NATIONAL HOUSING

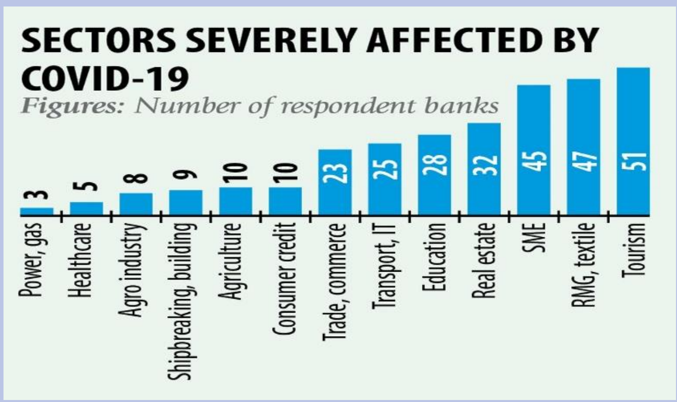
Monthly Bulletin

Year-4 | Issue-37: Published on 25 April, 2021 | Bulletin for March 2021 | www.nationalhousingbd.com

Economy at a glance

SMEs need credit the most

Bangladesh Bank has identified 13 sectors of the economy that have been severely affected by the first wave of the coronavirus pandemic, including travel and tourism, readymade garments, textile and small and medium enterprises. They were identified in a central bank survey involving the country's 59 banks.



As much as 51 banks thought that travel and tourism were "dreadfully affected". Forty-seven banks identified the garment and textile sector, 45 banks identified SMEs, 32 banks identified real estate and construction, and 28 banks identified education as the dreadfully affected. The survey was carried out in the second half of last year, taking into consideration sectors that needed the most credit support. As per the responses, the SME sector has the highest credit demand in the near future, followed by the RMG and textile, trade and commerce, agro-based industries and agriculture.

Entrepreneurs aged 21-45 years will get start-up loans

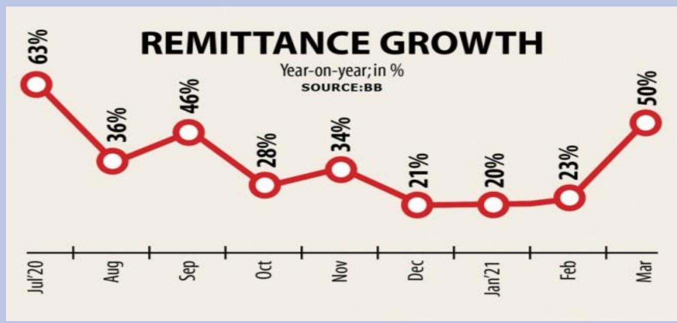
Innovative entrepreneurs between the ages of 21 and 45 will be eligible to get loans from the start-up fund formed by Bangladesh Bank. They will get a maximum of Tk.1.00 crore loan for an initiative or project from the fund and 10% of the fund will be allocated for women entrepreneurs. The annual interest rate will be 4% and the term of the loan is five years. Loan installments have to be paid after every three or six months while the maximum grace period for loan repayment is one year. As per the start-up fund policy, technologically innovative solutions need to be expandable, economically sustainable and commercially successful and has to create employment and increase internal resources. The policy also states that the Tk.500 crore start-up fund will be used by Bangladesh Bank as a refinancing fund. Banks, on the other hand, will set up their own start-up funds using 1% of their operating profit. For the next five years from 2021, the banks will have to set aside this 1% of the operating profit made in December 2020.

Bangladesh Bank again extends loan repayment relaxation

The central bank on 24th March, 2021 again extended the policy relaxation involving loan repayments to the country's scheduled banks by their borrowers. Borrowers now will be able to clear their instalments on continuous, demand and term loans by June 30 instead of March 2021 on the basis of banker-customer relationship. The BB's latest move came against the backdrop of the fresh surge in Covid-19 infections in different countries, including Bangladesh. Under the policy of relaxation, unpaid interest for 2020 on continuous loans would have to be cleared in six quarterly instalments from March 2021 to June 2022. On the other hand, the borrowers were allowed to repay their demand loans covering both interest and principal amount within eight quarterly instalments from March 2021 to December 2022. The demand loans would not be treated as non-performing loans (NPLs) during the period under review, if the instalments would be paid as per requirements.

Remittance rises 35pc in 9 months

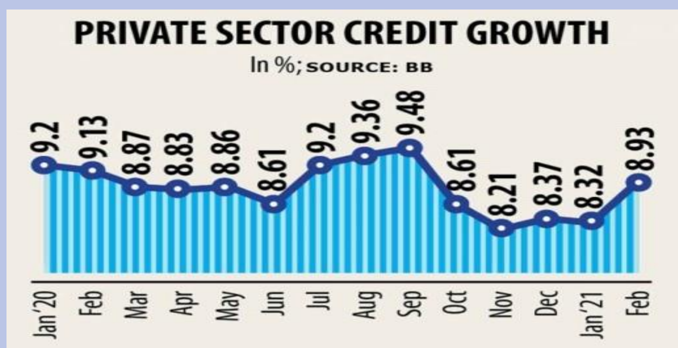
Remittances sent by migrant workers and non-resident Bangladeshis rose 35 per cent year-on-year in the first nine months of the current fiscal year, hitting $18.60 billion in total. In March alone, migrants remitted $1.91 billion from different countries, up 50 per cent from a year ago, the highest growth since last August, showed data from Bangladesh Bank.



Remittance inflow, one of the main barometers of the economy, dipped from March to May of 2020 in the wake of the coronavirus pandemic. Inflow rebounded in June and its upward trend continued as hundi, an illegal medium of fund transfer, declined amid lockdowns slapped by states and restrictions on movement. The 2 per cent cash incentive introduced by the government in 2019 has also encouraged the expatriate Bangladeshis to send more money through formal channels.

Credit growth rises moderately

Private sector credit growth went up moderately in February to keep up with the recovering trend of the economy, but bankers say the rising coronavirus infections and deepening uncertainty have dipped the growth in March. The year-on-year credit growth stood at 8.93 per cent in February, up from 8.32 per cent a month earlier, data from the central bank showed.



The February's growth is also the highest since October last year. According to experts, businesses commenced to expand their enterprises heavily last month riding on the slower coronavirus infection, but the momentum has faced a roadblock this month when the deadly flu started spreading in a consistent manner. They added that, the credit flow to the private sector has already decreased to a large extent as businesses have adopted a "go-slow" policy once again.

Source: The Daily Star & The Financial express

Non-banks' dividend capped at 30pc

The central bank on March 22, imposed a dividend cap of 30 per cent for non-bank financial institutions (NBFIs). Of the amount, the NBFIs will have to pay 15 per cent in the stock dividend, and the rest will be paid in the form of cash. Earlier on February 24, the Bangladesh Bank had barred the NBFIs from paying more than 15 per cent in cash dividend as a good number of NBFIs face a capital shortage and high amounts of classified loans because of a wide range of scams. As of December 2020, the CAR of six of the NBFIs was less than what was required to be maintained, which is 10 per cent. A total of 13 had default loans of more than 10 per cent. Industry insiders say following the BB order, many of the NBFIs would not be allowed to declare either cash or stock dividend for their shareholders for the year that ended on December 31 as their ratio of classified loans was high.

Rising imports leave little room to use reserves for dev. projects

The government's plan to use foreign exchange reserves to bankroll infrastructure projects may face difficulty in the current fiscal year as rising imports will leave little leeway for making such lending. If the monthly import expenditure of January is taken into consideration, Bangladesh now has foreign exchange reserves that can cover import expenditures for 5.94 months, below the comfortable level of six months. Imports have been rising since January because of the recovery of the economy from the pandemic-induced slowdown. On March 15, the government, for the first time, took a move to lend money from the forex reserves for a development project. According to experts, if imports remained at about $7 billion a month, there would hardly be any excess reserves left since it had recently been varying between $42 billion and $43 billion.

Exports rise 12.59pc in March

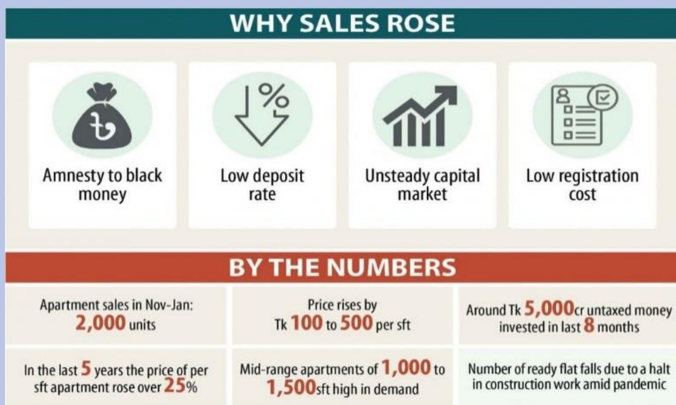
The country's export earnings in March 2021 posted a 12.59 per cent growth to $3.07 billion over that of the corresponding month of 2020, when Bangladesh fetched $2.73 billion in March last year. The single month earnings in this March, however, fell short of the target by 10.79 per cent, according to the latest Export Promotion Bureau (EPB) data. The overall export earnings during the first nine months of the current fiscal year (FY), 2020-21, stood at $28.93 billion, marking a meagre negative growth of 0.12 per cent compared to that of the corresponding period of last fiscal, the EPB data showed. Export earnings were $28.97 billion during July-March period of FY 2019-20. The July-March export earnings of FY 21, however, fell short of the target set for the period by 4.43 per cent.

REAL ESTATE NEWS

Ready flats almost sold out

Most ready-for-occupants flats in Dhaka, the key market for real estate, have been sold out in recent times. Demand has soared after the government allowed unquestioned amnesty for investment of illegal and undisclosed money, or in other words untaxed money, on land and flats on payment of certain amount of tax, which would be calculated based on the property's size and location. A fall in interest rates on loans for home purchase and a bearish trend in the stock market further fueled demand for new homes, doing away with troubled times faced by the home and property builders two to three years ago.

According to REHAB, around 2,000 flats were sold between last November to January and around Tk.5,000 crore of untaxed money has been invested in the housing sector. On the other hand, due to recent price hike of raw materials such as rod, cement etc., apartment price per square feet has been increased.



NATIONAL HOUSING NEWS

Celebration of Women's Day-2021 at National Housing Finance and Investments Limited

National Housing Finance and Investments Limited celebrated International Women's Day-2021 at its Corporate Head Office. Rtn. PDG Safina Rahman MPHF, Managing Director of Lakhsma Innerwear Ltd. was the Chief Guest and presented her valuable insight about the theme of this year "Choose to Challenge".

All women employees of the company were present at that program physically and virtually. Mr. Md. Khalilur Rahman, Managing Director of NHFIL & Former Chairman of Bangladesh Leasing and Finance Companies Association (BLFCA), Mr. Mohammad Shamsul Islam- Additional Managing Director and Senior Officials and Head of Branches of NHFIL were also participated in the program.

National Housing Finance and Investments Limited
Corporate Office: Plot-11A, Road-48, Gulshan-2
Dhaka-1212, Phone: +88 09609 200555