

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.

Inflation reaches 5.32% in Feb

• The general point-to-point inflation rate increased slightly last month (February) as it went up by 0.30% point to 5.32% point in February, 2021, reports BSS. The general point to point inflation rate was 5.02% point in January, 2021. The BBS data showed that the food inflation increased to 5.42% in February, 2021 from 5.23% in the previous month, while the non-food inflation rate, also increased to 5.17% last month from 4.69% in January, 2021.

• In the rural areas, the general inflation rate increased to 5.33% in the last month from 5.00% in last January. The general inflation rate also increased to 5.30% in February from 5.05% in January in the urban areas. The BBS data showed that the price of rice, broiler chicken, edible oil and sugar increased in February compared to January while the price of potatoes, onion, vegetables, fruits and spices declined in February compared to its previous month.

<https://today.thefinancialexpress.com.bd/last-page/inflation-reaches-532pc-in-feb-1615397674>

<https://www.tbsnews.net/economy/inflation-rose-february-214345>

<https://www.thedailystar.net/business/news/inflation-quickens-532pc-feb-2058441>

<https://www.dhakatribune.com/business/economy/2021/03/11/inflation-hits-5-32-in-february>

Loan rescheduling drops in 2020 – as expected

• Banks rescheduled about BDT 134.57 billion of defaulted loans in 2020, which is the lowest in five years. In 2019, banks had rescheduled a record BDT 501.86 billion as part of their frenetic efforts to clean up their balance sheet amid ballooning default loans in the sector. The volume of rescheduled loans contracted last year owing to the central bank's moratorium facility on loan instalments, said a top official of the central bank. The central bank unveiled a moratorium facility in March last year that asked lenders not to consider businesspeople as defaulters if they fail to repay instalments until June 30 last year. The facility was extended twice to December 31 last year.

• Thanks to the rescheduling, the size of soured loans looks small in the fourth quarter of last year. At the end of December last year, total defaulted loans in the sector stood at BDT 887.34 billion, down 6% from three months earlier, according to data from the Bangladesh Bank. If the loan moratorium facility was not offered by the BB amid the pandemic, huge amounts of loans would have gone sour, said the managing director of Dhaka Bank. Then the lenders would have to use the instrument more to minimise the defaulted loans. Loan rescheduling may increase in the March quarter as the moratorium facility on instalments of loans had ended in December last year, he added.

<https://www.tbsnews.net/economy/stock/bsec-use-icabs-document-verification-system-214378>

<https://www.dhakatribune.com/business/stock/2021/03/11/icab-bsec-team-up-to-authenticate-financial-statements>

<https://www.newagebd.net/article/132351/bsec-signs-deal-with-icab-on-dvs>

RMG sector seeks cut in source tax

• Two trade-bodies of primary textile mills and apparel makers suggested reducing the source tax to 0.25% from the existing 0.50% for at least five years. Another body for knitwear makers, however, urged fixing the existing 0.5% source tax as final settlement, and keeping the rate for five years. Textile and apparel makers also demanded withdrawal of 10% income tax on cash incentive, provided against exports. Their other proposals included continuation of 12% and 10% corporate tax for RMG units and green factories respectively for the next five years, considering negative impact of the coronavirus pandemic on the industry, investment and export.

<https://today.thefinancialexpress.com.bd/first-page/rmg-sector-seeks-cut-in-source-tax-1615397301>

<https://www.dhakatribune.com/business/2021/03/11/apparel-exporters-unveil-their-list-of-budgetary-demands>

<https://www.newagebd.net/article/132347/apparel-makers-demand-source-tax-cut-to-025pc>

Regulator moves to rewrite IPO rules

• Retail investors may get a higher allocation of shares during initial public offerings (IPOs) as the regulator has moved to make the market an attractive investment destination for individuals. The Bangladesh Securities and Exchange Commission (BSEC) has proposed to raise the general investors' portion in the IPO in the draft amendment of related rules. The regulator has published the draft of the amended public issue rules on its website, seeking comments from the stakeholders by March 15. The commission plans to award 70% shares of an IPO to general investors. Now, it stands at 50% for the fixed-price method and 40% for the book-building method.

• The proposal came at a time when the regulator is set to implement a new provision for IPOs that will distribute shares proportionately among the applicants, bringing an end to the lottery system. From April 1, every IPO applicant will get shares if they have a minimum secondary market investment of BDT 20,000. They will have to make a

subscription of at least BDT 10,000 in the IPOs. According to one of the amendments, foreign investors and placement shareholders of an IPO-seeking company would face a lock-in period for one year and two years, respectively.

- In a first, the regulator has set a minimum share issuance. If the size of the post-IPO paid-up capital is up to BDT 750 million, at least 30% shares have to be issued. At least 20% of shares have to be offloaded if the post-IPO paid-up capital ranges from BDT 750 million to BDT 1.50 billion. It will be at least 10% when the post-IPO paid-up capital goes past BDT 1.50 billion. An issuer company may offer private placement for up to 15% of the size of the IPO at par value under the fixed-price method or at a cut-off price under the book-building method. It will be treated as a part of the IPO, the draft rule said.

<https://www.thedailystar.net/business/news/regulator-moves-rewrite-ipo-rules-2058457>

BSEC for introducing e-voting system

- The securities regulator has asked the listed companies to introduce e-voting system apart from existing physical system of casting votes by the shareholders at general meetings. To this effect, the Bangladesh Securities and Exchange Commission (BSEC) on Wednesday issued a directive to ensure more transparency at the companies' annual general meetings (AGMs) or extra-ordinary general meetings (EGMs). Using the hybrid system for conducting AGMs or EGMS, an issuer company will have to notify its shareholders the venue and web-link for joining the meeting through online platform with intimation to the commission and the stock exchanges.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-for-introducing-e-voting-system-1615391397>

<https://www.tbsnews.net/economy/stock/firms-must-allow-shareholders-presence-general-meetings-214369>

<https://www.dhakatribune.com/business/stock/2021/03/11/listed-firms-asked-to-hold-hybrid-agms-egms>

<https://www.newagebd.net/article/132350/cos-asked-to-hold-general-meetings-thru-hybrid-system>

BSEC to use Icab's document verification system

- Bangladesh Securities and Exchange Commission (BSEC) signed a memorandum of understanding (MoU) with Institute of Chartered Accountants of Bangladesh (Icab) on Wednesday to access Icab's document verification system (DVS) to check companies' financial reports. Icab introduced the DVS on 1 December last year to curb malpractice of preparing fake financial statements and to establish transparency and accountability in the accounting system of the country. BSEC officials said that the commission would verify the authenticity of any financial statement provided to it through the new DVS of Icab and that would minimise fraudulent preparation and submission of financial statements.

- Icab said in a statement, the DVS has already become quite acceptable to the business community and other regulatory bodies. Icab has such arrangements with the National Board of Revenue (NBR) and the Financial Reporting Council (FRC). As the users of financial statements can verify through the DVS whether the submitted ones are audited by a chartered accountant firm or not, the mutual cooperation would make the accounting system more acceptable and reliable. However, the companies would not be able to commit audit fraud now as the DVS is functioning. The DVS will stop the culture of debt defaulters also, as it helps better due diligences.

<https://www.tbsnews.net/economy/stock/bsec-use-icabs-document-verification-system-214378>

<https://www.dhakatribune.com/business/stock/2021/03/11/icab-bsec-team-up-to-authenticate-financial-statements>

<https://www.newagebd.net/article/132351/bsec-signs-deal-with-icab-on-dvs>

Another new bank opens for business

- Bengal Commercial Bank launched business operations yesterday targeting to reach small and medium entrepreneurs by way of giving out loans. This takes the total number of banks in Bangladesh to 60. Bangladesh Bank in February last year gave its approval for the business to operate. The central bank gave approval for the opening of three new banks in the past two years. The banks are Community Bank Bangladesh, Bengal Commercial Bank and Citizen Bank. Citizen Bank is yet to start its banking operation. In addition, Bangladesh Bank gave a letter of intent to Peoples Bank to start its preparations in order to get the final approval from the banking regulator.

<https://www.thedailystar.net/business/news/another-new-bank-opens-business-2058449>

Nagad keen to provide digital financial services to four banks

- Nagad, a digital service of Bangladesh Post Office, has expressed willingness to provide its digital financial services to four banks, including the state-run Rupali Bank. In this connection, the country's fastest-growing mobile financial services (MFS) provider submitted proposal letters to the banks separately on Wednesday. The other three banks are First Security Islami Bank Limited, Bangladesh Commerce Bank Limited and Jamuna Bank Limited. Currently, the state-run MFS provider is providing services to more than 30 million customers, 700-plus corporate entities, including multinational companies, all major government initiatives, integrated 15 banks and over 15,000 merchants through its distribution network of 190,000-plus agent points across the country.

<https://today.thefinancialexpress.com.bd/trade-market/nagad-keen-to-provide-digital-financial-services-to-four-banks-1615394088>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$64.92	\$16.40	33.80%
Crude Oil (Brent)*	\$68.38	\$16.58	32.01%
Gold Spot*	\$1,731.82	(\$163.28)	-8.62%
DSEX	5,563.67	161.60	2.99%
S&P 500	3,898.81	142.74	3.80%
FTSE 100	6,725.60	265.08	4.10%
BSE SENSEX	51,279.51	3,528.18	7.39%
KSE-100	43,691.68	(63.70)	-0.15%
CSEALL	7,212.66	438.44	6.47%

Exchange Rates
USD 1 = BDT 84.80*
GBP 1 = BDT 118.21*
EUR 1 = BDT 101.21*
INR 1 = BDT 1.17*

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

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