

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.

Deposit growth in banks rises further in Nov as National Savings Certificate (NSC) sales plunge

- The growth in deposit in the country's banking sector increased to 12.88% in November last year as savers returned to banks after the government in the budget for the 2019-2020 fiscal doubled tax on interest earnings from the national savings certificates. Besides, automation of the NSC sales system prevented a section of savers including institutions and high net worth individuals from purchasing NSCs beyond the allowable limit. As a result, those high net worth individuals and entities channeled their funds into bank deposits, Bangladesh Bank officials said.
- Bankers and economists, however, cautioned that the deposit growth might face a slowdown in the coming days as the bankers have recently agreed to bring down interest rate against deposits to 6% from February 1. The decision was made as part of the government's initiative to bring down lending rate to 9% from April 1.
- In November of FY20, deposits in the banking sector stood at BDT 11.19 trillion, increasing by BDT 1.28 trillion from BDT 9.92 trillion at the end of November of FY 2018-19, as per BB data. In July-November of FY20, the government's net sales of NSCs dropped by 73.03% to BDT 58.42 billion from BDT 216.62 billion in the same period of FY19. The government in the first three months of FY20 borrowed BDT 45.39 billion from the central bank by issuing treasury bills and bonds.

<https://www.newagebd.net/article/98209/deposit-growth-in-banks-rises-further-in-nov-as-nsc-sales-plunge>

Smartphone Market: Local assembling takes lead over imports

- Local assembling of smartphones has increased manifold while their import has declined significantly, thanks to the new tax regime aimed at boosting employment and investment. As per the latest data of Bangladesh Telecommunication Regulatory Commission (BTRC), in 2019 the number of locally assembled smartphone increased to 2 million from 0.7 million in the previous year. Contrarily, the number of smartphone import fell to 0.97 million last year from 2.44 million in the previous year.
- Industry insiders said that the tax benefit for local handset assemblers turned the tide against importers within a short time. Currently, there is 57% customs duty on smartphone import while the duty on components of locally assembled smartphones is 15%. As per BTRC officials, a large number of smartphones come through illegal channel. We have already built an IMIE database and will soon launch a new system to detect and disable fake or illegal handset, a senior BTRC official said.
- Local brand Walton was the first in the country to assemble mobile phone handset in its own plant in October 2017. In 2018, the government allowed nine companies to assemble mobile phone handsets locally. The companies are Walton Digi-Tech Industries, Fair Electronics, EDISON Industries, Caricare Technology BD, Alamin and Brothers, Anira International, OK Mobile, Transsion Bangladesh and Best Tycoon (BD) Enterprise.
- According to the Bangladesh Mobile Phone Manufacturing Association (BMPMA) data, global brand Samsung's plant assembles 96% of the products it sells locally. It imports only the flagship products and plans to stop importing from the first quarter of the current year. Fair Group is assembling more than 0.15 million pieces of Samsung smartphones in its plant in Narsingdi. Currently, 0.8 million units of smartphones are sold in Bangladesh every month. Transsion assembled 1.84 million handsets last year including 0.56 million smartphones. In July 2019, Vivo inaugurated its new manufacturing plant in Rugganj Upazila, Narayanganj, which is their 5th manufacturing plant. Chinese smartphone manufacturer Vivo will put together at least one million smartphones every year. Currently, six assemblers-cum-importers out of the total nine are meeting more than 40% handset demand in the country and it will reach 55% after Vivo's products hit the market, according to BMPMA data.

<https://www.dhakatribune.com/business/2020/02/01/smartphone-market-local-assembling-takes-lead-over-imports>

Yet another bewildering decision from Bangladesh Telecommunication Regulatory Commission (BTRC)

- The telecom regulator is being tight-fisted with the allocation of second mobile numbering scheme for the top three carriers, which are close to exhausting their original allotment. Each numbering scheme is 100 million slots, meaning the operator can issue as many connections with that numbering prefix.
- Grameenphone, which started out with the 017 prefix, have exhausted it and in October 2018 was allocated 0130 and 0131 number series, each with 10 million slots. It is close to using up the recently assigned number series and the Bangladesh Telecommunication Regulatory Commission is refusing to give it any further number series.

- Banglalink was allocated a 0140 number series with 10 million slots after it had run up its original 019 prefix. The BTRC has decided not to give it any new series. Robi, which started out with 018 number series, was close to exhausting it, but in 2016 it got a number series when it merged with Airtel that had 016 number series with 100 million slots.

- When Robi and Airtel merged, the regulator put a condition said that Robi can use the 016 prefix for two years and they will also have to migrate all their 016 numbers to 018 code in that time. After two years, Robi informed the regulator that it is next to impossible to convert all the 016 numbers to 018. The telecom regulator learnt that Robi frequently pushed to use the Airtel number as much as possible. However, Robi said the 016 number code was part of the merger as Airtel got allocation of that code with its licence. In its letter to the BTRC, they said as the regulator allocated two other carriers additional number codes, it needs to let Robi use two codes too. On that ground, the 016 series needs to continue.

<https://www.thedailystar.net/business/news/yet-another-bewildering-decision-btrc-1861516>

Government announces 15% cash incentive against rice export

- The government has announced 15% cash incentive against the export of rice for the current fiscal year 2019-20. The amount of cash subsidy at the rate of 15% will be determined on the FOB (freight on board) value, the BB circular said, adding that the exporters or processing entities, who will process locally produced rice in their own mills, would be entitled to the subsidy. Also, the exporters who would ship rice after the issuance of the BB circular and within the current fiscal year would be entitled.

- The exporters will have to submit all the required documents to the banks along with proof of exports and government's approval on export to secure the benefit. The banks would verify the documents before forwarding the cash subsidy applications to the central bank for approval. The BB, however, said that the entities located in the special zones including export processing zones and economic zones would not be considered for the facility.

<https://www.newagebd.net/article/98142/govt-announces-15pc-cash-incentive-against-rice-export>
<https://today.thefinancialexpress.com.bd/public/first-page/15pc-incentive-for-rice-exporters-1580408008>

Bangladesh Bank warns banks of regulatory measures for import payments delay

- The Bangladesh Bank on Wednesday warned the scheduled banks of tough regulatory measures unless the import payments were made in due time. The BB also asked the scheduled banks to clear import bills issued by them against letters of credit in due time. Unnecessary delay by several scheduled banks in making payments against import bills has prompted the central bank to issue the warning.

- Delay in payments against import bills resulted in additional payment burden along with a hike in conformation fees for the Bangladeshi banks in foreign trade. The additional payment burden also makes imports costlier for the country along with distortion of the country's image. Such increase in import payments also impacts negatively on the country's foreign trade balance.

<https://www.newagebd.net/article/98041/bb-warns-banks-of-regulatory-measures-for-import-payments-delay>

Many plots ready to host industrial units: Bangabandhu Shilpa Nagar

- The Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) is partially ready with key infrastructure and utility services to host industrial units now, according to a spot account. Several investors have already started setting up their factory buildings and few of them are expecting to start production by June next while many ready plots with necessary facilities awaiting investors, officials have said.

- Chinese Yabang Chemical Group recently got allocation for 100-acres of land in the EZ, but later they sought 500 acres in total considering the future prospect of investment, he added. The BSMSN is an industrial hub comprising three adjoining EZs - Mirsarai and Sitakunda in Chattogram district and Sonagazi in Feni district, according to Bangladesh Economic Zones Authority (BEZA). According to the sources, the BSMSN is expected to generate over 1.5 million direct and another 3.5 million indirect employments drawing an investment worth USD 30 billion. The BEZA is even planning to develop a dedicated sea port for the industrial city.

<https://today.thefinancialexpress.com.bd/trade-market/many-plots-ready-to-host-industrial-units-1580570331>

All is well at Ring Shine Textiles

- Rumors have been running rife over the past two weeks that Ring Shine's foreign staff, directors and MD were abandoning it and leaving the country for good. This precipitated the slide of the stock, which made its debut just last month at BDT 15 and has more or less been on a downward spiral since. The company raised BDT 1.5 billion from the

stock market, as per the DSE. The MD returned to Dhaka yesterday and will join the factory today, said a general manager of the company. The directors did leave the country following an internal misunderstanding but the factory is running as normal, said a general manager of the DEPZ, on January 23.

- A bank that had given loans to the company had liquidation plans on cards. The bank wrote a letter to Brac Bank, with which Ring Shine kept its initial public offering account, informing that it would go for legally liquidating the entity to recoup its investment if the rumors did turn out to be true. The managing director will not return to Bangladesh and he does not want to run the factory, added the bank quoting the textile company's chief financial officer (CFO). However, Ring Shine claimed that it had no CFO of that name. Brac Bank then wrote a letter to the stock market regulator to inform the matter and the regulator relayed it to the Bangladesh Bank.

<https://www.thedailystar.net/business/news/all-well-ring-shine-textiles-1861519>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$51.56	-0.58	-1.11%
Crude Oil (Brent)*	\$56.62	-0.71	-1.24%
Gold Spot*	\$1,589.15	+14.87	+0.94%
DSEX	4469.66	-12.14	-0.27%
Dow Jones Industrial Average	28,256.03	-603.41	-2.09%
FTSE 100	7,286.01	-95.95	-1.30%
Nikkei 225	23,205.18	+227.43	+0.99%
BSE SENSEX	39,735.53	+987.96	-2.43%

Exchange Rates

USD 1 = BDT 84.87*

GBP 1 = BDT 112.07*

EUR 1 = BDT 94.16*

INR 1 = BDT 1.19*

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

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