



Which division saw the highest inflow of remittances?

STAR BUSINESS REPORT

Remittance is one of the main pillars of Bangladesh's economy with the country's migrant workers having sent \$16 billion back home in the first nine months of the current fiscal year 2022-23. But any guess which division saw the highest inflow of remittance?

It was Dhaka, the country's main economic centre.

The division received \$7.6 billion, or 48 per cent, of the total remittances sent by Bangladeshi migrant workers living abroad in first three quarters of the ongoing fiscal year, data by Bangladesh Bank showed.

Chattogram, a southeast division having the country's largest seaport, received \$4.3 billion during the period. The amount was 27 per cent of the total

The country's migrant workers sent \$16 billion back home in the first nine months of the current fiscal year of 2022-23

remittance at the time, according to central bank data.

And Sylhet, which has a good number of citizens living in the United Kingdom, is the third biggest destination for remittance sent by Bangladeshi migrants abroad.

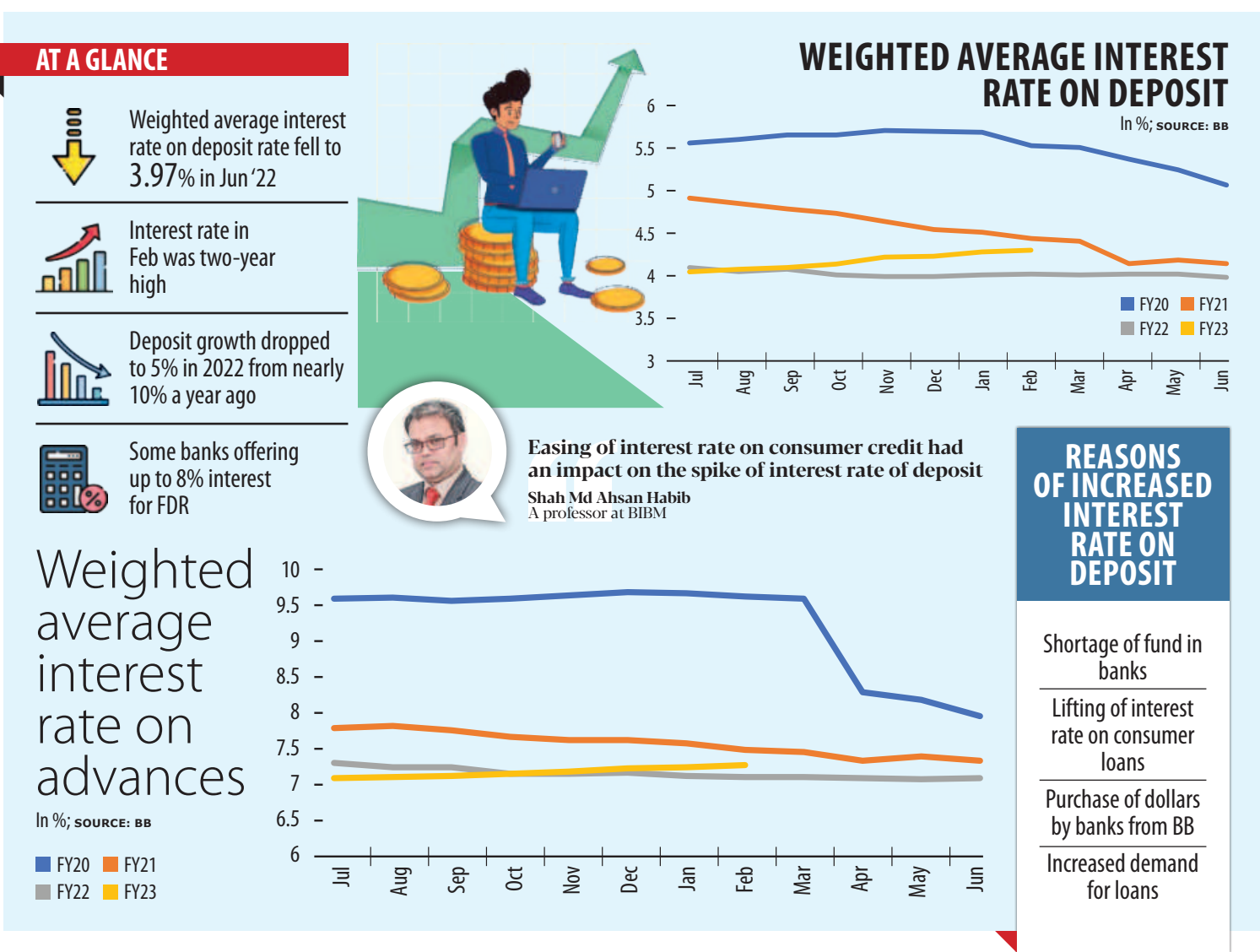
The northeast division got 11 per cent, or \$1.79 billion, of the total remittance in the July-March period of the fiscal year.

The remaining five divisions -- Barishal, Khulna, Mymensingh, Rajshahi and Rangpur -- accounted for 14 per cent of the total remittances.

Barishal, Rangpur and Mymensingh had 2 per cent of the total remittances each while Khulna and Rajshahi had 4 per cent each.

And the share of remittance recipient districts has been remaining almost the same for the last couple of years.

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Good news for savers as banks hike deposit rate

Weighted average rate highest in nearly two years

SOHEL PARVEZ

Banks in Bangladesh are raising the interest rate on deposits to pull funds with a view to tackling the liquidity shortage and meeting a higher demand for loans.

It comes as good news for savers, who saw the real return on their deposits turn negative as the interest rate continues to remain below the inflation rate.

Data from the Bangladesh Bank showed that banks in February offered as high as 8 per cent for fixed deposits to attract savers, particularly from public institutions.

The weighted average interest rate on deposits stood at 4.31 per cent in February, the highest in nearly two years. In January, it was 4.29 per cent.

It fell to 3.97 per cent in June last year from a peak of 5.71 per cent recorded in November 2019.

The upward trend of the deposit rate comes at a time when banks are suffering from a liquidity shortage resulting from multiple factors, including the purchase of US dollars from the central bank in exchange for the taka to facilitate imports, withdrawal of funds by a section of savers amid allegation of irregularities in some Islamic banks, and a lack of propensity to save as inflation has exceeded the deposit rate for nearly a year.

Banks attracted 5 per cent higher deposits at Tk 15,88,010 crore in 2022. It was Tk 15,12,472 crore a year ago. In 2021, the overall deposit growth was nearly 10 per cent, according to central bank data.

A good amount of money will remain outside the banking system until we raise the interest rate on deposits to match it with the inflation rate.

Syed Mahbubur Rahman
MD of Mutual Trust Bank

Amid the slowing deposit growth and the fund shortage, a number of banks were compelled to become aggressive and they have been offering a higher rate on deposits over the last several months, said bankers.

The easing of an interest rate cap on consumer loans by the BB gave leeway to banks to raise the deposit rate.

In January, the central bank relaxed the lending rate cap for consumer loans, allowing banks to charge up to 12 per cent in interest rates on such credit products from 9 per cent, a rate that was maintained since April 2020.

"Most banks have already increased their interest rates on both loans and deposits slightly following the relaxations of interest rate cap, particularly for consumer loans, and the complete removal of the deposit floor rate by the central bank in its latest monetary policy statement," said Adil Chowdhury, president and managing director of Bank Asia Ltd.

BB data showed that the weighted average interest rate on loans edged up gradually. It reached 7.27 per cent in February, up from 7.24 per cent in January.

In July last year, the weighted average interest rate on advances was 7.09 per cent.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, says some banks face an asset-liability mismatch in the wake of a spike in forced loans after some clients failed to make payments against letters of credit on maturity.

"Besides, banks have bought foreign currencies from the central bank in exchange for a good amount of the taka to clear import bills."

The central bank injected around \$9.50 billion into the banking sector between July 1 and February 9. A record \$7.62 billion was supplied during the entire financial year of 2021-22 after import bills rocketed owing to escalated prices of commodities in the global markets.

"A lot of money has gone into the vault of the Bangladesh Bank from us as we have had to purchase foreign currencies," said Md Abdus Salam Azad, managing director of state-run Janata Bank, adding that the demand for loans from industries has picked up as well.

"Deposits are under stress. That's why banks have become aggressive in collecting deposits," said MTB's Rahman.

In Bangladesh, the real interest rate has become negative as inflation is much higher than the rates banks are offering to savers.

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A depressing Eid for stock investors, brokers

AHSAN HABIB

This year's Eid-ul-Fitr has turned out to be yet another depressing festival for many stock investors as few could sell shares to meet the vacation's shopping expenses amidst the presence of floor price.

One of them, Kabir Hossain, a retired banker, had repeatedly tried to make a sale in the market which has been predominantly witnessing a bear run for at least a year centring the global economic downturns.

He now meets his family's living expenses from dividends of savings certificates and fixed deposit receipts (FDR) while gains from stock market investments also meet a portion of his needs.

Due to the floor price, the turnover of Dhaka Stock Exchange remained less than Tk 500 crore for at least the past six months

"After the launch of the floor price, I was not able to get any funds from the market. The stock market business is now almost barren," he told The Daily Star.

The Bangladesh Securities and Exchange Commission at the end of July last year set the floor price of every stock to halt the free fall of the market indices amid global economic uncertainties.

However, in last December, the stockmarket watchdog lifted the floor price for 169 companies in order to bring back some vibrancy.

In March, the regulator reintroduced the floor price for the 169 companies. Since this is effectively preventing prices of all stocks from going down from a certain point, investors are not interested in making purchases.

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STOCKS		WEEK-ON WEEK
DSEX	CASPI	
0.22% 6,228.65	0.12% 18,353.70	

COMMODITIES	
Gold	Oil
\$1,998.00 (per ounce)	\$81.76 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
0.14% 59,653.54	0.18% 28,657.57	0.32% 3,313.41	0.09% 3,367.03

Furniture sales surprisingly low this Eid

JAGARAN CHAKMA

Bucking the trend of previous years, home furniture sales have slowed down in the lead up to Eid-ul-Fitr as people are prioritising essential expenses amid the ongoing inflationary pressure, according to industry people.

Even the attractive discounts and various marketing strategies deployed by furniture producers and traders have failed to increase sales during Ramadan this year, they said.

"Home furniture sales fell by almost 50 per cent year on year this Ramadan," said Selim H Rahman, chairman and managing director of Hatil Furniture, a leading furniture brand in Bangladesh.

Customers are preferring to buy clothes, food and other essentials rather than luxuries such as furniture as the inflationary pressure stemming from global economic crises has strained their purchasing power.

So, neither discounts or marketing strategies have helped register higher sales ahead of Eid, he added.

Previously, Hatil would sell at least Tk 3 crore worth of furniture throughout Ramadan but the company saw sales of just Tk 1.5 crore this time around.

Rahman then said people usually buy new furniture ahead of Eid in order to refurbish their homes on the occasion, but this trend is largely absent this year as inflation has

eroded the income of middle-class people.

Middle-income groups are the biggest consumers of most products and so, the market becomes slow when they come under financial pressure.

"Upper-class people buy furniture too but their numbers are insignificant in our country," he added.

Home furniture sales fell by almost 50 per cent year-on-year this Ramadan.

Selim H Rahman
Chairman and MD
Hatil Furniture

Rahman went on to say that their exports have also fallen due to the global economic crisis amid the ongoing Russia-Ukraine war.

Nevertheless, the furniture industry in Bangladesh has achieved significant growth over the past decade, he said.

Industry insiders say the combined annual sale of home and office furniture by both organised and unorganised sectors has remained stagnant at around Tk 25,000 crore since 2020.

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Home furniture sales this Ramadan were almost less than half of previous years as inflationary pressure continued to constrain the purchasing power of middle-income people. Even the few customers that did turn up at showrooms came in search of low-priced products, traders say. The photo was taken from a showroom in Chattogram city recently.

PHOTO: RAJIB RAIHAN