

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.

Forex reserves may come under stress without quality lending

- The country's ballooning foreign exchange reserves may come under stress if the infrastructure projects to be bankrolled by the excess external capital are not monitored properly, experts warn. They expressed the fears after the government formed the Bangladesh Infrastructure Development Fund (BIDF) on March 15 to lend money from the reserves. The government decided to disburse BDT 54.17 billion (524.56 million British pounds) in foreign currency loans to dredge a channel for Payra Port, a seaport in Kalapara, Patuakhali. A 10-member central bank committee has strongly recommended not to allow any private company to take loans from the forex reserves.
- There is a high risk of investing the funds from the forex reserves given the weak corporate governance in the financial sector and the poor record of implementing government projects on time, economists said. In the past, the government revised the deadlines of a majority of infrastructure projects, escalating their cost compared to the initial estimate. If the same situation is repeated for the projects to be funded by the reserves, this will be a matter of concern for the financial stability in the country. The committee suggested that only strategic development projects of the government be allowed to take loans from the reserves.

<https://www.thedailystar.net/business/news/forex-reserves-may-come-under-stress-without-quality-lending-2062513>

Remittance declines 7.17% from top countries in Q4 of 2020

- Remittance, a lifeline of the country's economy, declined from the top countries in the fourth quarter of last year due to the global Covid-19 pandemic that negatively affected migration. Bangladeshi expatriates sent USD 6.23 billion in remittances during the October-December quarter of last year, down 7.17% from the previous quarter, according to a quarterly report of the central bank. Remittance inflow from top countries, including Saudi Arabia -- the largest remittance source -- UAE, Oman, Bahrain, Qatar, Italy, and Singapore witnessed a decline in the fourth quarter.
- Remittance earnings declined in such countries where expatriates were in more trouble and most lost their jobs, said a former lead economist at the World Bank Dhaka Office. Most Bangladeshi migrants are working in Middle Eastern countries; expatriates in these countries have lost their jobs due to the fall in oil prices caused by the Covid-19 pandemic, he added. Bangladesh received a record USD 6.71 billion as remittance in July to September quarter of last year owing to the collapse of the informal channels like the hundi system -- an illicit cross-border transaction network -- thanks to the travel ban brought on by the pandemic, said central bank officials.
- But the informal channels started to recover from September last year as most of the countries had withdrawn the travel bans, resulting in the downward trend of remittance in the fourth quarter of last year, said the BB officials seeking anonymity. total of 408,408 migrant workers returned home from 29 countries after they lost their jobs following the Covid-19 outbreak, according to the Bureau of Manpower, Employment and Training (BMET). Besides, some 550,000 aspirants who were expected to migrate abroad for jobs during the period did not get the opportunity to do so.

<https://www.dhakatribune.com/business/economy/2021/03/18/remittance-declines-7-17-from-top-countries-in-q4-of-2020>

Govt releases BDT 5.70 billion to support small firms

- The government has released BDT 5.70 billion from the BDT 15.0 billion stimulus package for their disbursement among small traders, entrepreneurs and farmers to help them survive the ongoing pandemic. Eight government and semi-government agencies will disburse the fund this fiscal year while the rest of the amount will be disbursed in the next fiscal year. The government approved the new packages on January 17 with an aim to improve the living standards of marginalised people living in rural areas. The loans will be given as grants among cottage, micro and small enterprises (CMSE) in rural areas that previously had no access to formal banking channels.
- Borrowers can avail the loan at 4% interest while the lenders will charge this interest as transaction costs. Borrowers will have to repay the loan within two years in 18 monthly instalments with a grace period of six months.

<https://www.thedailystar.net/business/news/govt-releases-BDT-570cr-support-small-firms-2062509>

VAT on LPG down to 7%

- The National Board of Revenue (NBR) has decided to reduce VAT on Liquefied Petroleum Gas (LPG) to 7.0% from the existing 15% to make its prices affordable to the end-users. There will be 5.0% VAT at production or supply stage and 2.0% VAT at business stage, once the decision is implemented. A BEREC Member (Gas) said that the consumers would get the benefit of 8.0% tax reduction, but local LPG prices vary in line with fluctuation in international prices.

- Currently, there is 5.0% VAT at retail stage, 5.0% VAT at business stage, and another 5.0% VAT at production or supply stage of the fuel. The VAT officials said they sent the letter to the BERC and requested it to fix the LPG prices on the basis of the reduced VAT rate.

<https://today.thefinancialexpress.com.bd/first-page/vat-on-lpg-down-to-7pc-1616004901>

<https://www.newagebd.net/article/132999/vat-on-lpg-for-users-waived-traders-cut>

DSE extends timeframe for applying for new TREC

• The Dhaka Stock Exchange (DSE) has extended the timeframe for applying for a new TREC licence from the prime bourse by 10 more days until March 28. The DSE management has decided to extend the deadline for applying for new trading rights entitlement certificate (TREC) licence at a meeting held on Tuesday, said a DSE high official. Earlier on February 2, the country's prime bourse invited applications from eligible firms to submit applications by March 18 to issue trading right entitlement certificates. Despite the initial deadline expiring today (Thursday), the management of the DSE did not get expected response from the potential firms.

• Many firms are showing interest in receiving a TREC licence, but the interested ones barely got enough time to prepare themselves in line with regulations concerned, said the DSE official, seeking anonymity. So, the management of the DSE decided to extend the deadline until March 28 so that potential firms can apply for new TREC licence, he added.

<https://today.thefinancialexpress.com.bd/stock-corporate/dse-extends-timeframe-for-applying-for-new-trec-1616002965>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$64.22	\$15.70	32.36%
Crude Oil (Brent)*	\$67.60	\$15.80	30.50%
Gold Spot*	\$1,752.92	(\$142.18)	-7.50%
DSEX	5,516.41	114.34	2.12%
S&P 500	3,974.12	218.05	5.81%
FTSE 100	6,762.67	302.15	4.68%
BSE SENSEX	49,801.62	2,050.29	4.29%
KSE-100	45,450.31	1,694.93	3.87%
CSEALL	7,044.56	270.34	3.99%

Exchange Rates

USD 1 = BDT 84.64*

GBP 1 = BDT 118.09*

EUR 1 = BDT 101.31*

INR 1 = BDT 1.17*

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

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