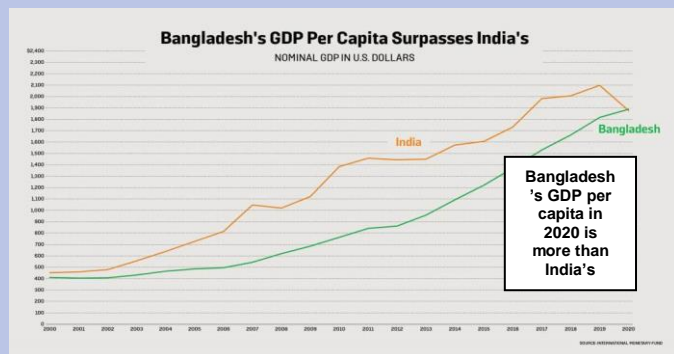


Economy at a glance

Bangladesh surpassed India on per capita income

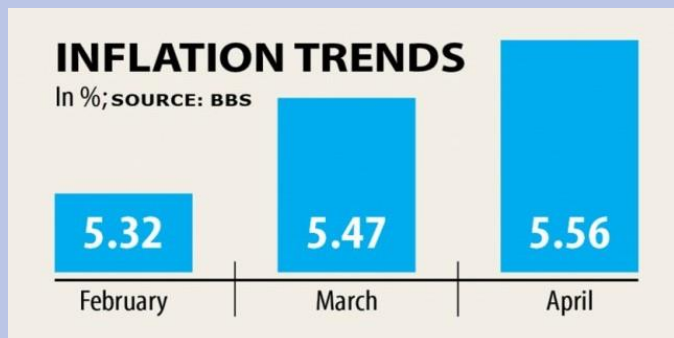
Bangladesh, which outpaced India in many indices of economic or human development, has surpassed its giant neighbor on per capita income. The country's per capita income has increased to USD 2,227 (Tk 188,873) from USD 2,064. Bangladesh's per capita income is now \$280 higher than India's \$1,947.



Last year Bangladesh has per capita income of USD 2064. So, the growth is 9 percent. Country's GDP has also increased to Tk.30,87,300 crore from Tk.27,96,358 crore, according to the primary data revealed by the Cabinet Secretary.

Inflation ticked up in April

Inflation went up for the third consecutive month in April owing to the rise in the prices of major food items such as rice, wheat, lentil, and sugar. General inflation rose to 5.56 per cent last month, up nine basis points from 5.47 per cent the previous month, according to data of the Bangladesh Bureau of Statistics (BBS). Food inflation increased to 5.57 per cent from 5.51 per cent, and no-food inflation advanced to 5.55 per cent from 5.39 per cent.



Food and non-food inflation increased in April as consumption rose during Ramadan and Eid-ul-Fitr. The prices of two rice varieties, lentil, wheat, sugar, and edible oil rose in April, BBS data showed. The government has targeted a 5.5 per cent inflation rate this fiscal year. It was able to contain it at 5.48 per cent last fiscal year.

Govt moves to rein in willful defaulters

The government, for the first time, has moved to define habitual defaulters, a development that may stop delinquent borrowers from running businesses, travelling abroad, and participating in social and political activities. As part of the move, the government on 17th May, 2021 decided in principal to amend the banking companies act at a virtual cabinet meeting presided over by Prime Minister Sheikh Hasina. According to the draft law, an

individual will be considered a willful defaulter if he or she does not repay a loan, taken under their individual name or for their company, to banks despite being able to pay it back. In addition, any person will be treated as a habitual defaulter if he or she takes loans under the name of a non-existent company. Each bank or non-bank financial institution (NBFI) will have to send the list of habitual defaulters to the BB from time to time. As per the move, the central bank will send the list to the government agencies concerned, which will impose restrictions on delinquent borrowers.

Bangladesh agrees \$200 million currency swap deal to help Sri Lanka

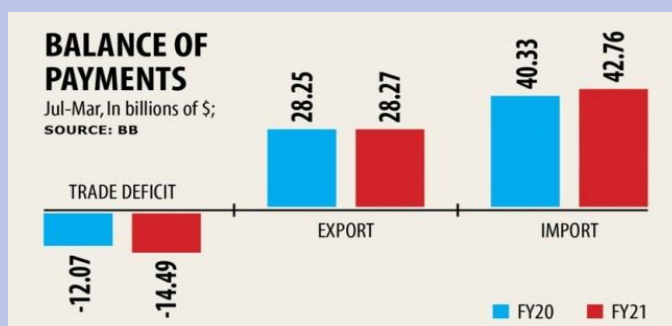
Bangladesh has agreed to give loans to Sri Lanka from the foreign exchange reserves under a currency swap deal. This is the first time Bangladesh is giving loans to another country from the reserves by swapping currency. Bangladesh will provide Sri Lanka with \$200 million to \$250 million under the deal following the island nation's request. Sri Lanka will repay over three months with 2 percent interest on the Libor rate. Under the deal, Sri Lanka will need to deposit Sri Lankan rupees worth the amount it wants from Bangladesh. The Sri Lankan government and the central bank will be guarantors.

11 banks faced huge capital shortfall

Eleven banks faced a capital shortfall of Tk. 24,783 crore in the first quarter of 2021, which highlighted the fragile health of the lenders. The banks are Bangladesh Krishi Bank, Sonali, Agrani, ICB Islamic, Rajshahi Krishi Unnayan, BASIC, Bangladesh Commerce, Rupali, Janata, Padma, and AB Bank. Corruptions perpetrated at the banks are mainly responsible for the large capital shortfall. Bangladesh Krishi Bank had the highest capital shortfall of Tk. 11,229 crore as of March, up 4 per cent from three months ago, data from the Bangladesh Bank showed. According to the experts, the central bank should take immediate measures to address the problem as such the situation sends a negative message to the international community and local businesspeople that the banking sector is weakening. However, the banking sector had a surplus capital of Tk.16,562 crore in March, up from Tk.15,930 crore three months ago.

Trade deficit widened

The country's trade deficit widened moderately in the first nine months of the ongoing fiscal due to higher import growth, which is a sign that the economy is gradually recovering from its depressed state of affairs. Between July and March, the trade deficit, which occurs when imports outweigh exports, stood at \$14.49 billion, up 20.02 per cent year-on-year, data from Bangladesh Bank showed.



During the period, imports increased six per cent from that of a year ago to \$42.76 billion while exports went up 0.06 per cent to \$28.27 billion. According to the experts, expanding the trade deficit is a good phenomenon for Bangladesh as the economy is largely an import-driven one. Major imported items of industrial raw materials have increased in recent months, which has already given a boost to the export sector as well.

Bangladesh's debt servicing on rise

Bangladesh's debt servicing to overseas lenders is rising year-on-year, as the government opts for higher hard-term borrowing in recent years. The debt servicing against different medium- to long-term loans (MLTLs) from the external development partners gone up by over 79 per cent in last nine years. According to the Economic Relations Division (ERD), the government repaid US\$1.73 billion loans as principal and interest in last fiscal year (FY), 2019-20, which was 79.41 per cent higher than that of \$966.5 million in FY 2012. The loan repayment is still showing a higher trend, as the government repaid \$1.60 billion worth of interest and principal during July-April period of the current fiscal against the total outstanding loans. Analysts and officials said the government in recent years opted for higher borrowing, including some non-concessional and hard-term loans from foreign lenders, resulting in higher repayments. After graduation to non-LDC, Bangladesh would have to borrow loans at higher rates, which would further increase the repayment amount in the near future.

Tax collection more than doubles in April

Revenue collection surged 116 per cent year-on-year to Tk 19,326 crore in April, the highest monthly growth in the current fiscal year, which has seen lower tax receipts because of the economic slowdown. Receipts rose 13 per cent year-on-year to Tk 197,583 crore in the July-April period, buoyed by increased imports and higher collection from domestic sources ahead of Eid-ul-Fitr, the biggest sales season in the country, provisional data from the National Board of Revenue (NBR) showed. Despite the stellar performance in April, the tax administration is unlikely to achieve its revised collection target of Tk 301,000 crore in 2020-21: the NBR will have to generate Tk 103,416 crore in the final two months of the fiscal year ending in June.

Remittance hits 10-month high

Remittance inflows hit a record high of \$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 per cent higher remittance in May compared to the same period a year ago, when it was \$1.5 billion, Bangladesh Bank data shows. With the May figure, the total remittance inflow exceeded last fiscal year's total to stand at \$22.8 billion, the highest in a single year. Bangladesh received \$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.

REAL ESTATE NEWS

REHAB demands low-cost fund

The Real Estate and Housing Association of Bangladesh (REHAB) has demanded the provision of a long-term low interest fund in the proposed national budget for fiscal 2021-22 so that the country's people can purchase their own homes on instalments equivalent to rent. In a statement to the media, the trade body said there is scope to reduce registration costs in the local housing sector further when compared to other

countries. So, REHAB hopes that the government will implement this and other demands in the future, it added. The association of real estate developers also welcomed the move to waive special tax and duty on various construction materials, such as rods, cement, and tiles, in the proposed budget. At the same time, if the government continues to allow the use of undisclosed income for the purchase of flats and apartments, it will play a fruitful role in the sector and help increase internal resources, it said.

NATIONAL HOUSING NEWS

22nd Virtual Annual General Meeting of NHFIL

The 22nd Annual General Meeting (AGM) of National Housing Finance and Investments Limited was held on Tuesday, 18th May, 2021 at 12.00 noon through virtual platform like last year. 15.00% Cash Dividend for the year 2020 is approved for the shareholders.



The Meeting was presided over by Mr. Mahbubur Rahman, Chairman of the Company. In the AGM Directors, Promoters, Chairman of Audit Committee and a large number of Shareholders along with Mr. Md. Khalilur Rahman, Managing Director, Mr. Mohammad Shamsul Islam, Additional Managing Director and Mr. Md. Sarwar Kamal FCS, Company Secretary were present. The

shareholders appreciated and thanked to the Board of Directors and management for the continuous success of the Company.

