

Economy at a glance

Half the stimulus funds not disbursed yet

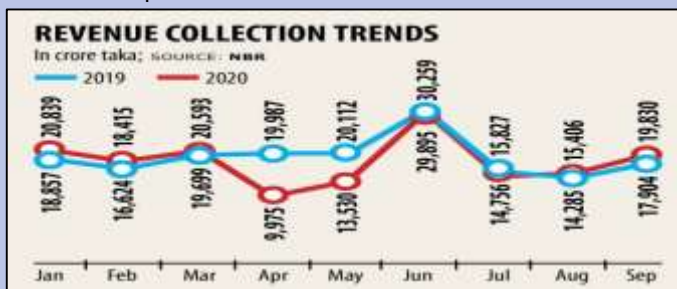
Banks disbursed 48 per cent of Tk 76,000 crore funds they have been entrusted with lending to the sectors creaking under the pressure of the coronavirus pandemic as of September, official data showed. This means, Tk 36,624 crore has been disbursed by banks. Since the Covid-19 hit Bangladesh on March 26, the government has unveiled about 20 stimulus packages involving Tk 120,053 crore, which is 4.3 per cent of the country's gross domestic product.

PROGRESS OF IMPLEMENTATION OF KEY STIMULUS PACKAGES						
	Industry and service	Cottage, micro and small business	Refinancing scheme for agriculture	Pre-shipment credit finance	Low-income professionals, farmers and micro business	Special loan for export-oriented industries
Stimulus amount	Tk 30,000 crore	Tk 20,000 crore	Tk 5,000 crore	Tk 5,000 crore	Tk 3,000 crore	Tk 8,000 crore
Loan applications until Sept 30	2,764	22,746	81,631	1	180
Disbursement until Sept 30	Tk 21,329 crore	Tk 4822 crore	Tk 1890 crore	Tk 17 crore	Tk 564 crore	Tk 8,000 crore

The finance division presented a progress report of the stimulus packages at the cabinet meeting on 2nd November, 2020. The finance division would arrange three meetings with the stakeholders at the end of November in order to remove barriers standing in the way of the packages' implementation, revamping them and speeding up their execution.

Tax collection jumps in September

Tax collection jumped in September as the country's businesses and economic activities continued to pick up despite all the uncertainty caused by the ongoing Covid-19 pandemic. Last month, the National Board of Revenue (NBR) collected Tk 19,830 crore as tax, an 11 per cent increase compared to the same period a year ago, when it was Tk 17,904 crore, according to the NBR's provisional collection data.



Thanks to increased collection of income tax, import duty and value added tax (VAT), overall tax collection rose in the July-September period. This was the second consecutive month when revenue collection grew after remaining in the negative for four months since April, owing to the coronavirus-induced shutdown and slump in domestic and global demand.

Inflation rises to 5-year high

Inflation rose to 6.44 per cent in October, the highest in at least five years, driven by a sharp increase in the price of food items according to official figures published 4th November, 2020. The average Consumer Price Index climbed 47 basis points from September's 5.97 per cent, data from the state-run Bangladesh Bureau of Statistics (BBS) showed. This was the third consecutive monthly increase in inflation as recent floods and rains damaged crops and pushed up the price of rice and vegetables.

NHFIL Chairman, Mahbubur Rahman enters hall of fame

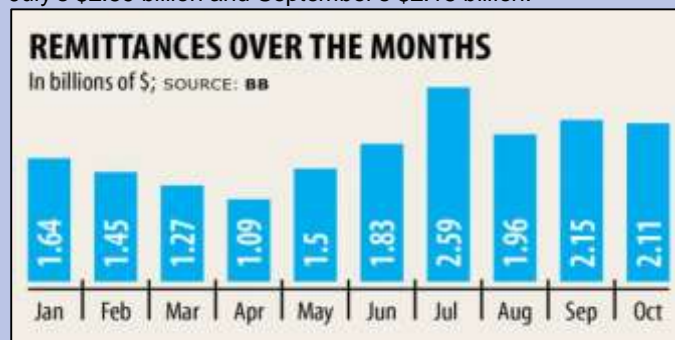
Mr. Mahbubur Rahman, President of International Chamber of Commerce, Bangladesh (ICCB) and also chairman of NHFIL is among 150 'high impact' leaders in the area of business and social enterprises from Africa, Asia, Latin America and the Middle East who are interviewed under the 'Creating Emerging Market Project (CEMP)' at the Harvard Business School (HBS).



In his interview with HBS, he talked about how, in 1962, he started his first business, Eastern Trading Company (now ETBL Holdings). He threw light on the difficulties that businessmen used to face when Bangladesh was a part of Pakistan and during the post-liberation days. He was asked about corruption in Bangladesh in different sectors. He traced the root of the vice in the British colonial rule and a resulting lack of transparency, archaic laws, and political cronyism. Regarding his involvement with ICC, He presented a few examples of banking and financial sector reform that he has done with ICC in Bangladesh, including encouraging an opening to private sector activity. He concluded his interview by discussing how Bangladesh reacted to the 2008 financial crisis and issues of succession.

Remittance on a roll

Bangladesh received 28.62 per cent more remittance in October as the money sent by the country's migrant workers toiling abroad kept its scintillating growth defying grim predictions. Migrant workers remitted \$2.11 billion last month, which was way higher than \$1.64 billion flown to the country in the same month a year ago, data from the central bank showed yesterday. October's receipts were the third-highest monthly flow in history, behind July's \$2.59 billion and September's \$2.15 billion.



The increasing trend of remittances has given a huge respite to the government to manage its external sector from the ongoing economic hardship. Experts hope the trend would be maintained in the coming months given the global economic scenario and the initiatives taken by the government.

BB issues guideline for credit guarantee scheme

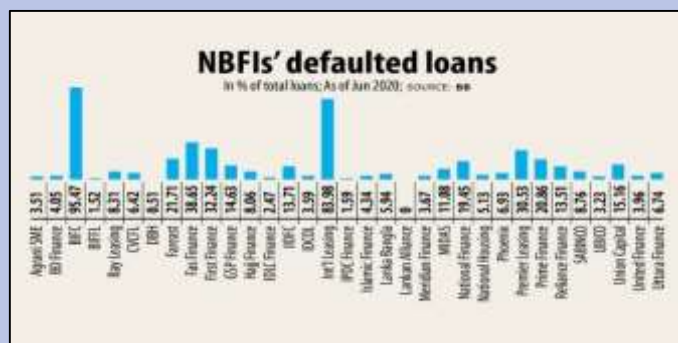
Bangladesh Bank on 3rd November, 2020 rolled out a guideline for the credit guarantee scheme (CGS) to give the much-needed boost to the cottage, small and micro enterprises (CSME) that are struggling to stay afloat amid the Covid-19 fallout. Lenders will be allowed to avail 30 per cent of their total distributed loans from the CGS if the amount disbursed becomes defaulted, according to the

central bank guideline. The CGS will be applicable for loans given to firms in the CSME sector and both banks and non-banking financial institutions will be allowed to enjoy the CGS fund. The scheme will give coverage to the fund, which is being disbursed from the Tk 20,000 stimulus package for the cottage, micro, small and medium enterprise (CMSME) sector. Clients will have to pay 1 per cent commission on their loans to banks when they avail the fund while lenders will have to deposit the commission to the central bank.

Bangladesh 3rd worst-performing country in greenfield FDI index

Bangladesh has hit the rock bottom in attracting greenfield foreign direct investment. It ranked as the third worst-performing country in the Greenfield FDI Performance Index 2020. "Greenfield" investment is a type of FDI in which a parent company creates a subsidiary in a different country, building its operations from the ground up. African country Togo topped the list of best-performing nations in attracting such FDI. Bangladesh has scored 0.31 and it has 18 green-field FDI projects as of 2020, according to the 'Greenfield Performance Index-2020'. Bangladesh is attracting much less FDI in proportion to the size of its economy, the FDI Intelligence report says.

Defaulted loans at NBFIs soar amid irregularities



Defaulted loans at non-bank financial institutions (NBFI) escalated 26.51 per cent in the first half of 2020 because of a lack of corporate governance in absence of the central bank's proper supervision. Non-performing loans (NPLs) in the 33 NBFIs in Bangladesh stood at Tk 8,905.62 crore in June, which are 13.29 per cent of the outstanding loans, according to data from the central bank. It was Tk 6,399 crore, or 9.53 per cent of the total loans as of December last year. According to experts, Scamsters siphoned off a large volume of funds from some of

the NBFIs in the form of loans using fake documents, creating piles of defaulted loans in the sector.

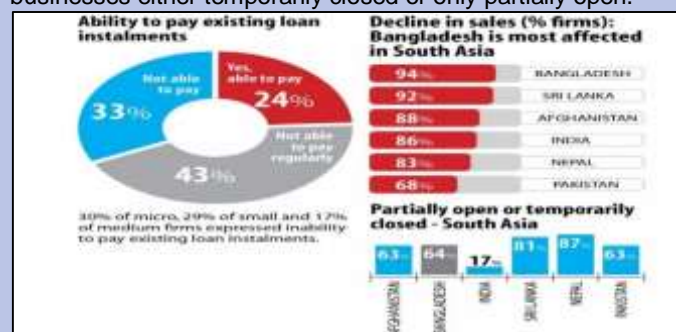
Most listed banks see rise in profits

Most of the listed banks logged higher profits in the first nine months of 2020 despite a lower net interest income amid the business slowdown caused by the coronavirus pandemic. Lower provisioning was the main driver behind the higher profits. All the 30 banks listed with the Dhaka Stock Exchange declared their third quarterly earnings.

Eighteen out of the 27 posted a year-on-year rise in profits during the January to September period. They logged 3.49 per cent higher profits of Tk 4,888 crore in the nine months. Their combined net interest income, the biggest source of revenue, dropped 25 per cent to Tk 10,301 crore thanks to two steps introduced by the central bank -- 9 per cent interest cap in April and a payment holiday after the Covid-19 outbreak. Provisioning of the listed banks also dipped 47 per cent year-on-year to Tk 2,009 crore.

37 pc employees in small businesses lost jobs: survey

A whopping 37 per cent of employees in the micro, small and medium enterprises (MSMEs) lost their jobs, either temporarily or permanently, within a month and 94 per cent of MSMEs experienced a sharp drop in sales because of the coronavirus pandemic, according to a new survey. The study -- Business Pulse Survey: Impact of Covid-19 on MSMEs in Bangladesh -- shows that 70 per cent of all workers are now in vulnerable jobs, with businesses either temporarily closed or only partially open.



The survey was carried out in Bangladesh by International Finance Corporation (IFC) and World Bank, in partnership with the UK's Foreign, Commonwealth and Development Office (FCDO) from June 4 to 15. MSMEs play a critical role in providing jobs. They employ 20.3 million Bangladeshis. Now, 58 per cent of firms have reduced their working hours. More jobs are in jeopardy as there seems to be no end to the pandemic in sight.

REAL ESTATE NEWS

Land transfer tax halved in Dhaka, Chattogram

The government has halved the tax for transferring immovable property by the companies located in city corporation areas of Dhaka and Chattogram. The property transfer tax has been cut to 1.0 per cent from 2.0 per cent by issuing a gazette

notification. The reduced tax rate will come into effect from December 1st, 2020. People familiar with the development said the reduction of tax on properties will facilitate real estate business, pushing down the cost of registration of land and apartments. Earlier, the government had halved the taxes on registration fees of the land or flat and stamp duty on the transfer value of property registration.

NATIONAL HOUSING NEWS

NHFIL's net profit soars 46.68 %

National Housing published its financial performance of third quarter of 2020. NHFIL's net profit soared by 46.68 % year-on-year to Tk. 249.62 million in January-September. The company's operating income rose 11.98% year-on-year to Tk. 448.89 million in January-September. Its earnings per share hit Tk.0.68 up from Tk.1.45 in the same period of the previous year.