate being higher for women as. Women employment decreased to 23.58% from 31% in 2017.

<https://thefinancialexpress.com.bd/economy/bangladesh/industrys-contribution-to-gdp-up-employment-down>

Bangladesh's foreign debt rises to USD 82.85 Bn

Economists say the fall in the private-sector component of the total debt and increase in the public debt amid decrease in foreign-exchange reserves, and export and remittance inflow, and increasing repayment could put the country into trouble in the medium term. The repayment of the foreign debt has been on the rise year on year. The government had to spend USD 2.94 Bn on debt servicing in the last fiscal year, 2021-22, in a rise from USD 2.62 Bn in the previous fiscal for MLTs and other short-term loans of public entities.

The foreign debt of the public sector (government) in the Q3 (July-March) of the outgoing fiscal had grown by USD 5.25 Bn from last fiscal's total at USD 63.52 Bn, Economic Relations Division (ERD) provisional statistics showed. Meanwhile, the private-sector debt as of March this fiscal decreased to USD 14.08 Bn from USD 16.42 Bn in the last calendar year, 2022, as per Bangladesh Bank (BB) data.

<https://thefinancialexpress.com.bd/economy/bangladesh/bangladeshs-foreign-debt-rises-to-8285b>

Capital machinery, raw material imports down

Capital machinery, intermediate goods and raw-material imports have plummeted amid dollar dearth and restrained foreign trade, giving analysts and economists to believe that Bangladesh's economy bears its cascading impact. Bangladesh Bureau of Statistics (BBS) provisional data show that the investment-GDP ratio has fallen to 31.25% in the current FY2023. In the past FY2022, the ratio was recorded a bit higher at 32.05%.

Besides, the number of unemployed people in the country also increased to 2.59 Mn in the first quarter (January-March) of 2023, up from 2.32 Mn in the last quarter (Oct-Dec) of 2022, the quarterly Labour Force Survey of the BBS show. Customs Department of the National Board of Revenue (NBR) and Bangladesh Bank (BB) data make it clear that import of capital goods, including capital machinery has the biggest fall by 18.8% during the first 10 months (July-April) of the current fiscal year, 2022-23 compared to the same period last FY2022.

<https://thefinancialexpress.com.bd/economy/bangladesh/capital-machinery-raw-material-imports-down>

EPZ planned in Patuakhali with hope for USD 1.5 Bn investment

Bangladesh is gearing up to set up its ninth Export Processing Zone (EPZ) in Patuakhali with a target of fetching USD 1.53 Bn in foreign investments and boosting exports by another USD 1.84 Bn. The Bangladesh Export Processing Area Authority (Bepza) will implement the BDT 14.75 Bn project and has already sent the development project proposal to the Planning Commission for approval. After the approval process is done, Bepza wants to start the implementation work this year.

Bepza officials said the agency aims to implement the Patuakhali EPZ project without delay as the opening of the Padma Bridge has widened the scope of investment in the country's southern part. A feasibility study has found 306 industrial plots can be developed on 418 acres of land of the proposed EPZ stretching over Pocha Koralia and Kuakata in Patuakhali. The EPZ will create employment opportunities for 0.1 Mn Bangladeshis while another 0.2 Mn will find jobs there indirectly.

<https://www.tbsnews.net/economy/epz-planned-patuakhali-hope-15b-investment-655118>

Banks to lend BDT 2.6 Bn to tanners during Eid

Tanners will get about BDT 2.59 Bn loans from banks as capital aid to procure and preserve rawhides during the upcoming Eid-ul-Azha, the peak season for collecting skins and rawhides of sacrificial animals, according to central bank sources. According to commerce ministry sources, tannery owners have written to the ministry seeking a BDT 5 Bn loan facility. But banks do not want to lend to tannery entrepreneurs as a large part of their previous loans are in default, which is why they seek government assistance to get loans.

This year's loan amount, determined by the Bangladesh Bank, is BDT 1.84 Bn less than that of last year. A total of 12 public and private banks will disburse the loans among applicants with state-owned ones lending the maximum amount. Leather exports are gaining momentum in recent years. In the eleven months of the 2022-23 fiscal year, exports of leather products fetched USD 1,120 Mn, which is close to the target set by the government. In FY 2021- 22, export earnings stood at USD 1,115 Mn.

<https://www.tbsnews.net/economy/banking/banks-lend-tk260cr-tanners-during-eid-654662>

Freezer demand soars ahead of Eid

Refrigerator and chest freezer sales are seeing steady growth in the lead up to this year's Eid-ul-Azha as demand has soared thanks to the stable prices and various discounts on offer, according to market players. Sales usually spike by up to 60% ahead of the religious festival as people often look to upgrade their storage solutions in order to better preserve the meat of their sacrificial animals. Besides, refrigerator and freezer prices have not changed this year despite the current economic situation while the numerous offers available are boosting sales.

<https://www.thedailystar.net/business/economy/news/freezer-demand-soars-ahead-eid-3353641>

Income Tax Law 2023 comes into effect

The Income Tax Law 2023 came into effect today, a gazette notification issued by the Parliament Secretariat said. The law replaces the Income Tax Ordinance 1984, bringing curbs to the discretionary powers of the

income tax officer. The Finance Bill 2023 is scheduled to be passed on 25 June and will come into effect from next month.

The new law also includes a condition that the National Board of Revenue (NBR) through a gazette notification will be able to amend any provision of the law except the one related to tax imposition or increase in the middle of the year. The new law also brings some major changes based on the recommendations of the Parliamentary Standing Committee on the Ministry of Finance. Individual taxpayers are exempted from mandatory submission of wealth statements for foreign travel, except for treatment and performing religious activities such as hajj, according to the law.

<https://www.tbsnews.net/economy/income-tax-law-2023-comes-effect-654646>

Govt to spend BDT 175 Mn on TCB's smart cards

The government will spend BDT 175 Mn to provide 10 Mn poor families with smart cards, who are currently allowed to buy essential commodities at subsidized rates from the Trading Corporation of Bangladesh (TCB). The Infrastructure Investment Facilitation Company (IIFC), a state-sponsored institution, will help digitize the cards. The decision was taken at a meeting of the cabinet committee on the government's purchase at the National Economic Council at the Planning Commission.

<https://www.thedailystar.net/business/news/govt-spend-tk-175-crore-tcbs-smart-cards-3353076>

Bangladeshis' deposits in Swiss banks dip by record 93.7% in 2022

The overall money parked by Bangladeshi individuals and enterprises in Swiss banks hit a record low at 55.2 Mn Swiss francs (CHF) or about BDT 5.4 Bn in 2022 – a 93.7% drop from 871.1 Mn CHF a year ago. However, individual deposits have increased by 35.3% to CHF 35.6 Mn or about BDT 3.49 Bn from CHF 26.3 Mn a year ago. This record decline in deposits in Swiss Banks is due to a 97.7% decline in bank deposits.

The Swiss National Bank (SNB) released the data in its annual banking statistics for 2022 on Thursday. In 2022, the amount deposited from Bangladeshi banks to Swiss banks was CHF 19.34 Mn, down from CHF 844.5 Mn a year ago. An extensive pressure of foreign payments in 2022 is one of the main reasons for the record low figure, Mahbubur Rahman, managing director of Mutual Trust Bank told The Business Standard.

<https://www.tbsnews.net/economy/bangladeshis-deposits-swiss-banks-drop-record-937-2022-654598>

'Bangladesh lost USD 3.72 Bn in 20 years for climate change'

Bangladesh has incurred USD 3.72 Bn in economic losses in the last 20 years thanks to climate change, an expert of the Swiss embassy in Dhaka said today. Bangladesh is the seventh most climate change-vulnerable country in the world and it ranked fifth in the world in terms of such losses, said Syeda Zinia Rashid, senior programme officer of the embassy of Switzerland in Bangladesh.

Around 56% of the country's population or 90 Mn people live in "high climate exposure areas", of which 53 Mn are subject to "very high" exposure, she said. In Bangladesh, climate change took the highest toll on the agriculture sector, where customized microfinance can be a very effective tool in addressing the risks associated with the impacts of the global warming, Rashid said.

<https://www.thedailystar.net/business/news/bangladesh-lost-372-billion-20-years-climate-change-3353196>

Higher borrowing from cenbank also a big reason for inflation: CAB

Higher government borrowing from the central bank is also a big reason for increased inflation, the Consumer Association of Bangladesh (CAB) on Thursday said. "The excuses of the Russia-Ukraine war and the Covid-19 pandemic for price hikes in the local market are not completely true. Higher government loans from the central bank to meet budget deficits are also a major cause of inflation," CAB President Ghulam Rahman said at a virtual press conference on the price situation ahead of Eid-ul-Adha.

Criticizing inflation gauging systems, he pointed out that most of the goods and services the government takes into consideration for calculating inflation are not used by common people. Mass people are concerned about the prices of necessary 50-60 items. The CAB said the prices of daily essential products are on the rise around the Eid-ul-Adha, but there is a lack of market monitoring by the government agencies.

<https://www.tbsnews.net/economy/banking/higher-borrowing-cenbank-also-big-reason-inflation-cab-654622>

Bank, NBF, and Insurance

Bangladesh Bank invites applications for digital bank license

The Bangladesh Bank has invited applications from entrepreneurs interested in establishing digital banks and delivering financial products efficiently through branchless operations. It has opened a portal for applications in this regard and said it would accept applications until August 1 this year. Applicants will have to pay BDT 0.5 Mn as a non-refundable application processing fee through the web portal, said the central bank in a notice.

The BB said investors willing to set up a digital bank will have to have a minimum paid-up capital of BDT 1.25 Bn and the capital will have to come from sponsors. The entity willing to set up a digital bank must be a public limited company. The minimum shareholding stake of each sponsor shall be BDT 5 Mn, it said.

<https://www.thedailystar.net/business/banking/news/bangladesh-bank-invites-applications-digital-bank-licence-3353921>

Non-banks' loan recovery suffers

Loan recovery by non-bank financial institutions (NBFIs) dropped in the January-March period as businesses are facing the detrimental effect of a challenging business scenario amid the devaluation of the local currency and electricity shortages. In the first three months of the current calendar year, loan recovery by NBFIs dropped 5.46% to BDT 65.86 Bn from the preceding quarter in 2022.

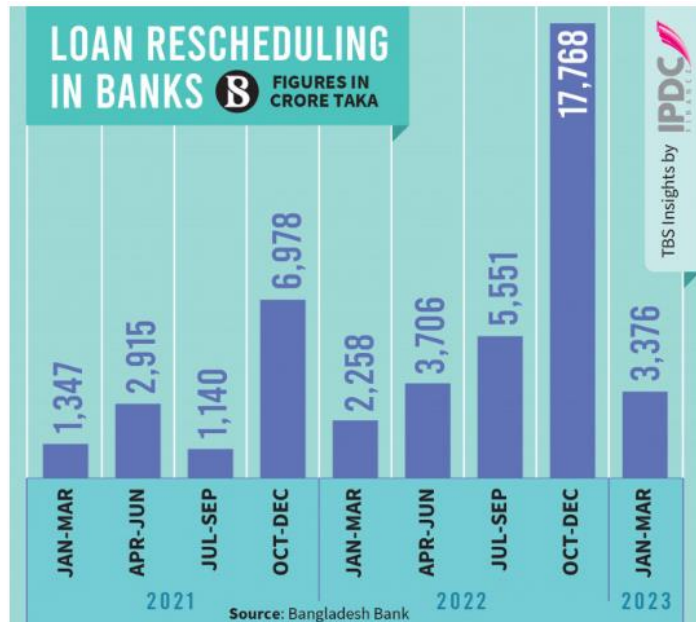
The recovery rate declined both in banks and NBFIs as businesses are finding it hard to repay loans, said Kanti Kumar Saha, vice president of the Bangladesh Leasing and Finance Companies Association (BLFCA). The deposits also dropped in the NBFIs as increased inflationary pressure ate away people's savings and interest rate in the NBFIs is low compared to that in banks, said Bhuiyan, who is also the managing director of the Industrial and Infrastructure Development Finance Company.

<https://www.thedailystar.net/business/economy/news/non-banks-loan-recovery-suffers-3353636>

Loan rescheduling drops 81% in Q1 2023

Banks in Bangladesh rescheduled Tk3,376 crore of their defaulted loans in the January-March quarter of this year, marking a significant decrease of nearly 81% compared to the previous quarter, according to data from the Bangladesh Bank. In the October-December period of 2022, the rescheduled loan amount stood at Tk17,768 crore.

Bankers have noted that the loan rescheduling in the March quarter of this year reflects a normal scene in the banking sector. However, the unusually high increase in December was attributed to the rescheduling of defaulted loans of some large customers.



<https://www.tbsnews.net/economy/banking/loan-rescheduling-drops-81-q1-2023-655670>

Stock-Specific News

EBL gets highest AAA credit rating

The Credit Rating Agency of Bangladesh has assigned its highest credit rating, "AAA", for Eastern Bank Limited (EBL), which denotes an extremely strong capacity to meet financial commitments. The rating has been issued on the basis of audited financials of 2022 and other relevant quantitative as well as qualitative information, says a press release. For the first time, the EBL has been assigned AAA credit rating in the long term and ST-1 in the short term with stable outlook.

<https://www.thedailystar.net/business/economy/news/eb1-gets-highest-aaa-credit-rating-3354756>

Rupali Bank to issue BDT 12 Bn bond to meet capital shortfall

Rupali Bank Limited – a state-owned, publicly traded commercial bank – is going to issue a bond worth BDT 12 Bn to meet its capital shortfall. The bank is facing a capital shortfall of over BDT 25 Bn as it failed to maintain required capital, and the bank was burdened with over BDT 75 Bn classified loan as of March, 2023. In this situation, the lender has decided to issue the bond for strengthening its regulatory capital base, and secured no objection certificate of the Bangladesh Bank (BB). Now, it needs the consent of the Bangladesh Securities and Exchange Commission (BSEC) to issue the bond.

<https://www.tbsnews.net/economy/stocks/rupali-bank-issue-tk1200cr-bond-meet-capital-shortfall-654678>

Bashundhara enters toiletries business

Bashundhara Group, one of the conglomerates in Bangladesh, will start offering toiletries and personal care products in order to have a share of the growing market for the consumer goods. Bashundhara Toiletries Limited (BTL), a new concern, is expected to launch over a dozen products today. Safwan Sobhan Tasvir, vice chairman of Bashundhara Group said they have already invested BDT 500 Mn to set up the production line of home, personal, hair and oral care products creating employment for around 5,000 people and they have a plan to invest BDT 10 Bn in phases over the next five years.

According to him, the BTL will market a range of products, including detergent powder, toilet cleaner, dishwashing liquid and bar, air freshener and toothpaste. According to a paper of the Federation of Bangladesh Chambers of Commerce and Industry in March, the market size of fast-moving consumer goods in the country is USD 3.6 Bn with an annual growth rate of 9%.

<https://www.thedailystar.net/business/economy/news/bashundhara-enters-toiletries-business-3354861>

Stock-Exchange News

Individual investors' getting access to T-bond auctions just the start of a vibrant bond market

The guidelines by the securities regulator for general investors to participate in primary auctions of T-bonds would increase their accessibility of such securities but would not help the bond market thrive. In the "process flow" published on Thursday, the Bangladesh Securities and Exchange Commission (BSEC) set out the role of the brokerage firms that will forge a link between investors and member dealer banks or primary dealer banks to help them purchase T-bonds from auctions conducted by the Bangladesh Bank. But T-bonds will have to be available in the first place so that investors can buy them.

<https://thefinancialexpress.com.bd/stock/bangladesh/individual-investors-getting-access-to-t-bond-auctions-just-the-start-of-a-vibrant-bond-market>