

*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.*

### **Branchless banking gaining ground**

- A good number of banks are going towards branchless banking in recent times by way of rolling out different digital products as a part of their efforts to reach out to more people both in rural and urban areas. This is also helping them decrease the cost of doing business in an efficient manner as the expenditure of digital banking is much less than the manual one, said managing directors of four banks. People's habit of branch-led banking has also reduced to a great extent as a large number of clients now prefer to settle transactions sitting from their homes by using internet or mobile app-based banking in order to protect themselves from the coronavirus.
- Banks have to spend around BDT 10 million to set up a branch in the major cities including appointing at least 10 officials to run operations. If they want to set up such an outlet in rural areas, they must count between BDT 5 million and BDT 6 million. Despite that, banks have been forced to expand their branches over the years as people in the country are largely habituated to do banking by going to outlets. Then came the first wave of the coronavirus pandemic in the country in March last year. People had been barred from going outside of their homes amidst a lockdown that had also compelled banks to close a good number of branches for the time being, leaving clients with no choice but to use technology to conduct transactions. The pandemic also created obstacles for banks to set up branches last year. In such a situation, both banks and customers learnt more techniques to do more branchless banking than before.

<https://www.thedailystar.net/business/news/branchless-banking-gaining-ground-2083361>

### **No vaccines anytime soon**

- Bangladesh will not get the Oxford-AstraZeneca vaccine from India anytime soon, India has said. The supply of the vaccine is delayed due to a crisis of raw materials and a huge internal demand in India, said a note verbale from the Indian High Commission yesterday. The whole world is aware that key countries of the world have been withholding raw materials, which are critical for the manufacture of these vaccines, it added. The note understandably indicated the US ban on export of Covid-19 vaccine raw materials that impacted production of Serum, the largest vaccine producer in the world. The Indian response to the foreign ministry also implies that Bangladesh will get its purchased vaccine doses from Serum Institute of India, branded Covishield, once the dearth of the raw materials is addressed.

<https://www.thedailystar.net/frontpage/news/no-vaccines-anytime-soon-2083157>

### **BSEC worried about listed power companies as tenure of Power Purchase Agreements (PPA) ends soon**

- The Bangladesh Securities and Exchange Commission has expressed its concern about the future of a number of listed power companies as the tenure of power purchase agreements signed between the companies and the Bangladesh Power Development Board is nearing to an end. The BSEC on April 15 sent a letter to the power, energy and mineral resources ministry, requesting it to inform the securities regulator whether there is any possibility of tenure extension of the PPAs. Earlier on March 11, the parliamentary standing committee on power, energy and mineral resources ministry suggested that the ministry should not extend the tenure of quick rental power plants with the aim of phasing out the power plants by 2024 to reduce the expenditure from growing capacity charges.
- In the letter, the BSEC mentioned the names of 10 companies, including state-run Dhaka Electric Supply Company Limited and Power Grid Company of Bangladesh Limited, and their investors' shareholding position. The eight private power companies mentioned in the letter are Baraka Power Limited, Doreen Power Generation and Systems Limited, Energypac Power Generation Company, GBB Power Limited, Khulna Power Company Limited, Shahjibazar Power Company Limited, Summit Power Limited and United Power Generation and Distribution Company Limited. The PPAs of these companies will gradually end. The PPA tenure of two power plants of Khulna Power Company — KPCL Unit-2 and Khan Jahan Ali Power Company — will end on May 31 and May 28 respectively.

<https://www.newagebd.net/article/136258/bsec-worried-about-listed-power-cos-as-tenure-of-ppas-ends-soon>

### **IPO funded projects hit a snag in pandemic**

- A number of companies have entered the capital market during the Covid-19 pandemic but the projects articulated under the initial public offerings (IPOs) could not make enough progress. These companies are suffering commercially and are not able to complete the work of these projects within the stipulated time, resulting in cost overruns. Returns from such projects are also lagging due to implementation delays and investors are losing out by investing in these businesses. Many such companies could not import machinery due to the pandemic while others imported machinery, but could not install them.

- Sources at BSEC say, due to the coronavirus pandemic, many companies were not able to implement their IPO projects on time. Many companies have applied for an extension while some others have opened FDRs with their IPO funds with permission from the regulator.

<https://www.tbsnews.net/economy/stock/ipo-funded-projects-hit-snap-pandemic-236698>

### **Interest-rate volatility looms**

- The interest rate of the country's many foreign borrowings is likely to go up, as the London Interbank Offered Rate (LIBOR) will cease to be effective in the case of most currencies, including the US dollar, at the end of the current year. The UK regulator concerned has recently decided to discontinue the publication of LIBOR as some scandals had surfaced involving the LIBOR recently. The Financial Conduct Authority (FCA), which oversees the global benchmarks, recently said the publication of LIBOR would come to an end in December 2021.
- Local experts said that the situation would raise pressure on the banks and companies that took long-term debts. Long-term borrowings by the companies, interest rate swaps and the Bangladesh Bank's refinancing schemes are based on LIBOR. They also said Bangladesh has many power projects that took such long-term funds based on LIBOR. The country's long-term borrowings based on LIBOR may stand at few billion US dollars.
- According to many, LIBOR will be replaced by SOFR (secured overnight financing rate), another interbank reference rate. The Federal Reserve Bank of New York publishes daily rates and volumes. But the rate is based on past transactions, limiting its predictive value or future interest rate. Besides, LIBOR has many tenures, while SOFR is overnight.

<https://today.thefinancialexpress.com.bd/first-page/interest-rate-volatility-looms-1619199231>

### **Paperless banking booms in Bangladesh over last two years**

- Bangladesh's digital and paperless banking has boomed as the number of ATMs, POSs, CDMs, and CRMs has swelled significantly across the country over the last couple of years, insiders said on Friday. Bankers said the Covid-19 pandemic and addition of young customers had facilitated the digital banking growth across the country, including the rural areas, as the people were avoiding visits to branches for their safety. The paperless banking has expanded at a higher rate in the rural areas compared to the urban areas, the financial analysts said.
- An analysis has found that the number of ATM (automated-teller machine) booths swelled to 12,111 in February this year, posting a 10% growth compared to a year ago. The central bank data showed that the cash transfer at the points of sale (POSs) of the banks and financial institutions had also swelled significantly to 77,806 in February this year, maintaining a 21% growth compared to the same period last year.

<https://today.thefinancialexpress.com.bd/first-page/paperless-banking-booms-in-bd-over-last-two-years-1619199610>

### **Production boom for local drugmakers**

- When all major sectors have experienced a fall in production amid Covid-led disruption in the local supply chain, the pharmaceutical industry has remained unhurt as drugmakers registered a manufacturing boost on the back of high demand for medicines in the pandemic time. The quantum index that measures the production of quantity units of goods crossed 850 in October last year which was at 475 in October 2018, according to Bangladesh Bank data.
- When pharmaceutical production was on an uptrend, the overall manufacturing sector was going in an opposite direction. The growth of the overall manufacturing industry fell to 5.47% in June last year from 14.84% in June 2019 as production fell sharply from January 2020 and continued with this trend till April that year. However, manufacturing began to rise quickly from May last year, according to a central bank survey.
- The import of pharmaceutical raw materials increased by 22.45% in the first seven months of the current fiscal year compared to the same period last year when total industrial raw materials import was negative 2.81%, according to Bangladesh Bank data. The raw material import in the pharmaceutical sector was negative 14% in the last fiscal year, the central bank data shows. The import of raw materials increased as drugmakers are enhancing their production capacity amid rising demand for new medicines related to Covid-19 treatment.

<https://www.tbsnews.net/companies/pharma/production-boom-local-drugmakers-236305>

### **No 'strict' lockdown from Sunday**

- After repeated urges from businessmen and entrepreneurs, the government has finally decided to reopen all shopping malls and markets across the country from Sunday, 25 April. In a gazette notification on Friday, the Cabinet Division said the decision has been taken considering the livelihood of people. Shops at malls will remain open from 10am to 5pm daily, but the authorities will take legal actions if they do not maintain hygiene rules properly.

• Meanwhile, sources at the Ministry of Road Transport and Bridges said there is also a possibility of resuming public transport from 29 April. Domestic flights – except to and from Cox's Bazar – already resumed on 21 April. State Minister for Public Administration has said no strict lockdown will be imposed after 28 April in the country. The decision has been made after considering the matter of life and livelihood of thousands of people, he added.

<https://www.tbsnews.net/bangladesh/no-strict-lockdown-after-28-april-farhad-hossain-236197>

### **USD 1.15 billion remittance inflows in 15 days of April**

• In the first 15 days of April, Bangladeshi expatriates sent home more than USD 1.15 billion in remittances, compared to USD 1.09 billion of the same entire month a year ago. People concerned say that expatriates always send a little more in remittances during Ramadan and Eid festivals, compared to other times of the year. Compounded by the Covid-19 second wave, remittance inflows have increased significantly, they added. Apart from the 2% incentive announced by the government, many banks are also giving an additional 1% incentive. An additional 1% incentive is given for sending remittances to the agent outlet account of Islami Bank. According to a recent analysis by the Centre for Policy Dialogue, the illegal channels of remittances have almost completely stopped as means of normal communication around the world has been disrupted due to the coronavirus pandemic.

<https://www.tbsnews.net/bangladesh/usd-115-bn-remittance-income-first-two-weeks-april-235672>

### **World Bank to provide Bangladesh USD 250 million as budget support**

• The World Bank will provide USD 250 million to help Bangladesh create more and better jobs, recover faster from the Covid-19 pandemic and build resilience to future crises. According to Economic Relations Divisions (ERD), the government has taken initiatives to reform and modernise some policies, strategies and regulations that are conducive to the involvement of various ministries including creating adequate and quality employment opportunities and environment for the working population of the country. To implement the government's initiatives and the proposed reform plan, the World Bank agreed to provide a total of USD 750 million in DPC loan assistance as budget support from 2018-19 FY in three consecutive fiscal years.

<https://www.tbsnews.net/economy/budget/world-bank-provide-bangladesh-250-million-budget-support-235708>  
<https://www.dhakatribune.com/business/2021/04/22/government-wb-sign-250m-deal-to-create-better-jobs>

### **Farm credit interest cut to 8%**

• Bangladesh Bank has cut the interest rate of farm credits to 8% from 9% to boost agricultural activities at a time when the sector has been hit hard by the pandemic. The new rate will be effective from 1 April. In 2017, the maximum interest rate of agriculture and rural credits was reduced to 9% from 10%. Currently, interest on regular loans is capped at 9%, except for interest charged against credit cards.

• In the current fiscal year, the government set a target to distribute BDT 262.92 billion under the agricultural and rural credit programme. In eight months since July, BDT 161.80 billion was disbursed in loans, which was a little over BDT 150 billion in the same period a year ago.

<https://www.tbsnews.net/economy/trade/farm-credit-interest-cut-8-235867>  
<https://www.dhakatribune.com/business/banks/2021/04/22/farm-credit-lending-reduced-to-8>

### **The Bangladesh Submarine Cable Company Limited (BSCCL) to sell more bandwidth as internet usage soars amid pandemic**

• The Bangladesh Submarine Cable Company Limited (BSCCL) is gearing up to sell more bandwidth as internet usage soars amid the lockdown. We had a target of selling 1,450 Gbps by June, but we have already achieved that, said the Managing Director of BSCCL. The BSCCL has sold 1,600 Gbps of bandwidth, while the sale of an additional 40 Gbps is in the pipeline, he said, adding that by the end of May, around 60 Gbps more will be sold.

• About 2,600-2,700 Gbps of bandwidth is currently being used in the country, of which 1,600 Gbps is being provided by BSCCL. The rest comes from India through International Terrestrial Cable (ITC) operators such as Summit Communications and Fibre@Home. BSCCL has 2,800 Gbps of capacity from its two submarine cables.

<https://www.dhakatribune.com/business/2021/04/22/bsccl-to-sell-more-bandwidth-as-internet-usage-soars-amid-pandemic>

### **NBL activities under BB's close monitoring: official**

• The Bangladesh Bank has kept the activities of National Bank Limited (NBL) under its close observation and is maintaining its pressure on the bank for the appointment of a fulltime managing director, a senior BB official said. The BB official said that the central bank might take measures like the appointment of administrator to National Bank

unless a managing director is appointed by the bank for its operations within the stipulated time.

- The Bangladesh Financial Intelligence Unit has launched an investigation into the bank's recent activities especially into the allegations of sanctioning loans in violation of rules and regulations. They said that the loan proposals were neither approved by the NBL's board nor by the central bank that prompted the central bank's Financial Integrity and Customer Services Department to issue the instruction to the NBL chairperson to release the bank's additional managing director immediately from serving as managing director (current charge) in a direct or indirect manner.

<https://www.newagebd.net/article/136087/nbl-activities-under-bbs-close-monitoring-official>

### Submission of financials: BSEC relaxes rules until May 25

- The stock market regulator has temporarily relaxed the listing regulations or other securities laws for all the listed companies relating to the requirements of monthly/quarterly submissions until May 25. Banks, non-bank financial institutions, insurance firms and most multinational companies have closed their accounting year on December 31, it added. According to the securities rules, the BAPLC said, the companies have to prepare and externally audit their financials within the next 120 days and submit the papers by the following 14 days. Hence, the listed companies have to submit their 2020 annual statements by May 14, 2021. Also, they have the May 15 deadline to submit the unaudited statements for the January-March quarter of this year as companies get 45 days to submit first quarterly statements and 30 days for second and third ones since the end of the respective quarters.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-relaxes-rules-until-may-25-1619105812>

<https://www.tbsnews.net/economy/stock/listed-firms-allowed-time-extension-financial-disclosures-235834>

### World Stock and Commodities\*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$61.78	\$13.26	27.33%
Crude Oil (Brent)*	\$65.66	\$13.86	26.76%
Gold Spot*	\$1,783.97	(\$111.13)	-5.86%
DSEX	5,435.03	32.96	0.61%
S&P 500	4,134.98	378.91	10.09%
FTSE 100	6,938.24	477.72	7.39%
BSE SENSEX	48,080.67	329.34	0.69%
KSE-100	44,929.61	1,174.23	2.68%
CSEALL	7,327.91	553.69	8.17%

### Exchange Rates

USD 1 = BDT 84.85\*

GBP 1 = BDT 117.48\*

EUR 1 = BDT 101.98\*

INR 1 = BDT 1.13\*

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

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