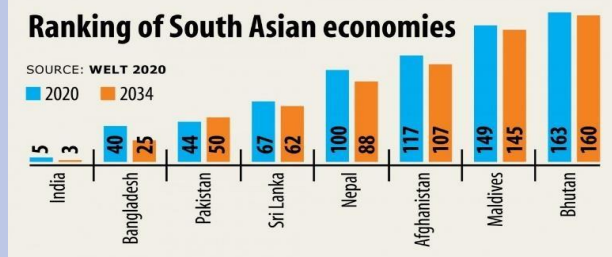


Economy at a glance

Bangladesh economy to be 25th largest in 15 years

Bangladesh's economy will make one of the biggest jumps between 2020 and 2034 on the back of demographic dividend and rising per capita income, according to the World Economic League Table 2020.



Bangladesh ranks 40th among 193 countries this year and will rise to 25th in 2034, a spot currently held by Belgium, showed the latest edition of the WELT, produced by London-based Centre for Economics and Business Research (CEBR), an international economic forecaster. In the long run, the report said, many Asian economies will rise through the ranks of the WELT as these countries cash in on their demographic dividends.

All loans at 9pc interest from Apr 1

Banks will have to fix the interest rate for lending at 9 percent from April 1 next year -- a move that can go on to theoretically break down the market mechanism for funds. Earlier decision was taken to implement single-digit interest rate for only the industrial sector, but now it will be for all sectors except credit cards. The single-digit interest rate will be applicable for all fresh and old loans. At the same time, banks will have to pay 6 percent interest on deposits. For implementing 6-9 rate, 50 percent of the government funds will be kept in private banks from now on. This would provide the banks a steady supply of funds. The fund will be kept at 5.5 percent interest rate in state-run banks and at 6 percent in private banks, where the private banks would get funds in line with their paid-up capital.

Loan rescheduling hits new high

Banks rescheduled a record amount of defaulted loans in the first nine months of 2019 as part of their efforts to contain bad debt and manage hefty profit, albeit artificially. Between January and September, non-performing loans (NPLs) amounting to Tk.31,175 crore were regularized, the highest on record even



for a single year. The previous record was set in 2018, when banks rescheduled Tk.23,210 crore. But the record amount of loan rescheduling has failed to rein in the upward trend of defaulted loans for want of corporate governance in the banking sector according to analysts. As of September, cumulative defaulted loans stood at Tk.116,288 crore, up 23.82 percent from December last year.

Remittance soars to record \$18b

Remittance hit an all-time high of \$18.32 billion in 2019, much to the relief of the government that has been on edge for the lower foreign exchange earnings from declining export shipments. Export earnings contracted 7.59 percent year-on-year to \$15.77 billion in the first five months of fiscal 2019-20.



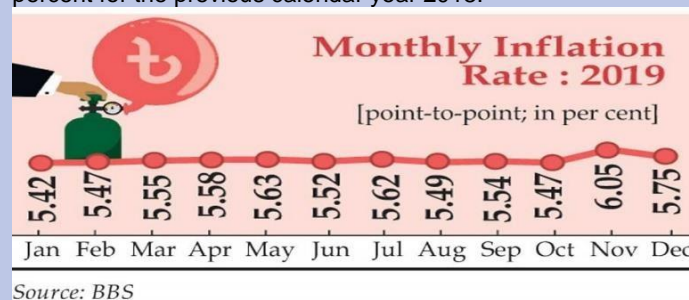
But, remittance brought ample cheer: inflows were up 18 percent from 2019, according to data from the central bank. According to top officials of BB, the government's move to provide a 2 percent cash subsidy for remitters from fiscal 2019-20 was the main reason for the spike. Besides, the favorable exchange rate of taka against the dollar and a strong stance taken by the central bank to fight illegal money transfers also had a positive impact on the record amount sent home by expatriate Bangladeshis last year.

New Investment Rules: Life insurers' deposits with NBFIs curtailed

The Insurance Development and Regulatory Authority (IDRA) has recently come up with a set of new investment rules for life insurance companies in a bid to minimize risks and ensure safety of policyholders' money. The prime one is a reduction in the amount of asset a life insurance provider can keep in a non-bank financial institution (NBFI). It has been limited to 10 percent, which might deepen the ongoing liquidity crisis of the lenders. As per previous rules framed in 1958, the insurers were permitted to keep 50 percent of their assets in the form of fixed deposits in banks or the NBFIs. There was no specific mention. According to the new regulations, life insurers will be allowed to keep their fixed deposits solely in those NBFIs which have at least an "A" rating or a similar grade. Moreover, a maximum 2 percent of assets can be kept with a single NBFI. A maximum of 60 percent of assets can be invested as fixed deposits with scheduled banks. The banks should be at least "A" rated and the amount with a single bank can be a maximum 10 percent.

Average inflation up marginally in 2019

The average inflation rate has increased by 0.04 percentage points for the 12 months in the just concluded year 2019 to 5.59 percent due to some volatility in commodity markets in the country, official figures show. According to the Bangladesh Bureau of Statistics (BBS) data unveiled on Tuesday, the average inflation rate was 5.59 percent in 2019 as against 5.55 percent for the previous calendar year 2018.



For the current fiscal year (FY), 2019-20, the government has projected the inflation rate at 5.50 percent.

Meanwhile, the point-to-point inflation rate dropped to 5.75 percent in December from 6.05 percent in November 2019, the BBS data show. The figure for December 2018 was 5.35 percent

Trade deficit tapering off

Trade deficit narrowed 47 percent in November to \$1.06 billion from the previous month on the back of sliding imports -- a worrying development as it suggests of sluggishness of the economy. November's figures were down 19.70 percent from a year earlier, according to data from the Bangladesh Bank. The decreasing trend of trade deficit is good for a strong economy but such a phenomenon is not a positive indicator at all for the growing economy like Bangladesh, experts said.

REAL ESTATE NEWS

VAT waiver of land mutation fees likely

The government is considering exempting 15 percent VAT on land mutation fees as its justification has come into question. There is one kind of tax, which the local government department collects as land mutation fees. The government is reviewing the legitimacy for slapping the VAT and the authorities termed it 'double taxation.' Tax officials said although the amount of VAT is insignificant, they have taken it seriously considering the sensitivity of the issue. Currently, people are required to pay Tk.1,150 per document as land mutation fees.

5-days REHAB Winter Fair kicks off in Dhaka

Real Estate and Housing Association of Bangladesh (REHAB) organized a Winter Fair on December 24-28 at the Bangabandhu International Conference Centre in the capital to showcasing flats and plots that are within the buying capacity of customers. Public Works and Housing Minister SM Rezaul Karim inaugurated the fair. Mr. Karim said that the government would take actions against dishonest realtors if REHAB came up with the names. He assured the REHAB members of giving all cooperation to the real estate sector.

NATIONAL HOUSING NEWS

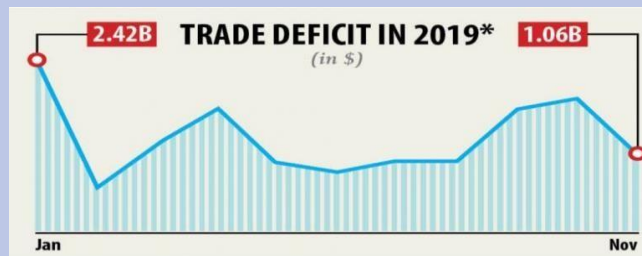
Opening of 8th and 9th branch of NHFIL

National Housing Finance and Investments Limited opened its 8th and 9th branch in Feni and Rajshahi respectively in December, 2019.



Opening of Feni Branch on 21 December, 2019

Mr. Md. Khalilur Rahman, Managing Director of National Housing Finance and Investments Limited and also Chairman of Bangladesh Leasing and Finance Companies Associations (BLFCA) inaugurated both branches.



During the period, imports declined 17 percent from a month earlier to \$4.06 billion and exports nearly 1 percent to \$3 billion. Both falling exports and imports is a sign of an economic slowdown which adding that businesses are facing a lack of confidence in activating their investment plans for want of a conducive climate according to experts.

The housing minister assured realtors of bringing changes to government policies so that they can participate in public tenders even if they don't have required experience.



Co-sponsored by 27 realtors, a total of 230 stalls and 30 building material companies took part in the fair. A number of financial institutions including National Housing Finance and Investments Limited also participated in the fair. REHAB President Mr. Alamgir Shamsul Alamin said in the fair that, the government should utilize the expertise of realtors by involving them in public infrastructure projects. He also urged the government to complete the procedure to reduce apartment registration fee as soon as possible.



Opening of Rajshahi Branch on 28 December, 2019

Mr. S. M. Anisuzzaman, Deputy Managing Director, senior officials of NHFIL and local distinguished guests attended the program. Heads of newly opened Branches with other Branch Officials were also present. The function was ended with Doa and Munajat. The branches are situated in Feni Sadar and Boalia in Rajshahi.