

*Following is a summary of important business news published in the leading daily newspapers of Bangladesh. For the complete news, please follow the online link given below each news. Please note that the news summary doesn't reflect the opinion of BRAC EPL Stock Brokerage Limited.*

### **Remittance hits 10-month high**

- Remittance inflows hit a record high of USD 2.17 billion in May, which was the highest since August this fiscal year, thanks to the hard-earned money sent by migrant workers amid the second wave of the Covid-19 pandemic. Migrants sent 44% higher remittance in May compared to the same period a year ago, when it was USD 1.5 billion, Bangladesh Bank data shows. With the May figure, the total remittance inflow exceeded last fiscal year's total to stand at USD 22.8 billion, the highest in a single year. Bangladesh received USD 18.2 billion in remittance in total in fiscal 2019-20. In the wake of the Covid-19 pandemic, the remittance inflow, one of the main barometers of the economy, dipped from March to May of 2020.
- Appreciatively, the inflow rebounded in June and its upward trend continued till last month as the remittance senders are using more proper channels amid lockdowns slapped by states and restrictions on movement. The migrants had sent their money through 57 banks, including nine commercial banks. Last month, the highest amount of USD 639.36 million was sent through Islamic Bank Ltd while the second highest amount of USD 242.80 billion was sent through the state-own Agrani Bank. The inflow of remittance, one of the main barometers of the economy, continues to rise at a time when the outflow of migrant workers for jobs abroad dropped by 69% year-on-year to 217,669 in 2020.
- Despite the reduction of outgoing workers, the remittance flow saw a constant rise thanks to some initiatives of the government and bank authorities. The managing director and chief executive officer of Agrani Bank Limited, said the government has given 2% incentives on remittance, which was a big factor behind this rise of the remittance inflow. When the income of expatriates was coming down at the beginning of the pandemic, this facility encouraged them to use proper channels greatly. Meanwhile, due to the Covid-19 situation, the hundi system has come to a halt because of the restriction on movement and at that time there was no other option to send money without banking channels.

<https://www.thedailystar.net/business/news/remittance-hits-10-month-high-2103269>  
<http://www.newagebd.net/article/139419/bangladeshs-inward-remittance-reaches-10-month-high-in-may>

### **Loan disbursal still low against deposits in agent banking**

- In the year to March, only BDT 14 had been given in loan against BDT 100 in deposit in the agent banking, whereas the loan-deposit ratio in the banking sector was about 73% meaning BDT 73 was disbursed as loan against deposit of BDT 100. A year ago, borrowers in agent banking got only BDT 8 on an average in loans against a deposit of BDT 100. Alongside the increase in loan-deposit ratio, loan distribution more than tripled by March this year, according to the quarterly report on agent banking released by the Bangladesh Bank. During the one-year period, the number of accounts in agent banking surged to 11.0 million, with BDT 178.22 billion deposited in them.
- Only BDT 25.01 billion was disbursed in loans. Of the amount, more than 35% was given in urban areas, with the rest in rural areas. The chairman of the Association of Bankers, Bangladesh and managing director of Eastern Bank, said that the negligible loan distribution indicated that money taken from rural people was being used in urban areas. Deposits from people living in rural areas should be used for rural development, increasing economic activities in those areas, he said, adding that the whole economy would be benefited from that.
- He also said that the outlets of agent banking or agents were mainly busy collecting deposits. They are not capable of disbursing loans. Banks cannot rely on these agents. To expand loan distribution, banks will have to open up local branches but that involves costs, he added. He, however, expressed hope that by the end of this year loan distribution would reach 25% of the deposited amount.

<https://www.tbsnews.net/economy/banking/loan-disbursal-still-low-against-deposits-agent-banking-254365>

### **RMG export recovery slow in non-traditional markets**

- Apparel export recovery in the non-traditional markets is slower compared with that in the traditional markets as the Covid pandemic has taken a heavy toll on the economies of Latin American countries and India. According to Export Promotion Bureau data, the earnings from readymade garment exports started rebounding, overcoming the impact of Covid-19 and the earnings in the July-April period of current financial year 2020-21 grew by 6.24% to USD 26.00 billion.
- Although the RMG exports to the European countries grew by nearly 7% and to the United States by 8.54% in the 10 months of FY21, the earnings in the non-traditional markets registered a minimal 1.15% growth. The data showed that RMG exports to the non-traditional markets in July-April of FY21 increased to USD 4.26 billion from USD 4.21 billion in the same period of the previous fiscal year of 2019-20. Exporters said that the major countries of non-traditional export destinations, including India, China, Brazil and Chile, suffered heavily due to the pandemic and it would take time to

rebound the export to the markets.

- Except Australia, Russia and South Africa, export earnings still remained negative in all most all the non-traditional markets. RMG exports to India in July-April period of FY21 declined by 9.64% to USD 368.16 million while the exports to China fell by 22.52% to USD 228.25 million in the period. Export recovery in non-traditional markets is going slow due to the worst situation of the Covid-19 outbreak in some destinations, including Brazil and India, the vice-president of the Bangladesh Garment Manufacturers and Exporters Association said.

<http://www.newagebd.net/article/139450/rmg-export-recovery-slow-in-non-traditional-markets>

### **BB to allow agri loan rescheduling sans down payment**

- Bangladesh Bank (BB) will allow agricultural loan rescheduling without down payment in order to enhance its productivity amid the ongoing coronavirus pandemic. Rescheduling of loans means extending or adding extra time to existing loan tenure, resulting in a revision of monthly or quarterly installment amount so that the borrowers may be able to pay a lesser amount. This can help the borrower buy some time to adjust the repayment plan and also not default on their loans. Bangladesh Bank on Tuesday issued a circular on the matter with immediate effect. The circular said that the farmers or agricultural farms can reschedule their loans for up to two years.

<https://today.thefinancialexpress.com.bd/last-page/bb-to-allow-agri-loan-rescheduling-sans-down-payment-1622569466>

<https://www.thedailystar.net/business/news/bb-eases-farm-loan-rescheduling-2103261>

<http://www.newagebd.net/article/139448/down-payment-requirement-waived-for-farm-loan-rescheduling>

### **Budget execution rate falls**

- The government's national budget implementation rate fell significantly in the last one decade mainly due to a lack of efficiency, accountability and capacity and a rise in corruption. For fiscal 2019-20, the government passed a national budget of BDT 5.23 trillion but at the end of the year actual implementation was BDT 4.15 trillion. That means BDT 1.07 trillion has been left unimplemented. Over the last 10 years, the budget implementation rate has mostly been on a downward curve, falling to 79.4% in 2019-20 from 84.3% in the previous year.
- Just five years ago, the implementation rate was more than 80% every year and the highest during the decade was 97% in fiscal 2011. The government should focus on the implementation rate because lower implementation ultimately deprives people of quality services, said a former adviser to a caretaker government. Salaries and benefits of government officials have been increased by around 50% in the last couple of years with hopes that it will ensure higher efficiency and reduce corruption, he said. However, a lack of efficiency and rise of corruption among these civil servants are causing the budget implementation rate to drop, he said.

<https://www.thedailystar.net/business/news/budget-execution-rate-falls-2103281>

### **10-year tax holiday likely for hospital investors**

- The government is likely to offer a complete 10-year tax break in the 2021-22 fiscal budget for investors of 250-bed hospitals outside city areas with intent to decentralize health services. The exemption from payment of corporate taxes will be applicable to new investment in both general and specialized hospitals to be established outside four districts Dhaka, Chittagong, Gazipur and Narayanganj. Currently, all hospitals have to pay corporate tax at a rate of 32.5% on their annual income. The National Board of Revenue (NBR) may offer the full waiver from payment of taxes to attract investment in health care services outside city areas. Tax exemption will be applicable from the date of starting commercial operation by investors.

<https://today.thefinancialexpress.com.bd/first-page/10-yr-tax-holiday-likely-for-hospital-investors-1622569045>

<https://www.thedailystar.net/business/news/clinics-outside-major-cities-get-tax-break-2103265>

<https://www.tbsnews.net/economy/budget/tax-break-new-hospitals-backwaters-254368>

<http://www.newagebd.net/article/139451/new-hospitals-likely-to-get-10-yr-tax-holiday>

### **Curb on bonus share issuance**

- Five types of listed companies, including the 'Z' category ones, are set to be barred from issuing bonus shares without justified reason of business expansion and the regulatory permission as well. The Bangladesh Securities and Exchange Commission (BSEC) is about to issue a directive in this regard to contain the 'unhealthy practice of issuing bonus shares that brings no benefit either for the companies or for the general investors. The securities regulator, on completion of a detailed groundwork, has reached a consensus to rein in the practice of issuing bonus shares with an ill motive by many listed companies," said a BSEC official.

- A former president of the Dhaka Stock Exchange (DSE), said the companies having tremendous growth in sales can issue bonus shares for further expansion of their business operations through re-capitalization of profit. Many listed

companies issue bonus shares despite their declining sales. Those companies are even unable to utilize their existing capacity, he said. He opined that the shareholders, having majority stakes in a company, became benefited through bonus offer, as they could offload such shares in the market easily.

<https://today.thefinancialexpress.com.bd/first-page/curb-on-bonus-share-issuance-1622568892>

### **BBS Cables to start export after Covid-19 ends**

- At the third-quarter earnings call held online on Tuesday, the Chairman of BBS Cables said that the company had plans to export products earlier but could not do so because of the pandemic. He said that the company was already producing cables following international standards, but international certificates were needed for exports. They have already applied to Germany and France for certification and the process is almost complete.

<https://www.tbsnews.net/economy/corporates/bbs-cables-start-export-after-covid-19-ends-254320>

### **World Stock and Commodities\***

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$68.15	\$19.63	40.46%
Crude Oil (Brent)*	\$70.72	\$18.92	36.53%
Gold Spot*	\$1,900.54	\$5.44	0.29%
DSEX	5,993.33	591.26	10.95%
S&P 500	4,202.04	445.97	11.87%
FTSE 100	7,080.46	619.94	9.60%
BSE SENSEX	51,934.88	4,183.55	8.76%
KSE-100	48,191.26	4,435.88	10.14%
CSEALL	7,450.54	676.32	9.98%

### **Exchange Rates**

**USD 1 = BDT 84.76\***

**GBP 1 = BDT 120.03\***

**EUR 1 = BDT 103.61\***

**INR 1 = BDT 1.16\***

*\*Currencies are taken from XE Currency Converter and Commodities are taken from Bloomberg.*

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