

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.

Nine public sector banks hold 27% assets, deposits in banking sector

- Nine public sector banks including 3 specialized banks still hold about 27% of deposits and assets in the banking sector while 50 private commercial banks (PCB) including foreign ones hold the remaining 73%, reports UNB. Bangladesh Bank's annual report for 2019-20 revealed these figures saying that the total deposits of the banking sector stood at BDT 12145.2 billion in 2019, up from BDT 10798.7 billion in 2018 showing an increase by 12.46%. At the end of December 2019, the Bangladesh Bank said the total assets of the banking sector stood at BDT 16298.4 billion which was 11.84% higher than that of the previous year.
- According to the report, from the year 2018 to 2019, considering the share in total deposit of the banking sector, the SCBs' share decreased from 26.6% to 25.0% while the PCBs' share increased from 66.0% to 68.1%. The FCBs' share decreased from 4.8% to 4.3% and SBs' share remained same which was 2.6% in both years, it noted. A professor of Bangladesh Institute of Bank Management, said still there is huge scope for growth of the banking sector as the country lacks focus-based banks that would serve the specific area of the economy.
- As per the BB report, the number of bank branches increased to 10,578 at the end of December 2019 from 10,286 of December 2018. As on 31 December 2019, total number of branches of the 59 scheduled banks were 10,578, said the BB report adding that among these, 48.51% (5131) of the bank branches were in rural areas and the rest (5447 branches or 51.49%) were in urban areas.

<https://today.thefinancialexpress.com.bd/trade-market/nine-public-sector-banks-hold-27pc-assets-deposits-in-banking-sector-1615650498>

<https://www.tbsnews.net/economy/banking/nine-public-sector-banks-hold-27-percent-assets-deposits-banking-sector-215887>

BDT 58.83 billion digital connectivity project on way

- The government is set to undertake a huge BDT 58.83 billion digital connectivity project, in a move that could equip every corner of the country with the latest ICT infrastructure, making almost all government services digital and increasing the use of ICT at field levels. Under the project, the government will establish 109,244 broadband and user connections, 10,000 digital labs, 57 specialised labs, a central cloud platform and frontier technology centre of excellence, IT infrastructure in district and upazila complexes and training facilities.
- With the new IT infrastructure covering eight divisions, 64 districts and all upazilas, including union and village levels, the government wants to make its services accessible to the people in a quicker and easier manner by converting them into e-services. The project proposal will be placed at the Executive Committee of the National Economic Council on Tuesday for approval. The 100% broadband penetration will increase the accessibility of ICT across the country, ensuring good governance at all levels of the government, and human resource development through the application of new ICT technology, the planning commission and ICT division said.

<https://www.thedailystar.net/business/news/BDT -5883cr-digital-connectivity-project-way-2060237>

Bangladesh Bank just made the debate on using forex reserves more polemic

- The idea of using the foreign exchange reserves, a safety net for a nation, is contentious enough on its own. And now the ten-member committee formed last year by the central bank to formulate a policy on how the reserves can be used locally has come with a suggestion that will make the discussion decidedly hot-button. The committee, headed by Bangladesh Bank Executive Director Mohd. Humayun Kabir, recommends letting only state-run companies, which are problematic enough on their own, take loans from the reserves.
- If the draft policy is approved, government-owned companies will be eligible to take loans from the central bank reserves against the sovereign guarantee, according to the draft policy on local use of the reserve. Economists in the neighbouring country strongly opposed the move, so a decision is yet to be taken on that front. A former lead economist of the World Bank's Dhaka office said that lending from the foreign exchange reserves would make it complicated for Bangladesh to get loans from multilateral lenders.

<https://www.dhakatribune.com/business/economy/2021/03/14/bb-just-made-the-debate-on-using-forex-reserves-more-polemic>

Capital machinery import yet to get momentum

- Import of capital machinery, industrial raw materials and intermediate goods is yet to get momentum despite the

pickup in economic activity in Bangladesh because of the persisting coronavirus pandemic. This will only further its already adverse impact on the economy in the days to come as uncertainty is deepening after the deadly flu started spreading once again, both locally and globally. Between July and December of the current fiscal year, the import of capital machinery stood at USD 2.65 billion, down 36.62% year-on-year, data from the central bank showed. The import of capital goods, however, increased 10% during the period.

- The trend indicates that businesspeople are yet to get back their confidence to set up new industrial units or expand their existing ones, said the chairman of the Chittagong Stock Exchange. Coronavirus infections are surging in some European countries, which are forcing them to impose lockdowns for the second or third times.

<https://www.thedailystar.net/business/news/capital-machinery-import-yet-get-momentum-2060241>

Calls for corporate tax cuts getting louder

• At present, a non-listed company has to pay 32.5% corporate tax while its publicly traded counterparts have to pay 25%. Like all previous budgets, talks of corporate tax cuts are on the table again ahead of the budget for fiscal 2021-22. Although businesses say that reducing corporate tax rates would bring in more investment and create employment, the rate in Bangladesh is still higher than both the regional and global averages. However, the global average corporate tax rate is 23.8%, while that in Asia is 21.1%, according to data compiled by the Dhaka Chamber of Commerce and Industry (DCCI).

• Businesses in Vietnam, Indonesia and Myanmar pay, on average, 20% corporate tax while it is 25.2% in India, 29% in Pakistan and 28% in Sri Lanka, according to DCCI. If the government were to reduce the tax rates gradually, it would not hurt revenue collection; rather, it would boost investors' confidence, the managing director of AK Khan Telecom. It is a good sign that the government brought down the corporate tax rate by 2.5% pointsthis fiscal year, he said, adding that further cuts in the next budget could bring it to 25% within the next two or three years.

<https://www.dhakatribune.com/business/2021/03/14/calls-for-corporate-tax-cuts-getting-louder>

New IPO price discovery methods conservative, say listed firms

• The Bangladesh Association of Publicly Listed Companies (BAPLC) has said the new methods to discover primary share prices in book building are conservative and might discourage the listing of good companies. In a letter to the Bangladesh Securities and Exchange Commission (BSEC) chairman in mid-February, the association requested him to formulate a more market-based approach for pricing primary shares when companies seek premium over face value.

• BAPLC also requested the BSEC not to execute the 1 February 2021 directive issued by the latter. The directive included a code of conduct for eligible institutional investors (EIs) regarding the price they can quote in bidding under the initial public offering (IPO) of the book building method. BAPLC in its letter said the strict valuation methods that the BSEC had allowed are conservative for discovering a company's share prices as there is no provision for securities valuation methods generally accepted worldwide. Moreover, the valuation methods advised by the BSEC do not take into consideration many important factors like the issuer company's brand value, management strength, and industry situation.

• In case of reckless or manipulative behaviour by EIs, the regulator can come up with pre-emptive or punitive measures instead of keeping the pricing method too tight for all, opined the listed companies. The BSEC received the BAPLC letter and a meeting has been scheduled to discuss the points, said a BSEC Commissioner. After observing some irregularities in bidding, the BSEC came up with the code of conduct and there is always room for positive changes, if situation and time demand so, he said.

<https://www.tbsnews.net/economy/stock/new-ipo-price-discovery-methods-conservative-say-listed-firms-215959>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$65.61	\$17.09	35.22%
Crude Oil (Brent)*	\$69.22	\$17.42	33.63%
Gold Spot*	\$1,727.11	(\$167.99)	-8.86%
DSEX	5,568.86	166.79	3.09%
S&P 500	3,943.34	187.27	4.99%
FTSE 100	6,761.47	300.95	4.66%
BSE SENSEX	50,792.08	3,040.75	6.37%
KSE-100	43,788.08	32.70	0.07%
CSEALL	7,247.48	473.26	6.99%

Exchange Rates
USD 1 = BDT 84.79*
GBP 1 = BDT 118.04*
EUR 1 = BDT 101.36*
INR 1 = BDT 1.17*

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

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