

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.

Agent banking deposit balance crosses 170.00 billion in March

- Of the total deposits in agent banking, BDT 127.59 billion deposit was mobilized from rural areas and BDT 45.99 billion from urban areas. Agent banking, the service that takes banking to the unbanked, attained a deposit balance of BDT 170.00 billion in March. At the end of March this year, deposit collection through agent banking channels was BDT 173.58 billion — a 108.38% year-on-year growth. The rising trend of agent banking services amid the pandemic signifies there is huge scope to bring the rural unbanked people under the umbrella of formal banking services, said a senior official of the central bank.

- Now, 26 banks run agent banking windows. Of them, nine lend through the channel, providing an alternative to loan sharks for rural people to get credit. At the end of March this year, loan disbursement through the channels stood at BDT 2.85 billion, which was 396% higher than the same month of the previous year. Now, agents provide services such as cash deposits, withdrawals, remittance disbursement, small-value loan disbursement and recovery of the loans, and cash payments under the government's social safety net programs.

<https://www.dhakatribune.com/business/2021/05/24/agent-banking-deposit-balance-crosses-17-000c-in-march>

Network-locked phone handsets likely soon

- Carrier- or network-locked handsets are going to hit the country's market soon for the first time ever under a joint collaboration between mobile network operators (MNOs) and mobile handset manufacturers. The collaborative scheme is going to sell 4G handsets at affordable prices to users, aiming to increase 4G penetration in the industry, according to the sources concerned. Under this collaboration, MNOs will sell handsets to clients with a bundle price linking their call and data rates and instalment payment system. Operators may also sell handsets with their own brand names on those if the regulator permits and handset manufacturers agree.

- However, selling of network-locked handsets is not a common practice world over. It is legally allowed in some countries and in some others, including China, Canada and Singapore, such sets are not allowed on the plea that unlocking sets is often complicated and involves hassles and cost for their owners. The Bangladesh Telecommunication Regulatory Commission (BTRC) will consider allowing the sale of network-locked handsets in the country for the first time ever to implement the scheme. If the network-locked handset draws people's interest in general, the BTRC Director General (System & Services) said, the commission will consider allowing the sale of the handsets.

- Network-locked devices are tied to one operator. For instance, a network-locked phone from Banglalink will not work with the Robi Axiata SIM card and vice versa. Such types of phones are subsidised and sold at lower prices to increase accessibility.

<https://today.thefinancialexpress.com.bd/first-page/network-locked-phone-handsets-likely-soon-1621877214>

Advance Tax (AT) waiver for some major imports in next budget

- Some major industrial goods including MS (mild steel) products, mobile phone, scrap and ship scrap are set to get waiver from payment of Advance Tax (AT) in the upcoming budget for the fiscal year (FY) 2021-22. Official sources said AT collected at the import stage might be withdrawn to facilitate import of raw materials of the manufacturing sector and remove hassle of VAT refund from field-level VAT offices. Businesses have strongly opposed imposition of AT on the industrial sector as their working capital remained blocked in the VAT offices for a longer period due to complexities in getting refund.

- Field-level VAT officials also proposed to withdraw AT from the sectors which are exempted from payment of VAT and other taxes at trading stage. They alleged that the businesses face hassle while the VAT officials spend unnecessary time on verification related to the refund claims. Currently, AT is applicable at two different rates—5% and 4%—on imports of the products based on the nature of import products. The decision on waiver of AT has been taken as per the recommendation of a committee which was formed comprising senior VAT officials.

- Officials said a specific VAT rate is currently imposed on MS products, scrap and ship scrap ranging from BDT 1,000 and BDT 2,000. There is 4.0% AT on this sector. Due to AT, VAT officials said, the manufacturers are claiming such a volume of VAT refund from the VAT offices that creates a situation of negative VAT collection. They also recommended reducing AT to 1-2% for the sectors or waiving it. Officials said the NBR would set a new rate of AT, 3.0%, in the budget for the next FY for the manufacturing sector.

<https://today.thefinancialexpress.com.bd/first-page/at-waiver-for-some-major-imports-in-next-budget-1621877627>

10-year tax exemption likely for new home appliance makers

- The government is likely to offer a 10-year tax exemption to investments in manufacturing of home appliance to diversify the country's manufacturing base and cut import dependence, said finance ministry officials yesterday. Manufacturing plants launching commercial production of washing machines, electric sewing machines and kitchen appliances such as blenders, microwave ovens and induction cookers from July of fiscal 2021-22 are likely to enjoy the exemption. The incentive may remain effective until June 30, 2030, said officials. The National Board of Revenue (NBR) may impose a condition requiring manufacturers to ensure value addition between 20% and 40%. Only new factories are likely to get the tax break, a ministry official said.

- Today the annual market for home appliance is roughly over BDT 100.00 billion, three-fourth of which is comprised of refrigerators, televisions and air conditioners, said industry insiders. Officials said washing machine and microwave oven sales jumped after the outbreak of coronavirus in the country in March last year. Demand for other kitchen appliances has also grown with more than a dozen electronics retailers offering products to attract customers. Currently, the NBR offers progressively declining tax breaks to home appliance-making industries for five to 10 years depending on the location of the factories.

<https://www.thedailystar.net/business/news/10-year-tax-exemption-likely-new-home-appliance-makers-2098201>
<https://www.newagebd.net/article/138705/home-appliance-makers-in-bangladesh-may-get-10-year-tax-holiday>

27 banks invest BDT 14 billion

- As many as 27 scheduled banks have so far invested BDT 14 billion in the stock market under the special fund, formed under the central bank's initiative to support the ailing market, officials said. The Bangladesh Bank (BB) officials said those banks invested 39% of the aggregate amount of individual funds. One of the BB officials said that the aggregate amount of the banks' funds stood at BDT 36 billion, of which BDT 14 billion have been invested in the capital market as on May 19. In February 2020, the central bank issued a circular on formation of the special fund following the merchant bankers' request to form a BDT 100-billion fund from the government to support the capital market.

- As per the circular, a bank can create a five-year special fund with its own resources or with financing received from the BB through repo or re-financing schemes. Most of the banks, which have so far formed the special fund, invested funds ranging from BDT 600 million to BDT 700 million to the stock market, the BB official said. He noted that five of the banks have invested funds ranging from BDT 920 million to BDT 1.0 billion. The banks are Sonali, United Commercial, NCC, IFIC and Rupali.

<https://today.thefinancialexpress.com.bd/first-page/27-banks-invest-BDT-14b-1621877432>

Walton going big abroad

- Walton Hi-Tech Industries yesterday made public the good news of its surging profits and plans to strengthen its footprint abroad, leading to a three% rise of its stocks. The listed local electronic giant decided to open either branches or liaison offices in India, Nepal, the United Arab Emirates and South Korea which not only would expand its market and help source technologies. They are already sending our products to these countries but now they want to strengthen our market share there, said the Managing Director. South Korea will enable research and development of products, he said.

- Its board of directors also decided to invest USD 500,000 in the Walton Corporation United States of America to purchase ordinary and preferential shares, subject to approval of Bangladesh Bank and other relevant regulators. The aforementioned company will provide import, export and procurement services in North America, Walton Hi-Tech Industries said. The demand for freezers, air-conditioners and home appliances was higher this year while televisions topped those being exported, he said. Earlier last February, Walton decided to make a fresh investment of USD 640 million, to expand facilities to produce and increase export of electrical and electronic goods. With it, the company sought 300 acres of land at Bangabandhu Sheikh Mujib Shilpa Nagar in Chattogram.

<https://www.thedailystar.net/business/news/walton-going-big-abroad-2098193>
<https://www.dhakatribune.com/business/2021/05/24/walton-to-go-global-through-us-branch>

Beximco debenture holders asked to submit claims by 5 June

- The Investment Corporation of Bangladesh (ICB) has asked concerned investors of the debentures issued by three companies of the Beximco Group to claim their principal with interest by 5 June, 2021. The three issuing companies are: Beximco Textile Ltd, Beximco Denim Ltd, and Beximco Synthetics Ltd. ICB is the trustee of the debentures issued by these companies. Of the three debenture issuers, Beximco Denim and Beximco Textile, have merged with Beximco Group's flagship company - Beximco Ltd. But sponsors want to discontinue the venture of publicly listed Beximco

Synthetics as it is not a good business nowadays.

- In order to make the claims, investors have to communicate with the trustee services wing of ICB, of course with supporting documents for their claims. The debentures, issued in the mid-1990s, have long been virtually dormant, mainly due to a lack of proper communication between investors, issuers, and the trustee. The Bangladesh Securities and Exchange Commission is working to re-energise the market for debt securities. Thus, Beximco Group has taken the initiative to pay off any remaining liabilities in debentures.
- The Beximco Group also has two other debentures - Beximco Fisheries Debenture and Beximco Knitting Debenture - still listed on the debenture board of the Dhaka Stock Exchange. But none of these see any trading activity of their units at the bourse. The outstanding amount in the debentures is up to less than BDT 20 million in today's value of Bangladeshi currency. But with added interest, the payable for the issuers may go higher.

<https://www.tbsnews.net/economy/stock/beximco-debenture-holders-asked-submit-claims-5-june-250435>
<https://www.newagebd.net/article/138712/beximco-to-settle-investors-claims-on-3-debentures>

Sonali Paper to add new product line to meet growing demand

- Sonali Paper and Board Mills, a listed company, has decided to add a new product line -- Aluminum foil paper box unit -- by installing a new machine on its factory premises at Rupganj in Narayanganj. The new machine will be imported from China and Sonali Paper has signed a Memorandum of Understanding (MoU) with Chinese firm Zhangjiagang Fineness Aluminum Foil Company to set up an aluminum foil paper unit. The managing director of Younus Group and chairman of Sonali Paper, and the CEO of IBN Corporation signed the deal on behalf of Sonali Paper and Zhangjiagang Fineness Aluminum respectively in Dhaka on Sunday.
- An aluminum foil paper machine, which is fully automated, can produce an average of 100,000 pieces of aluminum foil container boxes per day, the company said in a filing with the Dhaka Stock Exchange (DSE) on Monday. The company strongly believes on utilisation of full capacity of the new machine, will have a significant impact on its competitive position in the market in addition to increasing its revenue. This will increase the annual sales of Sonali Paper by 25%, the MD of the company said.

<https://today.thefinancialexpress.com.bd/stock-corporate/sonali-paper-to-add-new-product-line-to-meet-growing-demand-1621872296>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$66.21	\$17.69	36.46%
Crude Oil (Brent)*	\$68.70	\$16.90	32.63%
Gold Spot*	\$1,876.29	(\$18.81)	-0.99%
DSEX	5,842.91	440.84	8.16%
S&P 500	4,197.05	440.98	11.74%
FTSE 100	7,051.59	591.07	9.15%
BSE SENSEX	50,651.90	2,900.57	6.07%
KSE-100	46,097.11	2,341.73	5.35%
CSEALL	7,233.58	459.36	6.78%

Exchange Rates

USD 1 = BDT 84.79*
 GBP 1 = BDT 120.16*
 EUR 1 = BDT 103.67*
 INR 1 = BDT 1.16*

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

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