

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.

Bangladesh Telecommunication Regulatory Commission (BTRC) refuses to take BDT 1 billion from GP

- Mobile company Grameenphone (GP) said the Bangladesh Telecommunication Regulatory Commission (BTRC) refused to accept BDT 1.0 billion, which the operator offered to the regulator on Wednesday as a positive gesture to engage in a dialogue to resolve audit dispute. This BDT 1.0 billion has nothing to do with the pending court process, but it is for continuing dialogue next to judicial process, GP Director and Head of Regulatory Affairs said at a press conference. He said they went to the telecom regulator on Wednesday, and offered BDT 1.0 billion, as the BTRC officials were saying that "give something" to begin dialogue. However, the BTRC Senior Assistant Director said the regulator cannot accept any amount of money from the operator, as a court proceeding is pending in this regard.
- Earlier, GP wanted to pay BDT 5.75 billion or 25% of the BTRC's principal audit claim of BDT 23 billion in 12 instalments. On January 27, the operator expressed its willingness to pay the amount in a review petition, filed with the Appellate Division, seeking its necessary direction. Its hearing is likely to take place today (Thursday). On November 24 last year, the Appellate Division ordered the country's largest cell-phone firm to pay BDT 20 billion to the commission, out of the disputed claim of BDT 125.80 billion, within next three months. The three-month period will end on February 24.

<https://today.thefinancialexpress.com.bd/first-page/btrc-refuses-to-take-BDT-1b-from-gp-1582134066>
<https://www.thedailystar.net/business/news/critical-day-grameenphone-1870540>
<https://www.newagebd.net/article/100045/gp-offers-BDT-100cr-to-continue-talks-btrc-rejects>
<https://www.dhakatribune.com/business/2020/02/19/btrc-declines-to-accept-BDT100-crore-from-gp>

Government may revise decision on post office savings interest rate

- The government would revise the recent decision of interest rate cut on post office savings schemes considering the concern of the marginalized and low-income people. The Finance Minister gave the information while talking to the reporters after chairing cabinet committee meeting on economic affairs. The government has recently slashed the interest rate on savings in post office by half to facilitate implementation of the single-digit interest rate in the banking sector. Post office officials said that the overall investment in the post office savings instruments might drop to one-third due the interest rate cut. The decision itself triggered huge criticism from depositors. Economists said it would severely affect the middle-class and pension holders.

<https://thefinancialexpress.com.bd/economy/bangladesh/govt-may-revise-decision-on-post-office-savings-interest-rate-1582119396>
<https://www.dhakatribune.com/bangladesh/dhaka/2020/02/19/kamal-govt-to-revisit-decision-about-rate-cut-of-postal-savings>
<https://www.thedailystar.net/business/news/govt-revisit-decision-about-rate-cut-postal-savings-finance-minister-1870288>
<https://www.newagebd.net/article/100046/govt-could-review-interest-cut-decision-says-kamal>

Government's insatiable appetite for bank funds

- Poor revenue collection has forced the government to exceed its annual borrowing limit from banking sources seven and half a months into the fiscal year, creating a probable credit crunch for the private sector. The government has set a borrowing limit of BDT 473.64 billion for fiscal 2019-20, but as of February 16 it has taken BDT 523.72 billion, which is a fresh record for a single year. Last fiscal year, the government borrowed BDT 264.46 billion from the banking sector.
- The government would not have needed to borrow so much from banks had it used the foreign loans efficiently for implementation of the annual development projects. Capital market could have been another source for the government from the perspective of its fund management, but the market has been going through a haphazard situation for months. Provisional data showed the National Board of Revenue (NBR) could log in BDT 1.25 trillion in the first seven months of the fiscal year, missing the target for the period by a whopping BDT 395 billion.
- The large volume of government borrowing will have an adverse impact on the private sector in the coming days as businesses will be unable to get their requisite funds from banks. At present, banks are not feeling the pinch as the demand for credit from the private sector is subdued. But banks will face severe liquidity crunch when businesses will start expanding their investment in a full-fledged manner. As of February 16, the government owes banks BDT 1.60 trillion, up 48.44% from June 30, 2019. Many banks are showing reluctance in giving out loans to the private sector as deposit growth has not increased as expected.

<https://www.thedailystar.net/business/news/govts-insatiable-appetite-bank-funds-1870537>

Steel makers feel the pinch of a subdued private sector

- All but one of the listed rod makers' profits dropped in the first half of the current financial year on the back of lower sales volume and higher deferred tax expense. Only SS Steel logged in higher profits, while BSRM Steels, Ratanpur Steel Re-rolling Mills and GPH Ispat saw their profits contract during the time. The demand for rod fell though the supply remains the same, which ultimately led to lower sales volume and shorter profit margin.
- BSRM's profits for the months of July and December last year crashed a staggering 78.71% year-on-year to BDT 168 million. The rod maker supplies to both the government and the private sector. BSRM made a provision for deferred tax expenses of BDT 114.8 million for the first half of the financial year 2019-20. A year earlier, it was BDT 17.3 million. At least BDT 500 per tonne has to be provided now as minimum tax when steel is imported. The value-added tax of BDT 1,100 per tonne must be paid too. Such a high tax regime ate into their profits and it will continue to fall. The impact was slightly less for newly listed SS Steel, whose earnings rose in the first half. SS Steel mostly sells to the government, so its earnings remain strong, according to analysts.
- In the coming years, rod makers will face a challenge because capacity of their production rose but the demand has not. So, demand will have to increase to overcome the challenge. Since the rod makers' raw materials come from China, the impact of coronavirus will be felt deeply in the days ahead.

<https://www.thedailystar.net/business/news/steel-makers-feel-the-pinch-subdued-private-sector-1870525>

Platform for interoperability in digital financial transactions by 2021

- The government yesterday approved a project which would make public a platform for interoperability in digital financial transactions, ensuring seamless transactions between payment systems alongside transparency and reducing transaction costs. To cost BDT 548.5 million, the "Interoperable Digital Transaction Platform Service" project will be up and running by February next year. A joint venture firm comprising Orion Informatics, Microsoft, Fintech and Sain Ventures won the procurement order and will start installing the platform from next month. The government will pay BDT 432.7 million to the joint venture and another BDT 116.8 million as value added tax.

<https://www.thedailystar.net/business/news/platform-interoperability-digital-financial-transactions-2021-1870516>

Least Developed Country (LDC) graduation to boost Bangladesh's creditworthiness

- Graduation into the developing country bracket in 2024 is likely to increase foreign assistance flows as it would enhance Bangladesh's creditworthiness. Bangladesh will enjoy various benefits, including an immense enhancement of the country's image before the global community. The private sector's contribution to the economy was almost 80% and they would be able to avail market loans at cheaper interest rates for higher credit ratings in addition to increased foreign direct investment. However, Bangladesh will face three problems: a reduction of scholarships, concessional loans and trade benefits.
- Disbursement of foreign assistance would increase to around USD 15-16 billion within the next 10 years. External debt repayment will reach USD 2.5 to USD 3 billion in fiscal 2024-25, when some big foreign loans are scheduled to mature. The country is at a comfortable level as the debt-GDP ratio is still at only 14% and it would reach 20% once the big foreign loans mature within the next 10 years. The graduation might increase borrowing costs but it would still be lesser than what was offered by alternative sources.

<https://www.thedailystar.net/business/news/lcd-graduation-boost-bangladeshs-creditworthiness-1870519>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$53.51	+0.22	+0.41%
Crude Oil (Brent)*	\$59.27	+0.15	+0.25%
Gold Spot*	\$1,610.22	-1.48	-0.09%
DSEX	4,758.01	+17.61	+0.37%
Dow Jones Industrial Average	29,348.03	+115.84	+0.40%
FTSE 100	7,457.02	+75.01	+1.02%
Nikkei 225	23,607.77	+2097.07	+0.88%
BSE SENSEX	41,323.00	+428.62	+1.05%

Exchange Rates**USD 1 = BDT 84.88*****GBP 1 = BDT 109.52*****EUR 1 = BDT 91.66*****INR 1 = BDT 1.18***

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

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