

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.

Remittance inflow falls more than 14% in May

- The flow of inward remittance fell by more than 14% in May following the coronavirus outbreak in different parts of the world, officials said. Remittance from Bangladeshis working abroad was estimated at USD 1.50 billion in May 2020, registering a USD 245-million decrease from the same month a year ago. It was USD 1.75 billion in May 2019.
- On the other hand, inward remittance increased by over 38% to USD 1.50 billion in May from USD 1.09 billion a month ago following Eid-ul-Fitr celebrations, according to the officials.
- As per the relaxations, migrants can get a 2.0-percent incentive without showing any paper for the facility on remittance up to USD 5,000 or BDT 500,000. Earlier, the ceiling was BDT 150,000. Besides, those sending more than BDT 500,000 will have two months to submit papers instead of 15 days.
- Remittance grew by nearly 9.0% to USD 16.36 billion from July to May of fiscal year (FY) 2019-20, from USD 15.05 billion in the same period of last fiscal. The government has been incentivizing remitters since July 01, 2019. It has already allocated BDT 30.6 billion for incentives in the budget for FY '20.

<https://today.thefinancialexpress.com.bd/first-page/remittance-inflow-falls-more-than-14pc-in-may-1591033549>
<https://tbsnews.net/economy/remittance-sees-14-fall-may-87502>
<https://www.thedailystar.net/business/news/even-eid-failed-haul-remittance-may-1907677>
<https://www.dhakatribune.com/business/economy/2020/06/01/remittance-declines-14-in-may-up-38-from-april-proceeds>

Deficit could reach 5.7% of GDP

- The deficit in the upcoming budget is likely to hit a new high of 5.7% due to the government's "expansionary" fiscal approach aimed at weathering the coronavirus effect on the economy, officials say. If that happens, the government's budgetary deficit will surpass the traditional 5.0% band of the GDP, according to available data.
- The ministry has been drafting the national budget for fiscal year 2020-21, which will be announced on June 11 in parliament. The size of the national budget could be around BDT 5.60 trillion, up by BDT 368.10 billion or 7.0% higher than BDT 5.23 trillion outlay of the outgoing fiscal.
- According to a senior finance ministry official, the budget deficit target will not be under 5.0% of GDP (Gross Domestic Product) mark in the next fiscal. The deficit could go up to 5.7% of the GDP. In the outgoing fiscal, the government set a BDT 1.45 trillion budget deficit target, equal to 5.0% of the GDP.
- Meanwhile, the government in the first six months (Jul-Dec) of FY2020 spent BDT 1.47 trillion from the BDT 5.23 trillion budget. Out of the expenditure, it had a deficit of BDT 257.36 billion during the first six months of the current fiscal as revenue income was lower than expected. In the same period, the government's budget deficit stood at BDT 109.75 billion.

<https://today.thefinancialexpress.com.bd/first-page/deficit-could-reach-57-per-cent-of-gdp-1591033186>

May inflation falls to 5.35%: Bangladesh Bureau of Statistics (BBS)

- According to the Trading Corporation of Bangladesh (TCB), the price of rice depending on quality declined by 6.25% to 7.41% in May compared to April. Inflation decreased by 0.61 percentage points in May due to fall in demand because of the coronavirus crisis and expected harvest in Boro season.
- According to the latest report by the Bangladesh Bureau of Statistics (BBS), overall inflation fell to 5.35% in May. In April, it was 5.96%. Food prices fell by 3.07% at national level in May, the report said. Food prices declined by 3.35% in rural areas and 2.43% in urban areas. As a result, the overall price index fell by 1.75% in May compared to April.
- The country observed inflation at 5.75% for non-food items in May, which was 6.04% in April. Inflation in rural areas was 5.65% in May, substantially lower than the April figure of 6.08%. May inflation rate of 5.35% indicates that a commodity, which was BDT 100 last year, will now cost BDT 105.3. One will have to buy a lower volume of the commodity if one's income remains static.

<https://tbsnews.net/economy/may-inflation-falls-535-percent-87583>
<https://www.thedailystar.net/business/news/inflation-declines-dramatically-1907661>

Balance of payment shrinks with pandemic

- The major economic indicators of the country's balance of payments (BoP) shriveled in the first nine months of the fiscal year on the back of the economic fallout from the global coronavirus pandemic. Both the contraction of exports and imports has not widened the trade deficit to a great extent in the first three quarters of fiscal 2019-20. But this is not a good sign at all for the country as the economy has been shrinking remarkably in the last few months, economists said.
- The trade deficit narrowed 1% year-on-year to USD 12.07 billion in the first nine months. Exports stood at USD 28.25 billion between July last year and March this year, down 6.34% from a year earlier. Imports also decreased 4.81% to USD 40.33 billion during the period. Both the volume of export and import have been decreasing alarmingly this quarter, which will put a negative impact on the BoP, said Zahid Hussain, former lead economist of the World Bank's Dhaka office.
- The deficit in the current account stood at USD 2.64 billion in the first nine months of the fiscal year, down 37.13% year-on-year. As of March 31, reserves stood at USD 32.38 billion, which is good enough to settle import payments for 5.5 months.

<https://www.thedailystar.net/business/news/balance-payment-shrinks-pandemic-1907673>

Mobile, tobacco use likely to be costlier in FY'21

- Mobile phone users and tobacco consumers may have to count additional costs in the upcoming fiscal year (FY). The Value Added Tax (VAT) wing under the National Board of Revenue (NBR) is likely to propose a hike in Supplementary Duty (SD) on mobile phone subscribers in FY 2020-21. Currently there is 10% SD on mobile phone users which may go up to 15%, sources said.
- Tax on all types of tobacco items, starting from bidi, cigarettes and its 'smokeless' version may also go up in the budget, sources said. Finance Minister AHM Mustafa Kamal is likely to propose the changes while placing the budget in parliament on June 11 next.
- Little increase of taxes on large number of mobile phone users may help increase the government's revenue earnings. Such increase is essential to help economic recovery, sources said. Currently, the mobile phone users pay VAT at 15%, 1.0% surcharge and also pay 5.0% VAT on internet use. Last year, the NBR increased SD to 10% from 5.0% for mobile phone users. The SD was 3.0% in FY 16. According to the mobile phone operators, each mobile phone subscriber pays BDT 53 out of BDT 100 to the public exchequer in the form of taxes and other charges.

<https://today.thefinancialexpress.com.bd/first-page/mobile-tobacco-use-likely-to-be-costlier-in-fy-21-1591033446>

<https://www.thedailystar.net/business/news/mobile-phone-use-be-even-costlier-1907669>

<https://www.newagebd.net/article/107434/vat-on-capital-machinery-spare-parts-production-goes>

VAT-free turnover limit likely to be BDT 8.0 million

- The National Board of Revenue (NBR) is going to raise the VAT-free turnover ceiling to BDT 8.0 million from BDT 5.0 million in the national budget for the 2020-21 fiscal year. Turnover up to BDT 5.0 million was kept out of the VAT net in the current fiscal year — which means businesses with BDT 5.0 million annual exchanges will not pay any VAT. This highest limit is being raised to BDT 8.0 million in the next budget.
- Businesses with BDT 5.0 million to BDT 3.0 million annual turnover pay 4% turnover tax according to the existing VAT law. This ceiling for turnover tax is also being raised in the upcoming budget to BDT 8.0 million to BDT 35 million. Currently, businesses pay 15% VAT if their annual turnover surpasses BDT 30 million.
- VAT waivers may continue for local manufacturers of agricultural machinery, including power reaper power tillers, operated seeders and combined harvesters. Revenue officials also said investing organizations in economic zones and public-private partnership projects may continue enjoying VAT waivers next year too.

<https://tbsnews.net/economy/nbr/vat-free-turnover-limit-likely-be-BDT-80-lakh-87571>

Banks not to fine depositors for delay

- The Bangladesh Bank on Monday asked all scheduled banks not to charge depositors late fees for their failure to pay instalments for April and May against their DPS and other savings schemes on time because of the coronavirus outbreak. It also asked the depositors to clear the due instalments for the two months by June 20. The central bank on Monday issued a circular in this regard.
- The government imposed general holidays from March 26 to May 30 to contain the spread of coronavirus in the country, and due to movement restriction, many depositors failed to pay instalments on time, it said. The circular said

that no savings scheme would be cancelled due to the non-payment of instalments for the two months in the period. In a separate circular issued on the day, the BB asked all financial institutions to submit all mandatory regulatory statements by June 15 as general holidays ended on May 30.

<https://www.newagebd.net/article/107435/banks-not-to-fine-depositors-for-delay>

Non-bank entities to provide ATM service

- The Bangladesh Bank has allowed non-bank entities to operate automated teller machines (ATMs) across the country with a focus on increasing the banking network in rural areas at an affordable cost. To this end, the central bank's payment systems department, on Sunday, issued Guidelines for White Label ATM and Merchant Acquiring Services.
- At present, all ATMs have been installed, owned and managed by banks – that is why installing ATMs, for a few customers of a particular bank in rural areas, was found to be very costly. It deprives a large segment of rural populations from obtaining banking services. To bring unbanked people under financial services, the Bangladesh Bank issued Sunday's guidelines, setting an urban to rural ratio of one to three.
- For providing both ATM and merchant acquiring services, a White Label ATM and Merchant Acquiring Services entity has to ensure BDT 450 million of paid-up capital along with BDT 100 million of a bank guarantee. The paid-up capital and bank guarantee requirement would be BDT 100 million for securing each merchant acquiring service provider license.
- The total number of ATM booths in the country reached 10,961 at the end of January this year. Of these, 3,274 ATM machines were installed in rural areas. At the same time, the country's total POS number was 60,464, of which only 2,614 POS were in rural areas.

<https://tbsnews.net/economy/banking/non-bank-entities-provide-atm-service-87568>

<https://www.thedailystar.net/business/news/now-non-bank-entities-can-set-atms-1907649>

102.2 million people staring at high economic, health risks: BRAC, Data Sense, Unnayan Shamannay study

- A staggering 102.2 million people are facing high economic and health risks in Bangladesh and about 74% of the families have seen a reduction in income because of the coronavirus pandemic, according to a new study. Brac, Data Sense and Unnayan Shamannay carried out the joint study. The study used researches from Brac, the Power and Participatory Research Centre (PPRC), the Brac Institute of Governance and Development (BIGD), the International Monetary Fund and others.
- It also carried out a survey among 962 people in 25 districts between May 15 and May 18, said Brac in a press release. Of the people facing economic and health risks, 53.6 million are extreme poor, including the newly poor.
- The number of people facing high economic risks stands at 47.3 million and those facing high health risks total 36.3 million, according to the survey. Of those surveyed, at least one individual from 34.8% of the families has lost jobs. The family income went down by an average of 74% between May to May.

<https://www.thedailystar.net/business/news/1022cr-people-staring-high-economic-health-risks-1907665>

Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC) hold parley to develop capital market

- The central bank and the securities regulator took a set of decisions in a meeting on Monday, including disbursement of the listed banks' cash dividends only among small investors, considering their woes during the ongoing lockdown. The decisions were taken in the meeting at the Bangladesh Bank (BB) office to fix strategies to overcome the impacts of Covid-19 pandemic along with strengthening their mutual coordination for further development of both the money market and the capital market.
- The meeting between the central bank and the securities regulator was the first one after the government reformed the BSEC by appointing its new chairman and two commissioners. As per the meeting's decision, the banks' cash dividends, payment of which was restricted until September, will be disbursed only among small investors.
- From now on, the central bank will work to inspire the banks to accelerate formation of the special funds worth BDT 2.0 billion, announced earlier to support the ailing capital market. The BB issued a circular on February 10, allowing all the scheduled banks to create BDT 2.0 billion special fund each for a period of five years for investment in the market.

<https://today.thefinancialexpress.com.bd/last-page/bb-bsec-hold-parley-to-develop-capital-market-1591033707>

<https://www.thedailystar.net/business/news/banks-might-be-able-give-dividends-retail-investors-after-all-1907653>

<https://tbsnews.net/economy/bb-relax-cash-dividend-disbursement-rules-banks-87508>

Beximco sends medicine for critically ill Covid-19 patients in Pakistan

• Beximco Pharmaceuticals on Sunday sent some medicine to Pakistan for critically ill Covid-19 patients by a special cargo flight. A spokesperson of Beximco said the medicine was sent to Pakistan on request of the Pakistan High Commission in Dhaka for three critically ill Covid-19 patients. Beximco sent 48 vials/injections of Bemsivir -- an act Beximco carried out on humanitarian considerations, the spokesperson said. He said Beximco was requested by official authorities to provide Bemsivir -- the world's first approved generic Remdesivir -- for a small group of critically ill patients against special import permit issued by Pakistan's Drug Regulatory Authority.

<https://www.thedailystar.net/top-news/news/beximco-sends-medicine-critically-ill-covid-19-patients-pakistan-1907621>

Accord finally hands over safety role to local body

• A new chapter begins in the country's apparel factory inspection and workplace safety, as RMG Sustainability Council (RSC), a local entity formed by the sector's apex trade body with representation from brands and trade unions, finally started its journey yesterday. The responsibility to monitor safety measures at the apparel factories of Bangladesh previously belonged to the Accord, a platform of more than 200 European retailers and brands formed after the Rana Plaza building collapse in April 2013. The aim of the five-year legally binding agreement was to strengthen the fire, electric and structural safety measures of Bangladesh's garment sector. The secondary objective of the Accord was to brighten the country's image in the international apparel market and strengthen ties with both buyers and suppliers.

• However, the Accord faced numerous complaints as certain engineers designated to make recommendations for corrective measures were said to have suggested the same plans repeatedly. It was also found that in many cases, retailers and brands who signed the Accord were guilty of violating their own guidelines. Eventually, a few local manufacturers challenged the Accord's legality and took the issue to court. After hearing the case nearly a dozen times, the court issued a verdict last year, saying that the Accord would stand until May this year. With the stipulated timeframe now complete, the Accord handed over their duties to the RSC yesterday.

<https://www.thedailystar.net/business/news/accord-finally-hands-over-safety-role-local-body-1907645>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$35.60	(\$26.03)	-42.24%
Crude Oil (Brent)*	\$38.59	(\$29.85)	-43.61%
Gold Spot*	\$1,739.80	\$218.33	14.35%
DSEX	3,999.49	(453.44)	-10.18%
S&P 500	3,055.73	(175.05)	-5.42%
FTSE 100	6,166.42	(1,420.63)	-18.72%
BSE SENSEX	33,303.52	(8,338.62)	-20.02%
KSE-100	34,021.97	(6,713.11)	-16.48%
CSEALL	4,795.40	(1,333.81)	-21.76%

Exchange Rates

USD 1 = BDT 84.98*

GBP 1 = BDT 106.10*

EUR 1 = BDT 94.54*

INR 1 = BDT 1.12*

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

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