

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.

Central bank to maintain excess liquidity in money market

- The Bangladesh Bank wants to continue the policy of maintaining excess liquidity in the money market so that there is no shortage of cash to recover the economy from the impacts of Covid- 19. That is why no reverse repo auction was held in the two quarters (July-September and October-December) of last year. The central bank revealed this information in the quarterly report on currency and currency exchange on Tuesday. The liquidity in the currency market, the executive director of the Bangladesh Bank, told The Business Standard that the central bank has been pursuing a policy of maintaining liquidity since July last year to deal with pandemic's shock.

- Although banks have excess liquidity, that policy has been continued in the first quarter of this year (January-March). He said there would be no change in the policy until the private sector's credit growth reaches 10%. The credit growth in the private sector has been steadily declining since September last year. It fell to 8.32% in January this year, but the target for the second half of the current financial year is 11.5%. Moreover, the government is taking fewer loans than usual as it has to spend less. This too is contributing to the excess liquidity in the banking system.

<https://tbsnews.net/economy/banking/central-bank-maintain-excess-liquidity-money-market-213763>

Time to invest in Bangladesh as economy is set to grow faster

- Bangladesh has a golden opportunity to strengthen its economic ties with neighbouring countries and forge greater integration with regional and sub-regional blocs to boost exports and accelerate economic growth, according to a top banker. While Bangladesh's achievements so far are no doubt commendable, there always remains potential to do more, said the country head of corporate, commercial and institutional banking at Standard Chartered Bangladesh. Analysis suggests that Bangladesh can leverage only around 40% of its trade potential with its South Asian neighbours, the banker said.

- In order to realise the full potential of regional trade and investment, Bangladesh has been prioritising infrastructure development since the fiscal year of 2011-2012 and has increased infrastructure investment significantly. A number of mega projects have been undertaken to aid trade and investment. The completion of the Padma Bridge will create a host of new investment opportunities, he added..

<https://www.thedailystar.net/business/news/time-invest-bangladesh-economy-set-grow-faster-2057801>

BD income to rise by 17%

- The World Bank estimates the national income of Bangladesh and India to increase as much as 17% and 8.0% respectively through seamless regional transport movement. This would be possible through reaping the benefits of transport movement that remains untapped despite signing rail, road and waterway agreements, it cited. Improving transport connectivity between the two countries may yield a 297-per cent rise in Bangladesh's exports to India and a 172-per cent increase in India's exports to Bangladesh. Previous analysis indicates that Bangladesh's exports could increase by 182% and India's exports by 126% by signing a free trade agreement, said a WB report released on Tuesday.

<https://today.thefinancialexpress.com.bd/last-page/bd-income-to-rise-by-17pc-1615313322>

<https://www.thedailystar.net/business/news/fta-can-raise-exports-india-182pc-wb-2057849>

India to relax import ban on ACs with refrigerants for Bangladesh

- India has agreed to relax its existing ban on imports of air conditioners with refrigerants for Bangladesh. If this happens, Walton, Bangladesh's electric giant, will be able to export such type of air conditioners to India again. In October last year, India's Directorate General of Foreign Trade imposed the ban with a view to boosting domestic production. However, the prohibition does not apply to split ACs. Dhaka on Monday requested the withdrawal of the ban for Bangladesh at a meeting between the two countries' commerce secretaries. Delhi gave its consent to it.

- Commerce ministry officials said Bangladesh does not export many air conditioners to India. In 2019, Walton signed an agreement with Hyundai Electronics to export 100,000 units of refrigerators and 20,000 units of residential air conditioners to India. Most air conditioners imported by India are with refrigerants. In 2020, India imported air conditioners amounting to around USD 480 million from China and USD 240 million from Thailand.

<https://tbsnews.net/economy/trade/india-relax-import-ban-acs-refrigerants-bangladesh-213637>

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.
- Such activities help the banks clean the book. But in the long run, it increases the defaulted loans he said. The lenders are interested in rescheduling their defaulted loans for making a profit as they have not kept provisioning against the rescheduled loans, said also the chairman of BRAC Bank. The banks can declare dividends by regularising their defaulted loans.

<https://www.dhakatribune.com/business/2021/03/10/loan-rescheduling-drops-in-2020-as-expected>

IPO quota for general investors to be enhanced

- The securities regulator is set to enhance the IPO quota for general investors aiming to facilitate their greater access to such facility. To this effect, the Bangladesh Securities and Exchange Commission (BSEC) has already incorporated such provision in its draft amendments to the public issue rules. As per the existing rules, the general investors have 50% and 40% IPO quota under the fixed price and book building method respectively. As per the new amendment, if approved, the general investors will avail 65% quota both in fixed price and book building method.
- In its draft amendment, the securities regulator has also included the provision of offering private placement up to 15% of the size of IPO at par value under the fixed price method or at cut-off price under the book building method. And the shares offered as private placement will be treated as a part of the IPO. The securities regulator has also enhanced the lock-in period on placement shares to two years from existing one year. The regulator has imposed one year lock-in period on the shares to be held by the foreign shareholders.

<https://today.thefinancialexpress.com.bd/stock-corporate/ipo-quota-for-general-investors-to-be-enhanced-1615306802>

IDLC wants dividend policy revision

- The IDLC Finance Limited has requested the Bangladesh Bank to revise its policy which bars the non-bank financial institutions (NBFIs) from paying more than 15% cash dividend. IDLC, the country's largest NBFI, sent a letter to the banking watchdog in this regard, citing that IDLC's financial performance is completely different from other NBFIs. In February, the Bangladesh Bank barred NBFIs with sound financial health from paying more than 15% cash dividend considering the challenges posed by the pandemic.
- Meantime, IDLC declared a 35% cash dividend to its shareholders for 2020 – the third time in a row. IDLC Managing Director and Chief Executive Officer said that they requested the central bank to either reconsider the policy for IDLC, or to provide us a guideline about how we will adjust the dividend to 15%.

<https://tbsnews.net/economy/stock/idlc-wants-dividend-policy-revision-213706>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$63.60	\$15.08	31.08%
Crude Oil (Brent)*	\$67.00	\$15.20	29.34%
Gold Spot*	\$1,712.11	(\$182.99)	-9.66%
DSEX	5,591.38	189.31	3.50%
S&P 500	3,875.44	119.37	3.18%
FTSE 100	6,730.34	269.82	4.18%
BSE SENSEX	51,025.48	3,274.15	6.86%
KSE-100	44,222.91	467.53	1.07%
CSEALL	7,296.88	522.66	7.72%

Exchange Rates

USD 1 = BDT 84.81*

GBP 1 = BDT 117.58*

EUR 1 = BDT 100.75*

INR 1 = BDT 1.16*

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

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