

Economy

Rising interest puts private sector in tighter spot

The private sector, already under strain owing to rising costs, dollar crisis, and a demand slump amidst high inflation, is facing even greater challenges following the removal of the lending rate cap on 1 July, after more than three years. As a result of the removal of the 9% ceiling, banks have swiftly increased their lending rates to 10.1%, compared to the previous rate of 9% or lower just a few weeks ago.

This surge in borrowing expenses has further exacerbated the situation for companies that have persistently operated during the pandemic and coped with high inflation. It poses an even tougher challenge for those who have already increased their bank liabilities to expand operations and create jobs.

<https://www.tbsnews.net/bangladesh/rising-interest-puts-private-sector-tighter-spot-667130>

Central bank's reserve money grows 5.27% until May

A record government borrowing in recent months has helped Bangladesh Bank's reserve money grow by 5.27% as of last May. Economists and bankers, however, are of the opinion that the net domestic-asset part of the reserve money or RM grows largely with gains from government borrowing of 'high-powered money or printed money which contributes to stoking inflation.

On the other side of the RM is foreign net asset, which contracts mainly for lower inflows of foreign currencies and BB funnelling of dollars into forex-scant commercial banks. After negative growth in the financial year (FY) 2021- 2022, the reserve money (RM) with the central bank registered a positive growth of over 5.0% year on year at the end of May 2023 mainly because of significant rise in net domestic asset (NDA), officials said.

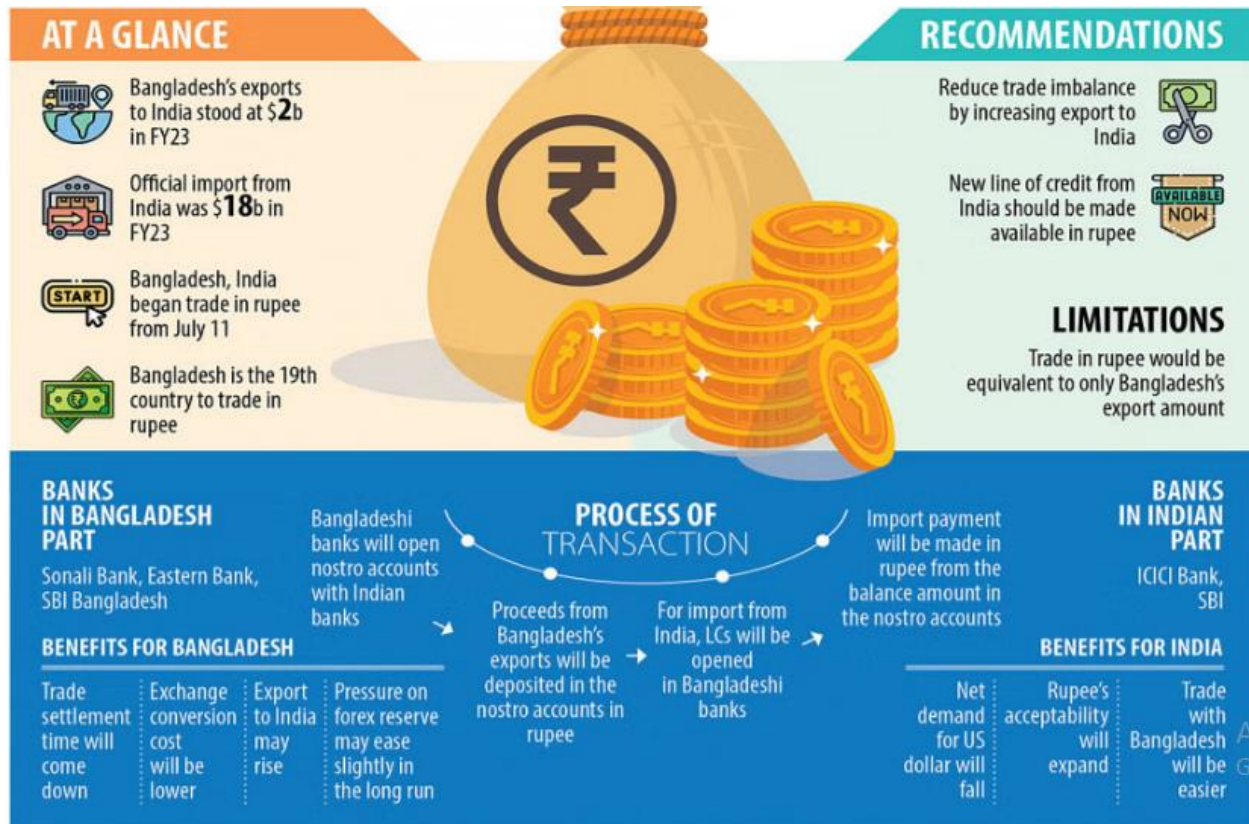
<https://thefinancialexpress.com.bd/economy/bangladesh/central-banks-reserve-money-grows-527pc-until-may>

Trade with India in Rupee: How much will Bangladesh benefit?

Bangladesh and India began settling cross-border trades in the Indian rupee (INR) last week, a development that has been hailed as a landmark for the growing bilateral commerce in general and for Bangladesh in particular. Initially, the scope of making import payments would be limited to the equivalent of Bangladesh's export earnings of around \$2 billion from India.

This means it might not immediately give a boost to Bangladesh's foreign currency reserve, whose level fell by about 30 per cent in the past one year owing to higher import bills against lower-than-expected export and remittance earnings.

Trade analysts describe the move as a welcome step, saying it would deepen trade ties between the two neighbours, reduce dependency on the US dollar, and cut the cost of business. "Bangladesh has found a new currency to settle international trades and this will bring benefit in the future," said Ahsan H Mansur, a noted economist.



<https://www.thedailystar.net/business/global-economy/news/how-much-will-bangladesh-benefit-3371811>

Plastic industry policy finalised with 10-yr income tax holiday for entrepreneurs

The Plastic Industry Development Policy 2023 has been finalized with a provision for a 10-year income tax holiday to entrepreneurs in plastic parks and disadvantaged areas. The policy was finalised in June this year based on stakeholder feedback, nearly two years after a draft was released in 2021. This five-year policy, formulated by the Ministry of Industries, will be implemented by 2028.

Nine strategies have been defined in this plan with emphasis on increasing local industries, building capacity, increasing access to international markets, and skill development for the sustainable development of the sector. The policy aims to ensure adequate financial support for domestic industries by providing loans to the small and medium enterprises in the plastic sector at 3% interest from a special fund.

<https://www.tbsnews.net/economy/industry/plastic-industry-policy-finalised-10-yr-income-tax-holiday-entrepreneurs-666658>

Businesspeople unable to benefit from GI products

Although Bangladesh has secured geographical indication (GI) status for 15 products so far, i.e., Jamdani, Shataranji, Hilsha fish, black tiger shrimp. Local businesspeople have yet to benefit in absence of global demand for these goods, according to experts. A major reason for their failure to take advantage of the

certification is that there is a lack of adequate marketing for the country's GI products. Besides, the export capacity of those who produce GI products should be enhanced through financial support, they told The Daily Star.

Products are granted the GI tag when they have unique characteristics that help identify their country of origin for being definable by the materials, climate and culture with which they were made. This in effect highlights the traditions and reputation of products made within a particular area or country, helping fetch higher prices compared to similar products manufactured elsewhere.

<https://www.thedailystar.net/business/economy/news/businesspeople-unable-benefit-gi-products-3371796>

Bank, Insurance, and NBFI

Internet banking transactions hit nearly BDT 500 Bn

Internet banking transactions reached a record high amount of nearly BDT 500 Bn in May, signifying the enhanced cost and time savings and convenience enabled over visits to brick-and-mortar branches for a growing number of bank account holders. The transactions soared 142% year-on-year to BDT 499.3 Bn, showed the latest Bangladesh Bank (BB) data. On a month-on-month basis, it was a growth of 12%. This is also threefold the amount recorded in the whole of fiscal year 2014-15. The all-time high also reflects customers increasingly switching to electronic fund transfers and banks focusing investments on developing technology to provide faster and hassle-free services.

<https://www.thedailystar.net/business/economy/news/internet-banking-transactions-hit-nearly-tk-50000cr-3371806>



Credit card spending in taka falls 6% in May

Bangladeshis reduced their credit card spending in taka by Tk160 crore or 6.34% in May compared to April due to the ongoing inflationary pressure. According to the central bank data, consumers spent Tk2,369 crore using credit cards in May against the previous month's Tk2,529 crore.

The head of the card department of a private bank told The Business Standard that one of the reasons for the decreased spending was due to inflation. "People's income is not increasing according to their consumption expenses."

<https://www.tbsnews.net/economy/banking/credit-card-spending-taka-falls-6-may-666486>

Stock-Specific News

Prime Bank's profit jumps 50% in Apr-Jun

Prime Bank Limited has posted 50% year-on-year growth in its profits in the April to June quarter of 2023 riding on an increase in its net investment income. In this year's second quarter, the bank's consolidated net profit stood at BDT 1.146 Bn, which was BDT 0.764 Bn in the same quarter of 2022. The consolidated earnings per share (EPS) stood at BDT 1.01. Its investment income jumped by 93% to BDT 1.1949 Bn in the June quarter this year compared to the same quarter previous year.

<https://www.tbsnews.net/economy/stocks/prime-banks-profit-jumps-over-50-april-june-666618>

Grameenphone's profit grows 30% in Apr-June

Grameenphone has posted BDT 11.94 Bn in profit after taxes for the April-June quarter, nearly 30% higher from the same period of the previous year. Due to higher costs, except for that of material and traffic charges, salaries and personnel costs, operations and maintenance, its operating profits inched down, while reversed income tax provision helped the company post a growth in net profits, according to its latest financial statement. Earnings per share (EPS) for the three months stood at BDT 8.84, up from BDT 6.82. For the first six months of the year EPS increased to BDT 14.62 from BDT 12.82.

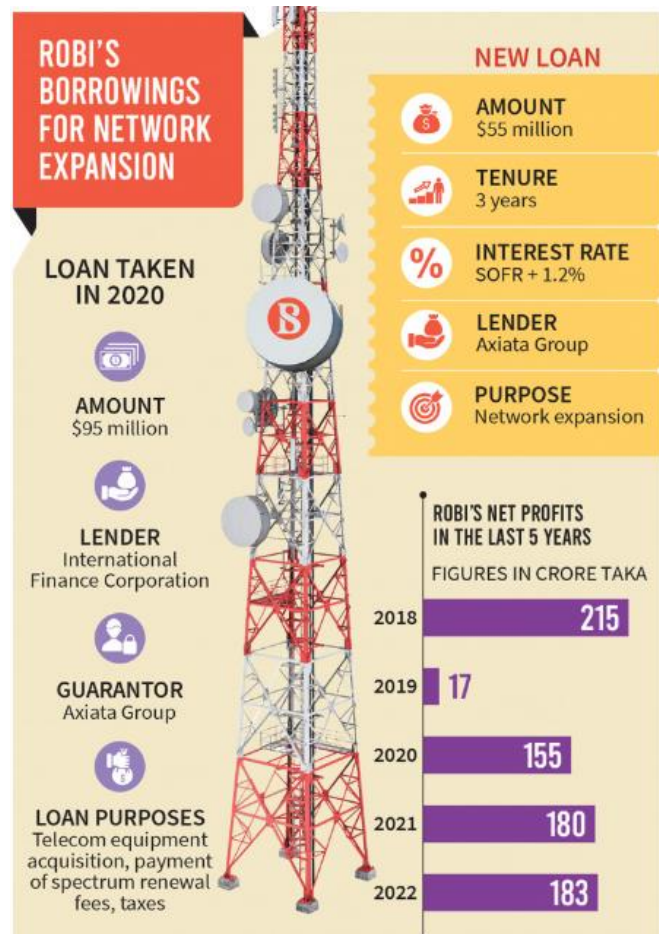
<https://www.tbsnews.net/economy/stocks/grameenphones-profit-grows-30-apr-june-667090>

Robi to borrow USD 55 Mn from Malaysian parent Axiata Group

The country's second-largest mobile network operator Robi Axiata Limited will receive a USD 55 Mn shareholder loan facility from its parent company Axiata Group, a Malaysian multinational telecommunications conglomerate. In a stock exchange filing on Monday, Robi stated that it would secure the fund for a period of three years.

According to officials at the company, the loan is being taken as a precautionary measure to safeguard against any potential impact from the ongoing dollar crisis in the country. Robi is not the first company to receive such a loan. Previously, Berger Paints also obtained a loan in foreign currency from its foreign partners.

In the disclosure made to the Dhaka Stock Exchange (DSE), the telecom operator stated that it did not need to pledge any assets as security and did not create any charge with the Registrar of Joint Stock Companies and Firms in relation to this loan agreement.



<https://www.tbsnews.net/economy/stocks/robi-gets-loan-55-million-axiata-group-666814>