

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.

Government net bank borrowing may hit BDT 600 billion mark

- The government's net bank borrowing during the current month would be around BDT 46 billion, officials said. The net bank borrowing had reached BDT 508.42 billion until January 15 of the current fiscal year 2019-20, according to a BB's internal report. Such borrowing may well cross the BDT 600 billion mark at the end of the current fiscal, sources expressed the fear.
- The ministry of finance is now working on a revised bank borrowing target for FY'20, in view of the falling trend in sales of national savings instruments, an official familiar with the debt-management activities said. He also said the government is going to raise the bank borrowing target significantly for this fiscal while the target for non-bank borrowing, particularly from national savings schemes, will be drastically reduced to narrow down its budget deficit.
- The gross bank borrowing may hit BDT 127 billion for the month. The amount to be collected through the issuance of treasury bills and bonds, according to the auction calendar, issued by the Bangladesh Bank (BB) recently. The auction calendar includes the schedule and amount of T-bills and bonds to be issued through the auction for raising funds from the market. The net bank borrowing may reach BDT 46 billion in February, after deducting BDT 81 billion against the government securities that will be matured.

<https://today.thefinancialexpress.com.bd/first-page/govts-net-bank-borrowing-may-hit-BDT-600b-mark-1580665621>

Remittance floating uphill

- Remittance continued its upward trend last month, with migrant workers sending home 3% more than they did last year. In January, expatriate Bangladeshis sent home USD 1.63 billion to take the total thus far in the fiscal year to USD 11.04 billion. The seven-month receipts are up 21.43% year-on-year, according to data from the Bangladesh Bank. If the trend continues, remittance will hit a benchmark of USD 20 billion come the end of the fiscal year.
- The government's move to provide a 2% cash subsidy for remitters from fiscal 2019-20 was the main reason for the spike. The favorable exchange rate of taka against the dollar and a strong stance taken by the central bank to fight illegal money transfers have also had a positive impact on remittance. The favorable exchange rate of taka against the dollar and a strong stance taken by the central bank to fight illegal money transfers have also had a positive impact on remittance.
- But the upward trend of remittance may face slight hiccups in the months ahead when banks will implement the 6% interest on deposit and 9% on lending. Depositors will not get much benefit from the 6% interest rate given the inflation and service charge imposed by lenders.

<https://www.thedailystar.net/business/news/remittance-floating-uphill-1862845>
<https://www.dhakatribune.com/business/2020/02/02/remittance-hits-1-64-billion-in-january>

Association of Bankers, Bangladesh (ABB): Keep small enterprises outside 9% lending scheme

- Association of Bankers, Bangladesh (ABB) on Sunday demanded keeping the interest rates for small enterprises outside the planned 9% lending rate planned from April 1. Businesses having capital base as high as BDT 150 million are categorized as small enterprises in manufacturing sector, while enterprises with capital up to BDT 20 million in the services sector are treated as small enterprises.
- ABB sought to keep interest on small loan higher than 9%. But the BB governor asked them for a written proposal regarding their demand.

<https://www.thedailystar.net/business/news/remittance-floating-uphill-1862845>

Mobile Financial Services (MFS) losing steam

- Last year, about 30 million users transacted BDT 4.34 trillion through mobile financial service by, up 14.68% year-on-year, according to data from the Bangladesh Bank. It is decent growth but, it pales in comparison to those experienced in previous years.
- At the end of last year, the total number of MFS accounts stood at 79.6 million. But just 34.8 million were active, in a testament of the cooling interest on MFS. A lack of confidence and proper knowledge on online payment platforms is a major challenge faced by the market. Another reason behind the dip in usage is that in recent times other digital payment channels have come up, while regular banks have also come up with convenient application-based platforms

in a bid to make online transactions more appealing.

- But, bKash, the market leader for online payment systems, maintains that their growth rate is steady. The transaction volume has increased manifold thanks to customers signing up in droves and roll out of various MFS products. The market is still widely dominated by vanilla transactions like deposits and withdrawals, which accounts for about 72.60% of the total MFS transaction volume. For bKash, innovation seems to be the key to its survival.

- Only BDT 101.89 billion has been disbursed as salaries, which is just 2% of MFS's total transaction value. This is not at all satisfactory. Currently, about 0.36 million garment workers are paid through bKash. Payments for educational institutions and utility bills can also be done through the MFS. The net worth of transactions is just BDT 50.23 billion. Merchant payments could be a major sector for MFS transactions as that value was only BDT 54.65 billion last year.

<https://www.thedailystar.net/business/news/mfs-losing-steam-1862848>

Marico Bangladesh staying ahead of the curve

- Marico Bangladesh shelled out BDT 300 million to roll out a male grooming product line by the moniker of Studio X in order to diversify its product base. The line, which was launched last week, currently consists of shampoo, face wash and hair gel, all made in Bangladesh. Bangladesh's male grooming market is now worth BDT 1 billion but it has the potential to grow further. FMCG industry insiders said male grooming is on the rise globally and the movement will catch on Bangladesh due to multiple factors: a growing economy, a young population, the desire to look their best and aspiration to latch on to global trends.

- Today, Marico Bangladesh has a portfolio of 24 brands in the personal care and food categories. The company's flagship brand, Parachute, has maintained its leadership position and now holds the highest ever market share in the branded coconut oil category. Almost 70% of Marico Bangladesh's revenue came from this product alone, according to its latest annual report. On the other hand, its value-added hair oil portfolio, consisting of Parachute Advanced and Nihar Naturals, has shown robust growth and now contributes 36% to its business turnover..

<https://www.thedailystar.net/business/news/marico-bangladesh-staying-ahead-the-curve-1862839>

Japan Tobacco International (JTI) plea for cigarette import rejected

- The government has turned down a proposal put forward by Japan Tobacco International (JTI) to commercially import finished cigarette into Bangladesh, officials said. JTI has recently requested the commerce ministry to issue import registration certificate (IRC) for bringing in finished cigarette, they added. International tobacco manufacturer, JTI, signed a USD 1,476 million deal last year to acquire the tobacco business of Akij Group, the second largest tobacco company in Bangladesh, and enter the country's BDT 330 billion cigarette market. In response to the request, the ministry has rejected the proposal considering protecting the public health, said a high official who deals with the issues. More recently, the National Board of Revenue has also asked the commerce ministry not to issue IRC in favor of JTI for commercial import of cigarette.

- According to Progotir Jonno Gyan (PROGGA), an anti-tobacco research organization, tobacco kills over 162,100 people in Bangladesh a year. According to the Global Adult Tobacco Survey 2017, 35.3% of adults in Bangladesh consume tobacco on smoked or in smokeless form. Besides, 39% adults at home and 44% people at their workplaces are exposed to second-hand smoke. Nearly seven% schoolchildren also use tobacco. According to the draft National Tobacco Control Policy, annual financial losses from tobacco use in the fiscal year 2017-18 were over BDT 300 billion, much higher than revenue income of BDT 228 billion from the sector the same year.

<https://today.thefinancialexpress.com.bd/trade-market/jti-plea-for-cigarette-import-rejected-1580662131>

Valuation of seven state-owned energy firms by April

- The government has asked seven state-owned energy firms to complete the valuation of their assets in two months for the divestment of shares in the bourses. The directive was issued as part of the government's efforts to boost supplies of good shares in the stock market, the finance minister said. After the completion of valuation of the assets in current prices, the government will divest 10% to 25% shares of the companies gradually, the minister said.

- The companies are: Titas Gas Transmission and Distribution Company Ltd, Power Grid Company of Bangladesh, North-West Power Generation Company Ltd Electricity Generation Company of Bangladesh, Ashuganj Power Station Company Ltd, B R Powergen Ltd, and Gas Transmission Company Ltd. Titas and Power Grid are already listed on Dhaka and Chittagong exchanges. They will divest an additional 10% shares in the capital market, officials said.

<https://today.thefinancialexpress.com.bd/first-page/valuation-of-seven-state-firms-by-apr-1580665749>

<https://www.newagebd.net/article/98425/7-soes-asked-to-revalue-asset-by-2-months-for-share-offloading>

Allegation brought against S S Steel

- Shore Cap Holdings Limited, a private limited company has brought allegation against a listed steel company's involvement in its placement share forgery. At a press conference the Shore Cap Holdings Limited alleged that the listed steel company S. S. Steel has also not implemented the regulator's 'instruction' earlier issued to 'resolve' the issue.
- Following a writ petition filed by Shore Cap Holdings Limited, the High Court (HC's) issued a stay order on January 15 last on any sale procedure for the said amount of placement shares, the company secretary of Shore Cap Holdings Limited said. Later, the Chamber Judge stayed the HC's order on January 20.
- The chairman of the S. S. Steel said the allegation brought against them is completely 'false'. The shares were allotted two years back. So far no one made allegation of such share forgery. It means that the allegation is completely false, he said.

<https://today.thefinancialexpress.com.bd/stock-corporate/allegation-brought-against-s-s-steel-1580664822>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$51.38	-0.18	-0.35%
Crude Oil (Brent)*	\$56.14	-0.48	-0.85%
Gold Spot*	\$1,580.58	-8.58	-0.54%
DSEX	4481.51	+11.85	+0.27%
Dow Jones Industrial Average	28,256.03	-603.41	-2.09%
FTSE 100	7,286.01	-95.95	-1.30%
Nikkei 225	22,981.99	-223.19	-0.96%
BSE SENSEX	39,735.53	-987.96	-2.43%

Exchange Rates

USD 1 = BDT 84.80*

GBP 1 = BDT 111.61*

EUR 1 = BDT 93.97*

INR 1 = BDT 1.19*

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

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