

BIZDATAINSIGHTS

BANGLADESH BUSINESS & ECONOMY REVIEW (BBER)

December 2023



About Bangladesh Business & Economy Review (BBER) Report

“Bangladesh Business and Economy Review (BBER)” is a monthly insight report of **BIZDATA INSIGHTS** where we provide summarized updates on key business & economic insights, trends & events that shaped the business and economic environment in the country over the month.

This report is derived from industry-specific information, news, and events which are curated from different published and inside intelligence sources – newspapers, magazines, articles, papers, events, company’s website, regulatory body’s website, social media, etc. Overall, this report provides valuable insights into the economic and business landscape of Bangladesh, helping readers to stay informed and make informed decisions.

In this current version of the BBER report, we covered the key business & economic insights, trends & events in the month of November, 2023.

We will welcome any feedback or suggestion on further developing the report!

Hence, pls. feel free to provide your feedback or suggestion at: insight@bizdatainsights.com

ABOUT BIZDATA INSIGHTS

BIZDATA INSIGHTS is a Market Intelligence, Data & Business Advisory platform in Bangladesh driving the Trade, Business & Investment opportunities in Bangladesh.

We provide Bangladesh Economic & Market Intelligence, Economic, Market & Financial Data of 40+ business sectors of Bangladesh, and offer Business Advisory services for Investors & Business professionals so that they can make intelligent decisions on Investment & Business with confidence.

We offer industry-specific news, insight, and data of 70+ business sectors of Bangladesh through curating, filtering, validating, and analyzing the market, business & economic news, information, and data from 500+ different national and international sources – news agencies, newspapers, and online news sites, social media, company web sites, govt. websites, partner agencies, etc.

Hence, we enable data & insight-driven intelligent business decisions to Investors, Business professionals, and Corporations offering the most comprehensive perspective on Bangladesh's business and economy.

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INDEX

Economy Insights

BANGLADESH'S FISCAL YEAR 2022-23 IN REVIEW	9
GDP FORECAST FOR FY2023-24 SCALED DOWN TO 6.5% BY CENTRAL BANK	9
BANGLADESH BANK AGAIN RAISED POLICY RATE TO 7.75%	9
FINANCIAL ACCOUNT DEFICIT NEARLY 4 BILLION IN OCTOBER.....	10
FOREX RESERVE DETERIORATES FURTHER TO 19.3 BILLION IN NOVEMBER.....	10
EXPORT EARNINGS IN NOVEMBER AMOUNTED TO \$4.78 BILLION.....	11
45% OF BANGLADESH'S EXPORT DIRECTED TO EU 27 COUNTRIES	11
50% ERQ CONVERSION TO CASH MANDATED	12
LC OPENING DECREASED BY 6% IN NOV.....	12
REMITTANCE STANDS \$1.59 BILLION IN NOVEMBER	12
REMITTERS GRANTED ELIGIBILITY TO DEPOSIT IN FOREIGN EXCHANGE	13
EXPATRIATS INVESTMENT IN DOLLAR BONDS DECLINED BY 2 BILLION	13
DOLLAR RATE CUT BY 0.25 TK.....	14
INFLATION RATE STANDS AT 9.49% IN NOV	14
COMPARATIVE ANALYSIS OF INFLATION IN SOUTH ASIAN ECONOMIES	15
WAGE RATE INDEX STANDS 7.69% IN OCTOBER	16
PRIVATE SECTOR CREDIT GROWTH INCREASES TO 10% IN OCTOBER.....	16
PENSION SCHEME RESPONSE DROPS FURTHER IN THIRD MONTH	16
EXECUTION PACE OF THE FISCAL YEAR 2023 BUDGET DECELERATES TO 86%.....	17
50% DROP IN BOND FACILITY MISUSE	17
TK 17,946 CRORE REVENUE SHORTFALL FROM IMF TARGET	18
66% TAX COLLECTION COMES FROM INDIRECT TAX	19
TAX EXPENDITURES: A SECTOR-WISE ANALYSIS	19
NBR MANDATES E-PAYMENT.....	20
FOREIGN LOAN DISBURSEMENTS FELL 17%	20
FOREIGN INVESTMENTS INFUSE VIBRANCY INTO BANGLADESH'S EPZS	21
IDCOL FUNDS LARGEST PRIVATE ECONOMIC ZONE IN BANGLADESH.....	21
BUSINESS BRIBERY RISK: BANGLADESH RANKS 2ND IN SOUTH ASIA	21

Financial & Banking Insights

QUICK SNAPSHOT OF THE QUARTERLY PERFORMANCE OF THE BANKS	23
BANGLADESH BANK ADJUSTS INTEREST RATES.....	24
BANKS REQUIRED TO INTERBANK 10% USD FROM REMITTANCE EARNINGS	24
BANGLADESH BANK SELLS \$4.5B TO COMMERCIAL BANKS IN JUL-OCT	24
CENTRAL BANK’S TK 44B REFINANCING BOOST FOR SMALL BORROWERS.....	25
NPLS IN BANKING SECTOR DOWN BY TK 642 CRORE IN SEPTEMBER	25
BANGLADESH RANKS 2ND IN REGIONAL BAD LOANS RATIO	26
STATE-OWNED BANKS STRUGGLE IN RECOVERING LOANS FROM TOP 20 DEFAULTERS.....	26
PRIVATE BANKS' BAD LOANS UP 55% IN 2023.....	27
15 BANKS NON-COMPLIANT AS TOP 3 BORROWER DEFAULT: BB	28
BANK LOAN INTEREST RATE EXPECTED TO REACH 15% IN 3 YEARS: CITY BANK CAPITAL	28
GREEN AND SUSTAINABLE FINANCE RISES BY 18%	28
ACCOUNTS WITH DEPOSITS OVER TK 50 CRORE GROW BY 3.75% TILL JUNE	29
INTEREST RATE ON DEPOSITS INCREASED TO 4.52% IN SEPTEMBER 2023	29
EXCESS LIQUIDITY IN BANKS DECREASED BY APPROX TK10,000 CRORE	30
GOVERNMENT BORROWED TK31,727 CRORE THROUGH TREASURY BILL & BONDS.....	30
CURRENCY OUTSIDE BANKS DROPPED TO 2.53 BILLION IN SEPT	31
INTER-BANK CALL MONEY RATES SOAR TO 8.07%	31
PROVISION SHORTFALL SURGE BY 18%	31
PROVISION SHORTFALLS IN 9 BANKS AMOUNT TO TK 28,854 CRORE	32
CREDIT CARD TRANSACTIONS FALL BY 7.71% IN SEPT	33
AGENT BANKING TRANSACTION DECLINED 12.94% IN SEPTEMBER	34
CUSTOMER COMPLAINTS IN BANKS: 55% OF THE COMPLAINTS LINKED TO ATMS.....	34
OUT OF 42 LISTED GENERAL INSURANCE COMPANIES, 25 REPORTED PROFIT DECLINE	35
MFIs SUCCESSFULLY RECLAIMED 98% OF LOANS IN FY23: MRA.....	35
PUBLIC ORGANIZATIONS OBLIGED TO SUBMIT FINANCIAL DOCS TO FRC	36
BB CONDITIONALLY REINSTATED SIX MONEY CHANGER LICENSES.....	36
NBFIS CONTROL ON DEFAULTS MAY EASE CENTRAL BANK DEPOSIT LIMIT	36
SHANTA LIFE INSURANCE GRANTED LICENCE TO LAUNCH	37
METLIFE BANGLADESH HAS SECURED THE AAA CREDIT RATING FROM CRAB	37
BKASH RECORDS TK88 CRORE PROFIT – A 2,100% GROWTH IN 2023	37

SONALI BANK LAUNCHED REMITTANCE APP FOR BANGLADESHI EXPATRIATES IN USA.....	38
MASTERCARD RECOGNIZES 27 COMPANIES FOR INNOVATIONS.....	38
ICMAB RECOGNIZES 53 ORGANIZATIONS WITH BEST CORPORATE AWARDS.....	38
ICAB AWARDS 30 ENTITIES FOR BEST PRESENTED ANNUAL REPORTS IN 2022	39
DUN & BRADSTREET LAUNCHES BANGLADESH DUNS100 AT EXCLUSIVE EVENT.....	40
RMG & Textile Insights	
NEW MINIMUM WAGE DILEMMA	42
GLOBAL SOURCING DROPPED 10% FROM BANGLADESH: QIMA	43
APPAREL EXPORTS INCREASED TO \$4.05 BILLION IN NOV	43
BANGLADESH SURPASSES CHINA IN EU KNITWEAR EXPORTS.....	43
24.75% DIP IN APPAREL EXPORTS TO USA.....	44
COTTON AND YARN IMPORTS DECLINING	44
3,964 GARMENT FACTORY CLOSURES IN DECADES.....	44
BKMEA DIRECTS MEMBERS TO HALT RECRUITMENT	45
119 APPAREL EXPORTERS FROM BD PARTICIPATED IN GLOBAL SOURCING EXPO MELBOURNE 2023	45
HELSA ICON WILL INVEST \$1M IN GARMENT ACCESSORIES MANUFACTURING	45
Consumer & Retail Insights	
IMPORT TARIFFS: SUGAR, POTATO, EGG, AND OIL	47
30% DROP IN DAILY COMMODITY IMPORTS	47
BANGLADESH ISSUES FIRST HALAL CERTIFICATION POLICY	47
EU MANDATES AUDITS FOR RECYCLED PLASTIC EXPORTS	48
BANGLADESH RANKS 72ND IN TOBACCO INDUSTRY INTERFERENCE INDEX.....	48
BUILDING MATERIALS PRICE DROPS BY 6.62%	48
ACI'S TK50 CRORE INVESTMENT WITH A BRITISH BAKERY	49
PRAN-RFL GROUP'S INVESTS TK250 CRORE IN SOLAR POWER	49
OLYMPIC INDUSTRIES 29% PROFIT SURGE AND 60% DIVIDEND IN FY23	49
EMERALD OIL'S REMARKABLE TK6.6 CRORE PROFIT IN FY23	49
PHP FLOAT GLASS INVESTS TK500 CRORE FOR STRATEGIC GROWTH	49
METAL INDUSTRY'S PROFIT DECLINES	50
EASTERN LUBRICANTS REPORTS 150% PROFIT SURGE IN FY'23.....	50
GOVERNMENT APPROVED MOTORCYCLE UP TO 350CC FOR LOCAL USE	50

Energy & Power Insights

NEW ENERGY POLICY ALLOWS INVESTMENT IN PRIVATE OIL REFINERIES.....	52
NO CAPACITY CHARGE FOR SUMMIT POWER PLANTS.....	52
12KG LPG CYLINDER SEES TK 23 PRICE HIKE.....	53
NEW DEVELOPMENT BANK WILL PROVIDE \$765 MILLION LOANS FOR ENERGY.....	53
DENMARK'S \$1.3 BILLION GREEN INVESTMENT FOR RENEWABLE ENERGY.....	53
GOVT SET TO INK THREE AGREEMENTS WITH EXCELERATE ENERGY.....	53
POWER GRID COMPANY REPORTS FIRST-EVER LOSS.....	54
PADMA OIL PROFIT INCREASED BY 45%.....	54
DESCO INCURS LOSS TK151 CRORE.....	55
LUB-RREF ANNUAL REVENUE DROP BY 20%.....	55
MEGHNA PETROLEUM ENCOUNTERED NEGATIVE OPERATING CASH FLOW OF TK 7.46 BILLION.....	56

Telecom Insights

FINANCIAL PERFORMANCE OF TELECOM OPERATORS.....	58
INTERNET SUBSCRIBER NUMBERS DIP FOR THE FIRST TIME IN OCTOBER.....	58
MOBILE PHONE PRODUCTION INCREASED BY 1.85 LAKH UNITS.....	59
BANGLALINK AND TELETALK ANNOUNCED NATIONAL ROAMING FIELD TRIAL.....	59
SEVEN-DAY DATA PACKAGES WILL MATCH PREVIOUS THREE-DAY RATES.....	60
ADN TELECOM ACQUIRES 40% STAKE IN ADN INTERNATIONAL GATEWAY.....	60

Agricultural Insights

TK 108 CRORE INCENTIVE FOR HIGH YIELDING RICE VARIETIES.....	62
CABINET APPROVES PROCUREMENT OF 125,000 TONNES OF FERTILISERS.....	62
JUTE MARKET INSIGHTS: 10% TAX RATE, 11% EXPORT DIP, AND THE CVD CONUNDRUM.....	62
AGRICULTURAL LOANS INTEREST RATE INCREASED TO 10%.....	63
TK 20 LAKH LOAN LIMIT SET FOR FARMERS.....	63

Healthcare Insights

PHARMACEUTICAL INDUSTRY LANDSCAPE.....	65
ADB APPROVES \$336.5M FOR VACCINE AND THERAPEUTICS MANUFACTURING.....	65
SQUARE AND BEXIMCO LISTED IN FORBES "ASIA'S 200 BEST UNDER A BILLION".....	65
SQUARE PHARMACEUTICALS' FISCAL SUCCESS.....	66
BEXIMCO'S Q1 FY 2023-24 FINANCIAL PERFORMANCE.....	66
SINOVAC BIOTECH WITHDRAWS TK5,000 CRORE INVESTMENT PROJECT.....	66

ESKAYEF PHARMACEUTICALS SECURES LARGEST-EVER ANNUAL EXPORT CONTRACT	66
RADIANT PHARMACEUTICALS & ROCHE FORGE PARTNERSHIP FOR CANCER CARE	67
LIBRA INFUSIONS TK36.33 CRORE DIALYSIS FLUID PLANT	67
ICT & Start-Up Insights	
IT EXPORTS HIT \$45.65 MILLION IN JULY, SEES A 3.37% YOY GROWTH	69
GOVT. LAUNCHES NATIONAL CYBER SECURITY AGENCY	69
SMART BANGLADESH VISION 2041	69
3 COMPANIES WILL COLLECTIVELY INVEST TK 1000 CRORE IN FIRST PRIVATE SUBMARINE CABLE	70
IT COMPANIES FINANCIAL PERFORMANCE	70
INTERACTIVE CARES SECURES \$100K INVESTMENT FROM ACCELERATING ASIA.....	71
DRUTO SECURES USD 1.25M IN PRE-SEED FUNDING	71
WIND.APP RAISES USD 3.8 MILLION IN PRE-SEED FUNDING.....	71
SHARETRIP LAUNCHES ST PAY	72
A2I PARTNERS WITH WALTON FOR BANGLADESH'S LUNAR SATELLITE MISSION	72
MENTAL HEALTH STARTUP AHONA SECURES SPOT IN GLOBAL BOOTCAMP	72
Logistics Insights	
AIRFREIGHT DROPS BY 21%	74
LAND PORT IMPORTS DROP BY 13%.....	74
MONGLA PORT SETS NEW RECORDS WITH TK 30,241.68 CRORE EARNINGS	74
CTG PORT EXPORT CONTAINER HANDLING JUMPED BY 7.11%	75
PASSENGER MOVEMENT THROUGH AIRPORTS SURGE BY 32%.....	75
RHD WILL SPEND TK 61B FOR ROAD EXPANSION	75
DHL WILL USE ELECTRIC VEHICLE IN DELIVERY FLEET.....	76
Development Insights	
ADB COMMITS \$1.026 BILLION FOR 5 PROJECTS IN BANGLADESH.....	78
BANGLADESH SURPASSES THE 1 MILLION MARK IN LABOR EXPORTS	78
OVER 50 LAKH BANGLADESHIS LIVING ABROAD	79
WB INJECTS \$1.1B INTO BANGLADESH'S SUSTAINABLE DEVELOPMENT	79
GERMAN INVESTMENT INJECTS €25.5 MILLION INTO 3 PROJECTS.....	80
NORTH KOREA'S EMBASSY CLOSURE IN BANGLADESH	80

ECONOMY INSIGHTS



BANGLADESH'S FISCAL YEAR 2022-23 IN REVIEW

Bangladesh's economic trajectory in fiscal 2022-23 witnessed fluctuations, marked by strong initial growth, subsequent slowdowns, and a rebound in the industrial sector. Despite challenges from the Russia-Ukraine war, the country achieved an average growth of 6.03 % for the fiscal year.

Key Insights:

Quarterly GDP Growth Variations:

- Q1 FY23: Over 9% growth.
- Q2 FY23: Slowed to 7.77%.
- Q3 FY23: Further plunge to 2.04%.
- Q4 FY23: Rebounded to 5.78%.

Yearly Growth Dynamics:

- Annual Average Growth: 6.03%.

Sectoral Contributions:

Industrial Sector (33% of GDP):

- Q4 FY23: Notable 11.89% growth.
- Q4 FY22: Recorded 1.74% growth.

Services Sector (53% of GDP):

- Q4 FY23: Contracted to 3.07%.
- Q4 FY22: Previously at 4.76%.

Agriculture Sector:

- Q4 FY23: Slowed to 0.36%.
- Q4 FY22: Recorded 2.53%.

Construction Sector:

- Q4 FY23: Leaped to 10.09% growth.
- Q4 FY22: Experienced negative growth.

Manufacturing Sector:

- Q4 FY23: Highest growth at 13.57%.

GDP FORECAST FOR FY2023-24 SCALED DOWN TO 6.5% BY CENTRAL BANK

The Bangladesh Bank forecasts a conservative GDP growth of 6.5% for fiscal 2023-24, aligning with the Asian Development Bank's estimate but falling short of more optimistic projections by the government and global entities.

GDP Growth Outlook:

- Bangladesh Bank's Projection: 6.5% GDP growth for fiscal 2023-24.
- Government's Projection: Optimistic 7.5%.

BANGLADESH BANK AGAIN RAISED POLICY RATE TO 7.75%

The Bangladesh Bank's increased the repo rate by 50 basis points to 7.75% reflects a strategic effort to combat soaring inflation, marking the eighth hike in 19 months.

Repo Rate and Lending Landscape:

- Repo rate raised to 7.75%, effective immediately.
- Eighth increase in 19 months, signaling a proactive stance against inflation.
- Maximum lending rate set at 11.18%, with a 3.75% margin added to the SMART rate.

SMART Margin Adjustment:

- Smart interest rate adjusted from 7.43% to 7.68%, based on the average interest rate of six-month treasury bills.
- Shift in the lending rate cap, emphasizing a contractionary monetary stance.
- Kolmani, Bill, Bond, and Smart interest rates raised from 10.25% to 10.50%, effective immediately.

Policy Interest Corridor Redefined:

- Upper limit of the standing lending facility (SLF) rate revised to 9.75% from 9.25%.
- Lower limit of the standing deposit facility (SDF) rate increased to 5.75% from 5.25%.

Borrowing and Loan Margin Adjustments:

- Banks can add a maximum of 2.5% against pre-shipment loans in rural, agricultural, and export sectors.
- Maximum of 3.5% allowed for other loans based on the six-month average interest rate on Treasury bills.

FINANCIAL ACCOUNT DEFICIT NEARLY 4 BILLION IN OCTOBER

In October, Bangladesh witnessed a significant contraction in its current account surplus, plummeting to just \$233 million, marking an 80% reduction compared to the previous month.

Current Account Contraction:

- Bangladesh witnessed a notable reduction in the current account surplus, plunging to \$233 million in October from September's \$1.2 billion.

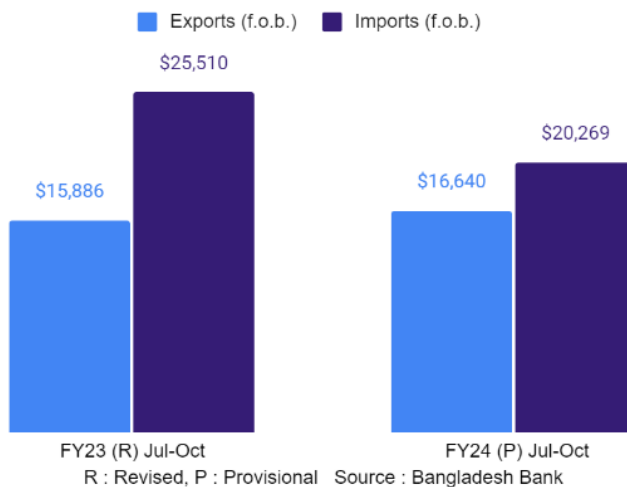
Financial Account Dynamics:

- The financial account deficit slightly compressed in October, standing at \$3.97 billion in four months.
- The deficit in trade credits is \$3.66 billion, influenced by lower rates for exporters and potential market misalignment.

September, showing a \$900 million decrease from the previous fiscal year.

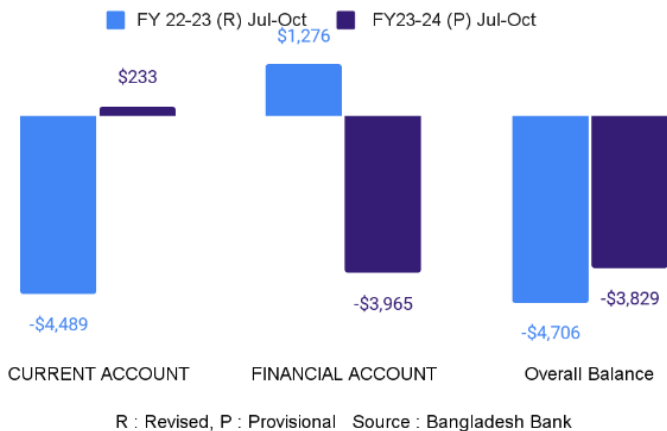
TRADE BALANCE

Figure in \$Million



Balance of Payments

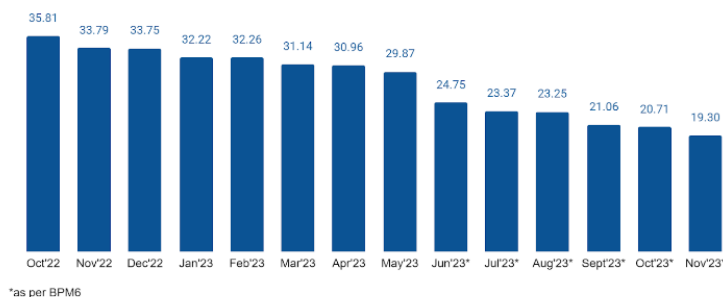
Figure in \$Million



FOREX RESERVE DETERIORATES FURTHER TO 19.3 BILLION IN NOVEMBER

By the conclusion of October, the nation's gross reserves amounted to approximately \$20.7 billion, reflecting a decline from \$27.5 billion a year ago. As of November 29, the most recent data released by the BB indicates that reserves have further diminished, standing at \$19.40 billion.

Foreign Exchange Reserve (In Billion USD)



Trade Balance and Overall Payments:

- Bangladesh's trade deficit widened to \$3.81 billion in July-October FY24, up from \$1.82 billion in July-September.
- The overall balance of payments deficit stood at \$3.83 billion at the end of