

Following is a summary of important business news published in the leading daily newspapers of Bangladesh. For the complete news, please follow the online link given below each news. Please note that the news summary doesn't reflect the opinion of BRAC EPL Stock Brokerage Limited.

Bangladesh Telecommunication Regulatory Commission's (BTRC) no as row over VAT collection festers

- Bangladesh Telecommunication Regulatory Commission, or BTRC, has decided not to collect VAT from the network operators, exposing the row with the tax authority. According to the decision taken by the Posts and Telecommunication Division, the commission would collect only its own dues from the mobile phone operators, leaving the board to collect VAT. The chairman of BTRC said the decision has been taken after the commission found it has no authority to take punitive action for the non-payment of VAT.
- Industry executives said the telecommunication operators could not claim VAT refund or rebate that they pay to the BTRC. The BTRC has no Business Identification Number, or BIN or VAT registration. The regulator is not authorised to issue VAT chalan to the mobile phone operators. Producing VAT chalan is mandatory to claim VAT rebate by any companies, they added. Earlier, the BTRC had requested the board to issue a BIN to it, but the commission failed to get even VAT registration, let alone BIN. Officials said the board is reluctant to issue BIN, fearing a possibility of huge amount of refund claim by telecom operators. BTRC is one of the major sources of VAT collection of the large taxpayers' unit.
- VAT officials said they expect a large amount of revenue from the BTRC's audit claim from Grameenphone and Robi. In April 2019, the regulator claimed BDT 125.79 billion as unpaid dues as taxes, late fees and revenue shares from Grameenphone based on audit. Of which, the NBR expects to receive BDT 40.86 billion as 15% VAT. From Robi, the BTRC claimed BDT 8.67 billion along with NBR's part at BDT 3.79 billion from Robi. Of the audit claim, Grameenphone has paid BDT 1.0 billion and Robi BDT 550 million to the BTRC following an order of the Supreme Court.

<https://today.thefinancialexpress.com.bd/first-page/btrcs-no-as-row-over-vat-collection-festers-1584205129>

Budget deficit swells in five months

- The country's budget deficit reached BDT 359 billion in the first five months to November, a 37% jump over the same period last fiscal, the ministry of finance data show. During the period, total expenditure amounted to BDT 1,357 billion, compared with revenue receipt of BDT 998 billion. Furthermore, between July and November, the government received a total of BDT 10.72 billion in external funding to execute the budget, almost half the amount it secured in the year-earlier period.
- The deficit financing from domestic sources was BDT 370 billion (net), most of it came from the banking system, nearly BDT 300 billion (net). The non-bank borrowing, mostly through saving schemes, was BDT 70 billion (net) during the period under review. Analysts have warned that as a result of Covid-19, the deficit might go up further in the months to come.

<https://today.thefinancialexpress.com.bd/first-page/budget-deficit-swells-in-five-months-1584204978>

Yet one more player in non-bank FI sector

- Bangladesh Bank gave its final approval to one more non-banking financial institution on Thursday. The central bank asked Strategic Finance and Investments Limited to bring in major portion of its equity and fund from overseas financiers.
- The latest approval came when the non-bank lending sector has been struggling to stay afloat, with some failing to repay depositors' money, plagued with ballooning troubled loans along with murky corporate governances. Two foreign companies, one from the United States and another from Canada have already injected funds as 50% stakeholders of the company.
- 50% shares is now held up by foreign fund managers while the remaining 48% by local financial institutions. According to the business plan, the non-bank lenders will invest BDT 200 billion and charge lower interest rates within the next three years.

<https://today.thefinancialexpress.com.bd/public/first-page/yet-one-more-player-in-non-bank-fi-sector-1584034623?fbclid=IwAR2ZHEzhKjI2fhvsgIMRufJXhqbqRX8KvqWApDUuJEUesE6UqgOroteX984>

The curious rise of Islamic banking in Bangladesh

- Conventional banks have to maintain 18.5% statutory liquidity ratio (SLR) and cash reserve requirement (CRR) of their total clients' deposits. They must also maintain a maximum 85% loans-deposit ratio. But the regulatory

requirements are much more lax for Islamic banks: they have to keep a combined SLR and CRR of 11% and their loans-deposit limit is 90%. And it is for these reasons that lenders are jumping on the Islamic banking bandwagon.

- Jamuna Bank got the approval from the central bank yesterday to become a full-fledged Islamic lender, following the lead of Standard Bank and NRB Global Bank, who became Shariah-based lenders on February 9. This takes the tally of Islamic lenders in Bangladesh to 11. And IFIC Bank, another conventional lender, is waiting to get the central bank's nod to become an Islamic lender.
- But, there are questions on whether the Islamic lenders in Bangladesh actually follow the Shariah rules and regulations in the absence of strict monitoring by the Bangladesh Bank. They frequently violate the Shariah rules while setting profit-sharing method for both deposits and investments, said a former supernumerary professor of the Bangladesh Institute of Bank Management.

<https://www.thedailystar.net/business/news/the-curious-rise-islamic-banking-bangladesh-1880035>

Bangladesh's external trade faces heavy blow amid coronavirus fear

- Bangladesh's external trade would have a heavy blow from the economic crisis in Europe and the US due to the rapid global outbreak of the novel coronavirus. The month-long lock-down of Italy due to the outbreak will immediately hit Bangladeshi exports as the European country buys products worth some USD 150 million a month from Bangladesh. Following a supply side uncertainty Bangladesh was now going to face a demand side uncertainty due to the spread of the pandemic in Europe and North America, the major markets for Bangladesh.
- The travel ban on the EU countries imposed by the US might be harmful as the economic activities of the EU were heavily linked to the US. China and India are the main sources of raw materials for Bangladesh, he predicted that an imposition of travel ban by India would have a negative impact on Bangladesh's production.
- Firstly, the shipment of ready products would face delays or be cancelled shortly while, secondly, the production of finished goods for export would be difficult for the coming two to three months as exporters would not get bank support for delay in payment.

<https://www.newagebd.net/article/102068/bangladeshs-external-trade-faces-heavy-blow-amid-coronavirus-fear>

Bangladesh Bank upbeat on robust growth

- Bangladesh Bank expects economic growth to be buoyant during the current fiscal year, which will be in line with the budget target of 8.20%. While the central bank is hopeful about keeping the inflation rate within 5.50% band as set in the FY'20 national budget, it is mindful of an uptick.
- Strong growth in exports underpinned by trade redirection resulted from tensions between the USA and China; robust growth in private consumption expenditure resulted from increased remittances; accommodative private sector credit policy; continued reform programmes to reduce the cost of doing business; and accelerated government spending in the development infrastructural sector are among the factors.
- Also, imports would grow faster due to the pick-up in the implementation of large infrastructural projects and those require huge imports of capital machinery and other raw materials.

https://today.thefinancialexpress.com.bd/public/last-page/bb-upbeat-on-robust-growth-1584035207?fbclid=IwAR1IVfzG7ZW0gz7DE3x0QKe6MArURDkqAE9SHkuJVYRTEeqkfTd_fOvOxb4

Remittance was cruising. Then COVID-19 popped up and made it swerve

- Bangladesh, which has so far been immune from the China-originating coronavirus that is tearing through the globe since January, has started to feel the cold. In January, remittance inflows stood at USD 1.63 billion, down 3.14% from a month earlier. The figure also decreased 11.36% to USD 1.45 billion in February. And in the days ahead, it will drop off even more.
- Although Covid-19 has now spread over to Europe and America, the Gulf countries, which play host to a large population of Bangladesh's migrant workers, are facing economic setback too due to lower demand of petroleum. This means, remittance from the Middle East will also decline, which will hit the rural economy.
- Remittance from Saudi Arabia and the UAE, the top two sources of remittance for Bangladesh, decreased in January and February. Non-resident Bangladeshis in Saudi Arabia sent home USD 321 million and USD 308 million in January and February respectively. In December last year, they remitted USD 335.73 million. The UAE also showed the same worrisome trend: USD 213 million in January and USD 192 million in February came from that country, in contrast to USD 235 million in December. Remittance from Japan, which was also struck by the lethal virus, also registered a declining figure USD 3.04 million came in February and USD 3.92 million in January, down from USD 5.53 million in

December last year.

- Italy, one major remittance source for Bangladesh and is currently on lockdown, sent in frustrating sums in the last two months. Remittance from the European country stood at USD 57 million in February, USD 73 million in January, but the figure was USD 83 million in December.

<https://www.thedailystar.net/business/news/remittance-was-cruising-then-covid-19-popped-and-made-it-swerve-1880968>

All is well on the apparel export front

- Major Western clothing retailers said they are yet to cut back on their work orders from Bangladesh for the coronavirus outbreak in Europe and the US -- where most of the country's apparel products are headed -- in a reassuring development for the sector that rakes in 84% of the exports receipts and employs about 4 million. The country managers of four major clothing brands, all of which are household names in the Western world said the same thing: that there are no plans to revise down their sourcing targets from Bangladesh. The disclosure is in stark contrast to the news coming out of the headquarters of the Bangladesh Garment Manufacturers and Exporters Association, the sector's apex trade body, which is foreboding doom and gloom.
- If the situation worsens in the EU and the US further, then consumption might be hit hard. But, given the advent of online shopping, consumers' staying away from shopping centres or even a lockdown in large parts of the Western world would soften the blow of the virus. Besides, the timing of the spread of the virus is opportune in a way: the stores have started to put out their spring/summer collections, so the country's apparel manufacturers have already shipped out a big chunk of their work orders.
- Normally some 550 tonnes of cargoes are unloaded in a day at the Hazrat Shahjalal International Airport. However, the quantity declined to nearly 250 tonnes a day in February, when coronavirus was at its peak in China. But, over the last two days, nearly 300 tonnes of cargoes have been unloaded a day. This might be an indication of the return to normalcy.

<https://www.thedailystar.net/business/news/all-well-the-apparel-export-front-1880956>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$31.73	+0.23	+0.73%
Crude Oil (Brent)*	\$33.85	+0.63	+1.90%
Gold Spot*	\$1,529.84	-46.31	-2.94%
DSEX	4129.96	-101.53	-2.40%
Dow Jones Industrial Average	23,185.62	+1,985.00	+9.36%
FTSE 100	5,366.11	128.63	+2.46%
Nikkei 225	17,431.05	-1,128.58	-6.08%
BSE SENSEX	34,103.48	+1325.34	+4.04%

Exchange Rates

USD 1 = BDT 84.78*
GBP 1 = BDT 104.03*
EUR 1 = BDT 94.49*
INR 1 = BDT 1.15*

*Currencies are taken from XE Currency Converter and Commodities are taken from Bloomberg.

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