

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.

IPDC inks deal with bKash

- From now on, customers of IPDC Finance Ltd will be able to pay installments of loan through bKash. Very soon, the installment payment of Monthly DPS Savings Scheme through bKash will also be launched. To provide these services, IPDC Finance, one of the leading loan distribution organizations has signed an agreement with bKash, the largest mobile financial service provider of the country.

<https://today.thefinancialexpress.com.bd/stock-corporate/ipdc-inks-deal-with-bkash-1583953240>

Silver lining for the banking sector as loan recovery soars in 2019

- Banks put up a spirited fight against the mounting default loans last year, as their loan recovery went up 15.46%. Banks retrieved BDT 154.65 billion from defaulters in 2019.

- The managing director of a bank said the recovery of defaulted loans would have been much better had the central bank not offered the relaxed rescheduling facility. The facility allows defaulters to reschedule classified loans by making a down payment of only 2% of their outstanding amount instead of the existing 10-50%. Despite the relaxed rescheduling facility and a strong recovery effort, default loans stood at BDT 943.13 billion at the end of 2019, up 0.42% year-on-year.

- Default loans recovered by state-run banks rose 1.40% year-on-year to BDT 41.11 billion in 2019. It rose 22.66% to BDT 112.67 billion for private banks. Recovery at foreign banks, however, dropped 42% to BDT 875.2 million.

<https://www.thedailystar.net/business/news/silver-lining-the-banking-sector-loan-recovery-soars-2019-1879678>

Beneficiary for remittance incentive extended

- The Bangladesh Bank on Wednesday declared Bangladeshi citizens employed in local and foreign airlines and shipping companies abroad eligible for 2% cash incentive against remittance. Besides, the Bangladeshi citizens employed in different missions of organizations like the United Nations were also declared eligible for the cash incentives against the money they send legally to the country. However, government employees or employees of state-owned entities working abroad would not be eligible for the cash incentive. As per the previous notice of the central bank, only expatriate Bangladeshi workers were eligible for the subsidy.

- Riding on the incentive, remittance inflow rose by 20.06% or USD 2.09 billion year-on-year in July-February of the fiscal year 2019-2020. In the eight months of FY20, the country received USD 12.5 billion in remittance from the Bangladeshi expatriates working abroad against USD 10.41 billion received in the same period of the previous fiscal year.

- In a separate circular, the central bank on Wednesday allowed foreigners working in the country's export processing zones, economic zones and hi-tech parks to repatriate their net earnings from their foreign currency accounts maintained and operated as per the BB's Guidelines for Foreign Exchange Transactions. The foreign employees would be allowed to remit 75% of their net income.

<https://www.newagebd.net/article/101919/bangladeshis-employed-in-local-foreign-agencies-abroad-to-get-remittance-incentive>

<https://www.thedailystar.net/business/news/beneficiary-remittance-incentive-extended-1879561>

Import orders drop by 12% in January

- Bangladesh's import orders dropped by more than 12% or nearly USD 663 million in January last due to supply chain disruption caused by the coronavirus outbreak in China. Opening of letters of credit (LCs), generally known as import orders, came down to USD 4.63 billion in January from USD 5.29 billion a month ago, according to the central bank's latest data. A central bank official predicted that the falling import trend might continue until June this year. Also, the settlement of LCs, generally known as actual import, in terms of value, fell by nearly 9.0% to USD 4.54 billion in January from USD 4.98 billion in the previous month.

- Meanwhile, the country's overall imports decreased by 4.44% to USD 34.58 billion in the first seven months of this fiscal year from USD 36.19 billion in the same period of FY '19. Most items, excepting clinker, crude petroleum, chemicals, pharmaceutical products, wheat, spices and pulses, saw a decline in imports. The country's overall export earnings dropped by nearly 5.0% to USD 26.24 billion during the July-February period of the current fiscal year (FY), 2019-20, from USD 27.56 billion in the same period of FY '19.

<https://today.thefinancialexpress.com.bd/trade-market/import-orders-drop-by-12pc-in-january-1583951790>

Readymade Garments buyers downsizing orders placed before: Bangladesh Garment Manufacturers and Exporters Association (BGMEA) president

• A section of international buyers has informed the Bangladeshi apparel exporters that they would reduce their existing export orders by 15-30% amid an adverse impact of coronavirus outbreak in China and its subsequent spreading to many other countries across the world. Some buyers are requesting to make air shipment of export products while the others are seeking discount on prices. They are arguing that demand for readymade garment products are declining as many brand shops in the countries affected by coronavirus are shut down as a measure to contain infection.

<https://www.newagebd.net/article/101915/rmg-buyers-downsizing-orders-placed-before-rubana>

Postal savings interest returns to previous rates by March 17

• The interest of post office savings schemes will return to its previous rates by March 17. Earlier on February 13 this year, the Internal Resources Division of the finance ministry published a gazette notification reducing interest rate on three-year fixed deposit scheme 6% from 11.28% on maturity. The interest rate on one-year savings was also reduced to 5% from 10.20% while it was slashed to 5.50% from 10.70% for two-year schemes.

• Amid massive hue and cry across the country after the announcement on February 13, the government later announced to reinstate previous rate after launching automation. The government launched the system with an aim to stop excessive investment and buying the instruments with untaxed money.

<https://thefinancialexpress.com.bd/economy/bangladesh/postal-savings-interest-returns-to-previous-rates-by-march-17-1583940773>

Infrastructure equipment market booming on mega projects

• Bangladesh's infrastructure equipment manufacturing sector is undergoing sweeping changes to meet the increased demand brought on by the implementation of the government's mega projects to accelerate economic growth. In 2019, the market size for infrastructure equipment was about BDT 15 billion. In 2001, it was less than BDT 1 billion, according to market players. In the last two years alone, the demand for heavy-duty equipment increased almost 200%.

• In the last four or five years, the demand for such equipment rose in Bangladesh due to the ongoing development efforts undertaken by the government. The managing director of the Bangladesh Equipment Corporation (BEC) expects the rising trend in the demand for heavy construction equipment to continue for the next 10 years as the number of infrastructure development projects in Bangladesh will increase as well. The government has about USD 30 billion worth of development projects under construction across the country in a bid to mitigate Bangladesh's infrastructure issues and attract foreign direct investment to accelerate the country's economic growth.

• There are over 10 importers of heavy duty construction and infrastructure equipment including ACI Motors, Nitol Niloy Group and HNS Group. As much as 60% of the equipment available in Bangladesh is reconditioned and are either Japanese or German products, said the general manager of ACI Motors.

• Most heavy duty construction and infrastructure equipment now comes from China as Bangladeshi contractors prefer Chinese products since it is comparatively cheaper than that of Japan or Germany, said the chairman of Nitol-Niloy Group. However, the market size for infrastructure equipment is yet to see any significant increase as contractors rent the necessary tools from Singapore while foreign contractors bring their own. Chinese construction machinery and equipment manufacturers control 60% of the market because of their competitive pricing. The remaining 40% is imported from Korea and Japan, he added.

<https://www.thedailystar.net/business/news/infrastructure-equipment-market-booming-mega-projects-1879594>

Economy shows mix trend: International Chamber of Commerce Bangladesh (ICCB)

• The performance of Bangladesh economy in 2019 with reference to global, macro and micro levels presents a mixed picture. Globally, the country did not suffer any major setback during the year, but some headwind stemmed from slowed-down export and import due to shrinking global economic growth. The country recoded an estimated 8.15% GDP growth in FY19 - considered by Asian Development Bank (ADB) to be the fastest-growing economy in the Asia-Pacific region. The FDI also increased to 5.36% year-on-year during July-October period of FY20.

• According to World Economic Forum (WEF) Bangladesh has been classed by the United Nations as one of the world's least developed countries (LDCs) since 1975, but its current trajectory means it is likely to shed that description by 2024. However, the ICCB expressed its concern over government's high borrowing from the banks. The growth of flow of loans to the private sector slowed to 11.32% in 2018-19 against a target of 16.5. Presently, banks are facing a

liquidity crunch. This is mostly due to banks holding large amounts of non-performing loans (NPLs).

- 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. However, according to experts, two major aspects will govern the track of the economy of Bangladesh in the next decade: one is the graduation from a Least Developed Country (LDC) by 2024 and another is achieving Sustainable Development Goals (SDGs).

<https://thefinancialexpress.com.bd/economy/bangladesh/economy-shows-mix-trend-iccb-1583916755>

Bangladesh to benefit from coronavirus fallout: survey

- Bangladesh will benefit from the fallout of the coronavirus as most of the globally renowned companies are planning to shift work orders from China to other Asian countries, including Bangladesh, according to a new survey. Hong Kong-based QIMA, a leading provider of supply chain compliance solutions and which partners with brands, retailers and importers to secure, manage and optimize their global supply network, surveyed the executives of more than 200 globally renowned companies. Half of the survey respondents are considering shifting supplier sourcing away from China to new countries or regions, including Vietnam India, and Bangladesh, as well as near-shoring and re-shoring options.
- Apart from home regions, western respondents are considering buying more from Vietnam, India and Bangladesh. Respondents in the toy, accessories, homeware and footwear sectors reported higher levels of impact of the virus on their business, with up to 100% respondents indicating some impact and more than half saying their business was strongly affected.
- More than 90% are concerned about the long-term impact of the outbreak and almost as many expect to see significant changes in how they manage supply chains. Among the respondents whose supply chains are feeling the impact, more than half indicated that they had switched or considered switching to suppliers in regions or countries other than their current sourcing destinations because of the outbreak.

<https://www.thedailystar.net/business/news/bangladesh-benefit-coronavirus-fallout-survey-1879684>

Banks' corporate social responsibility (CSR) expenses down 28% in 2019

- Banks have spent around BDT 6.48 billion as part of corporate social responsibility (CSR) initiatives last year, which was 28% less than that of the previous year. The figure was BDT 9.05 billion in 2018, and BDT 7.44 billion the year before. CSR expenses increased during the second half of 2019. In the first half, banks spent BDT 2.39 billion and the figure was BDT 4.09 billion during the second half.
- In 2019, banks spent BDT 2.43 billion on disaster management, which was 37.48% of the CSR expenses. In the education sector, banks spent BDT 1.77 billion, which was 27.26% of the CSR expenditures. The health sector's CSR expense was BDT 730 million while the figure was BDT 330 million in the environment sector, BDT 280 million in the cultural sector, BDT 13.7 million in infrastructure, and BDT 930 million in other sectors.

<https://tbsnews.net/economy/banking/banks-csr-expenses-down-28-percent-2019-55045>
<https://www.newagebd.net/article/101920/banks-csr-spending-rises-by-4722pc-in-july-dec>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$31.19	-1.79	-5.43%
Crude Oil (Brent)*	\$33.81	-1.98	-5.53%
Gold Spot*	\$1,635.54	+0.50	+0.03%
DSEX	4231.49	75.16	+1.80%
Dow Jones Industrial Average	23,553.22	-1,464.94	-5.86%
FTSE 100	5,876.52	-83.71	-1.40%
Nikkei 225	18,412.24	-1,003.82	-5.17%
BSE SENSEX	35,697.40	+62.45	+0.18%

Exchange Rates

USD 1 = BDT 84.93*
GBP 1 = BDT 108.96*
EUR 1 = BDT 96.10*
INR 1 = BDT 1.14*

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

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