

Economy at a glance

Govt cuts interest rates of savings tools

The government has cut the interest rate on savings certificates and wage-earner bonds by 1 to 3 percentage points—a move that may help the authorities save but hurt the middle-income group dependent on the returns to make a living. The new rates will not affect the present investment and will only be applicable for fresh investments. The rate cut will help the government bring down its interest expenses. The interest rate cut will put more pressure on the savers, whose incomes have already been squeezed because of the lower rates on bank deposits.

NEW INTEREST RATES OF SAVINGS TOOLS			
5-YEAR BANGLADESH SAVINGS CERTIFICATE		3-MONTH PROFIT BEARING SAVINGS CERTIFICATE	
Previous	New	Previous	New
Up to Tk 15 lakh	11.28	Up to Tk 15 lakh	11.04
Tk 15 lakh plus to Tk 30 lakh	10.3	Tk 15 lakh plus to Tk 30 lakh	10.5
Tk 30 lakh plus	9.3	Tk 30 lakh plus	9
PENSIONERS' SAVINGS CERTIFICATE		FAMILY SAVINGS CERTIFICATE	
Previous	New	Previous	New
Up to Tk 15 lakh	11.76	Up to Tk 15 lakh	11.52
Tk 15 lakh plus to Tk 30 lakh	10.75	Tk 15 lakh plus to Tk 30 lakh	10.5
Tk 30 lakh plus	9.75	Tk 30 lakh plus	9.5
TERM DEPOSIT AT POST OFFICE SAVINGS BANK		WAGE EARNERS' BOND	
Previous	New	Previous	New
Up to Tk 15 lakh	11.28	Up to Tk 15 lakh	12

According to the new rules, the higher the investment amount, the lower the returns will be. If the investment amount is higher than Tk.15 lakh, investors will get a lower interest rate, according to a circular of the Internal Resources Division (IRD) of the finance ministry. The country's top-selling family savings certificate provides an 11.52 percent interest rate. If the investment goes past Tk.15 lakh, the rate will be 10.50 percent, and it is 9.50 percent for the amount over Tk.30 lakh, according to the circular of the IRD.

Remittance dips to 16-month low in September

Remittance inflow has dipped nearly 20%, a 16-month low in September. Bangladeshi diaspora sent home \$1.73 billion compared to \$2.15 billion sent in September 2020. The remittance inflow dipped 19.75% year-on-year in September to \$1.73 billion, which is also the lowest in 16 months, according to data released by the Bangladesh Bank.



Officials of the BB and commercial banks blamed the easing of coronavirus restrictions on movement in recent months across the globe for the decline in remittance to Bangladesh. As people's movement resumed, the global hundi cartel, which operates an illegal cross-boundary financial system, has become active again. Moreover, many expatriates had returned due to economic hardship and they are now facing problems in going back. So, remittance flow has continued sliding in the last couple of months.

Default Loan recovery plunges

Default loans recovery in Bangladesh fell to at least a five-year low of Tk.6,922 crore in the last fiscal year as borrowers struggled to pay back amid the economic slowdown caused by the coronavirus pandemic. The amount stood at Tk.10,140 crore in the fiscal year of 2019-20, data from the central bank showed.



Bankers say the loan moratorium, introduced by the central bank in April last year to counter the impacts of the pandemic on the economy, allowed borrowers to defer payments of installments, hitting the recovery of the default loans. The loan recovery had nosedived to Tk.869 crore in April to June of 2020, the first quarter hit by the crisis in Bangladesh. This was the first time it had fallen below Tk.1,000 crore in a single quarter since at least FY17.

Bangladesh Bank on dollar selling spree to keep taka steady

The foreign exchange regime has made an about-face in the last two months as the Bangladesh Bank continues to inject US dollars (USD) into the market to halt the depreciation of the local currency and meet the growing appetite of the economy. The central bank had bought a record amount of USD amounting to \$7.93 billion from local banks in the last fiscal year as a part of its move to rein in the devaluation of taka.



But, the BB switched gears after August as the demand for the American greenback grew in keeping with the recovering economy: it sold \$946 million between August and September as many banks are facing a shortage of USD. The declining trend of remittances, the rising price of commodities in the global market, and the end of deferral support on payments for imports were the drivers behind the tight situation in the foreign exchange market, according to bankers.

Non-banking financial institutions can reschedule loan or lease only thrice: BB notification

The central bank now tightens noose around loose-run lending operations by non-banking financial institutions (NBFIs) limiting their loan or lease rescheduling to only thrice. The NBFIs have been instructed to make decisions on the rescheduling of loans or leases within one month after receiving requisite down payments, according to a notification issued by the BB. Application for first-time rescheduling will be taken into consideration upon receiving cash payments of at least 15 percent of the overdue installments or 10 percent of the total outstanding amount of a loan or lease, whichever is less. Rescheduling application for a second time will be considered upon receiving cash payments of minimum 30 percent of the overdue installments or 20 percent of the total outstanding amount of a loan or lease, whichever is less. For third time, application for rescheduling will be considered upon receiving cash payments of minimum 50 percent of the overdue installments or 30 percent of the total outstanding amount of a loan or lease, whichever is less.

Private sector credit rises to 8.42% in August

Credit flow to the private sector has been growing gradually, as July and August figures show, mainly on the back of demand for working capital. Private sector credit rose to 8.42% in August from 8.38% in July, according to the central bank.



The July figure also improved by 0.40 percentage points from June although it was still 6.8 percentage points lower than the Bangladesh Bank target. The ongoing Covid-19 pandemic along with deepening uncertainties had pushed down the credit growth in the past couple of months, according to bankers. However, private credit flow recovered as external trade increased this fiscal year. Experts hoped the demand for credit would increase in the coming months following the reopening of the country's overall economic activities gradually.

BB relaxes banks' investment rules

Bangladesh Bank relaxed rules regarding banks' investment in Treasury bills and bonds in order to help them avoid generating lower-than-expected profits in the secondary bond market. Many banks now face lower profits than what they had expected as interest rates of T-bills and bonds have recently declined, creating an uneasy situation for the lenders. Against this backdrop, the central bank increased the investment ceiling for banks on held-to-maturity (HTM) securities. As per the new rules of the central bank, non-primary dealer banks will be able to hold 120 percent of their respective statutory liquidity ratio instead of abiding by the existing limit of 110 percent. Primary dealer (PD) banks will be allowed to increase the limit to 135 percent of the statutory liquidity ratio in contrast to 125 percent.

Tax receipts rise as economy recovers

Revenue collection soared nearly 15 percent to Tk.34,548 crore in the July-August period of the current fiscal year from Tk.30,160 crore, powered by a recovery in economic and business activities since lifting of the countrywide lockdown early August. Surging imports extended support to revenue collection growth through overseas trade, according to provisional data from the National Board of Revenue (NBR).

Despite the strong gain, the revenue collector still lagged Tk.5,215 crore behind its target of Tk.39,759 crore for the first two months of the fiscal year. The NBR has been tasked with collecting Tk.330,000 crore from the whole of the fiscal year ending in June. The lifting of the bar along with vaccinations unleashed business activities, enabling the VAT authority to log a 14 per cent increase in indirect tax to Tk.12,964 crore in the July-August period of the current fiscal year from Tk.11,350 crore a year ago.

REAL ESTATE NEWS

Home loan demand rebounds as housing sector wakes up

The demand for home loans has bounced back as the country's real estate sector starts making progress after a long dry spell in the wake of the pandemic. The total outstanding home loans in the banking sector stood at Tk.29,717.52 crore as of June 30 this year, up from Tk.26,062 crore at the same time last year, as per the latest data from the Bangladesh Bank. The banking sector registered 14.02 percent year-on-year growth

in home loans as of June this year while the overall private sector credit growth was at 8.35 percent. The single-digit lending rate pushed up the demand for such loans even amid the pandemic, bankers said, adding that most banks now finance the housing sector at 7.50 to 8 percent interest. The lower interest rate on bank loans and the policy relaxation by the government for the real estate sector are the main reasons behind the rising demand for such loans, according to market experts. Not only Banks, a number of non-bank financial institutions are in the leading position to provide home loans.

NATIONAL HOUSING NEWS

NHFIL signs MoU with Gemcon

NHFIL and Gemcon city Ltd. have recently signed a MoU. Shital Chandra Saha, Head of operation, NHFIL and Syed Nayeem Abdullah, CEO, Gemcon city Ltd. have signed the agreement.



Among others, Mohammad Shamsul Islam, Managing Director, NHFIL, Md. Sarwar Kamal, FCS, company Secretary NHFIL,

Syed Ahmed, FCMA, CFO NHFIL, Monwara Begum Daisy, Senior Manager Gemcon were also present in the signing ceremony.



সহজ আলাপেই হয়ে যাক হোম লোন

বন্ধুত্বের সম্পর্কে এক নতুন উচ্চতর প্রত্যাপন দিয়ে বাংলাদেশ হাউজিং অথরিটিকে আলাপেই হোম লোন।
বরাবরের মতোই সেই সহজ ও বিশ্বস্ত সেবার প্রতিশ্রুতিতে আমরা আন্তরিকতা নিয়ে এগিয়ে আসছি। আসুন না একত্রে। একসাথে, আমরা সবাই।
কৃষ্টি আর অস্তিত্বের আশাপাশি শুধু হোক সম্ভাবনার নতুন অধ্যায়।

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