

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	
▼ 0.10%	▼ 0.12%	\$1,778.50	\$66.59	▼ 0.13%	▼ 0.83%	▼ 1.04%	▼ 0.81%	BUY TK	83.95	100.59	115.10	12.72
5,511.36	9,622.56	(per ounce)	(per barrel)	48,718.52	28,812.63	3,184.76	3,446.86	SELL TK	84.95	104.39	118.90	13.38



# Star BUSINESS

DHAKA TUESDAY MAY 4, 2021, BAISHAKH 21, 1428 BS • starbusiness@thedailystar.net

## MFS industry swells riding on low-income groups

Cash-out charge unchanged since 2011

AKM ZAMIR UDDIN

Mobile financial services have gained immense popularity in Bangladesh, particularly among lower-income groups, but the charge to withdraw funds has remained almost unchanged since the inception of the digital platform in 2011.

As a result, most clients have to fork out Tk 18.50 to withdraw Tk 1,000 from their accounts. It was the same when the service was rolled out.

Although some MFS providers have recently slashed the charge to Tk 14, users and analysts say the rate is still higher, and a further reduction will benefit the poor, who



### KEY POINTS

Clients count Tk 14-Tk 18.5 to withdraw Tk 1,000

Major portion of cash-out charge goes to agents, distributors, telcos and as taxes

BB should impose ceiling to lower charge: experts

Transaction through MFS stood at Tk 55,059cr in Feb

MFS accounts were 10.24cr in Feb

"But the high cash-out charge is not convenient for me. A cut in the rate would benefit us," Rahman said.

Saiedul Hoq Nissan, a student of the University of Dhaka, has been depending on tuition for years in managing his academic expenditure. In addition, he sends a portion of his income to his parents to meet family expenses.

"I send money to my family through MFS, but the high cash-out charge has become a burden for me," Nissan said.

Experts say that the fund withdrawal charge of Tk 14 to Tk 18.50 is illogical as such type of high charge is rare while settling small financial transactions in the banking sector.

The central bank should intervene to this end as there is no ceiling on the cash withdrawal charge, they said. This will ultimately help the poor.

"The central bank should impose such ceiling on the financial transactions through MFS providers," said Fahmida Khatun, executive director of the Centre for Policy Dialogue.

avail the money withdrawal service through mobile phones most.

Wahidur Rahman, a caretaker of a multi-storied building located in Mohammadpur in the capital, said that he got Tk 15,000 as salary per month and sent more than half of the amount to his family in his village home.

He has no bank account, so he sends the money through agents of mobile financial service providers.

## Incentive spending on remittance may go up

Overall expenses for subsidy, incentive and cash loan to fall

REJAUL KARIM BYRON and DWAIPAYAN BARUA

The government may increase its allocation for incentive expenses for remittance in the next fiscal year as it looks to retain the surge of the flow of the cheapest source of foreign currencies for Bangladesh.

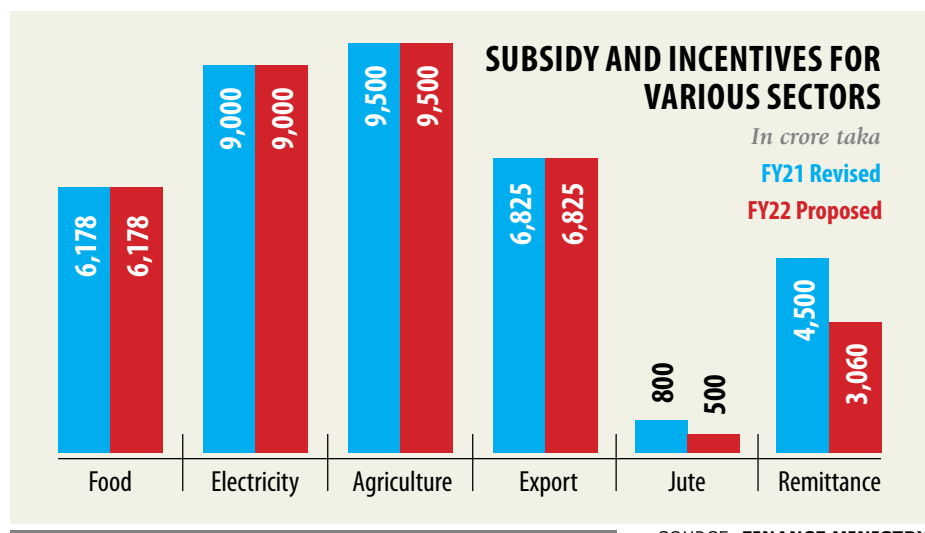
It had earmarked Tk 3,060 crore in the original budget of the fiscal year of 2020-21 to pay incentives to the beneficiaries of remittance. The allocation has been revised by 47.06 per cent to Tk 4,500 crore in the revised budget.

The government now plans to set aside Tk 4,000 crore for the next fiscal year to help the economy absorb the shock stemming from the coronavirus pandemic.

However, the expenditure allocation for subsidies, incentives, and cash loans may come down to Tk 54,925 crore compared to the revised allocation of Tk 56,303 crore in FY21.

The incentive expenses for remittance are increasing as the money sent by the migrant workers has been growing fast since the pandemic struck, defying grim forecasts.

READ MORE ON B3



SOURCE: FINANCE MINISTRY



## Red-hot US recovery boosts RMG hope

Bangladeshi suppliers receiving higher queries from American buyers

REFAYET ULLAH MIRDHA

The strong performance of the US economy fuelled by the Biden administration's relief cheques to the people and the ongoing rapid vaccination holds promises for the recovery of Bangladesh's garment shipment to its single largest export destination.

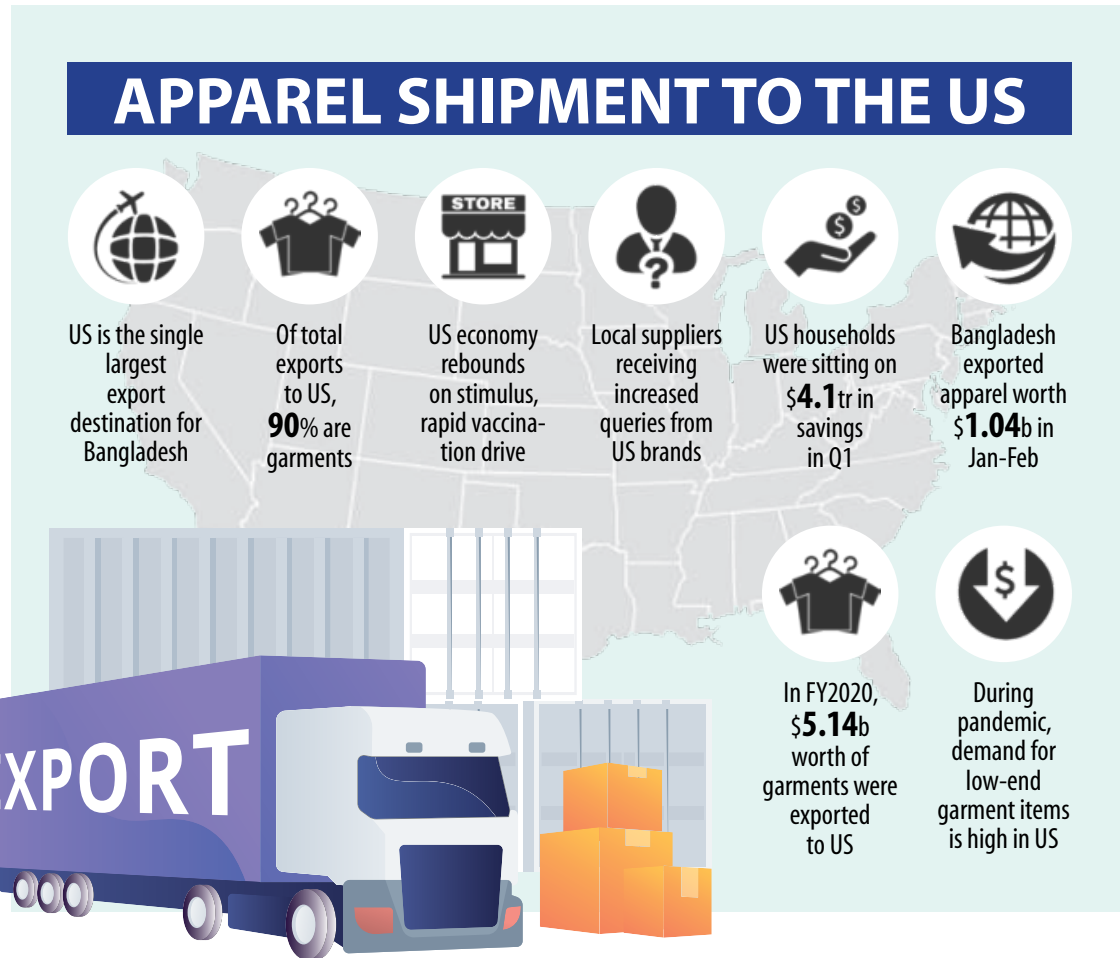
US economic growth accelerated in the first quarter as the government gave money to mostly lower-income households, fueling consumer spending and setting the course for what is expected to be the strongest performance this year in nearly four decades.

GDP increased at a 6.4 per cent annualised rate in the January to March quarter, the biggest first-quarter expansion since 1984. That followed a 4.3 per cent growth rate in the fourth quarter, according to Reuters.

The ongoing vaccination has boosted the confidence of consumers as they are dining out, shopping and going on holidays. Retailers have reopened stores.

As a result, garment suppliers in Bangladesh are receiving a higher number of queries for US-bound work orders.

READ MORE ON B3



## Forex reserve hits record \$45.1b

STAR BUSINESS REPORT

The country's foreign exchange reserves yesterday hit a new record of \$45.1 billion thanks to an upward trend of remittance and lower import payments.

The reserves, one of the major macroeconomic indicators of an economy, have gone up 36.22 per cent in the last one year. It was \$33.11 billion on April 30, 2020, according to data from the central bank.

A strong inflow of remittance has largely helped the country build up the foreign exchange reserve, said a Bangladesh Bank official.

Between July and April this fiscal year, the Bangladeshi diaspora sent remittances worth \$20.66 billion, up 39 per cent year-on-year.

Imports, however, slightly increased 1.9 per cent year-on-year to \$37.06 billion in the eight months of this fiscal year.

READ MORE ON B3

## Edible oil price cut to Tk 141 per litre

STAR BUSINESS REPORT

Consumers will now be able to buy a litre of edible oil at Tk 141 per litre as refiners and manufacturers have reduced the price by around 2 per cent from Tk 144.

The Bangladesh Vegetable Oil Refiners and Vanaspati Manufacturers Association took the decision yesterday following a commerce ministry request.

### NEW PRICES OF EDIBLE OIL

	New rate	Reduction
Bottled soybean oil (per litre)	Tk 141	2%
Soybean oil (5 litres)	Tk 670	2.2%
Loose soybean oil (per litre)	Tk 119	2.5%
Loose palm oil (per litre)	Tk 110	2.7%

The reduction comes eight days after the price of the necessary cooking ingredient was raised by Tk 5 per litre.

The association in a press release said it had decided to give a discount of Tk 3 per litre at the ministry's request considering the limit in purchasing capacity of consumers during the holy month of Ramadan and the Covid-19 pandemic.

This price will stay in effect until Eid-ul-Fitr and will be adjusted afterwards in tune with international market prices, it said.

As per the new decision, the retail price of branded soybean oil will be Tk 141 per litre, loose soybean at Tk 119 per litre and loose palm at Tk 110 per litre. The price of a five-litre bottle has been set at Tk 670.

READ MORE ON B3

## BSEC to appoint auditor for Fareast Finance

Rules framed to utilise Tk 21,000cr capital market stabilisation fund

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) will appoint a special auditor for Fareast Finance and Investments to investigate the company's financial situation.

The stock market regulator took this decision during a commission meeting yesterday.

Fareast Finance, a listed non-bank financial institution, has failed to provide any dividends to investors since 2017 due to considerable losses.

The company's reserve stands at Tk 117 crore in the negative while its paid-up capital is Tk 164 crore, data from the Dhaka Stock Exchange (DSE) shows.

After its trading debut in 2013, Fareast Finance has so far provided only 15 per cent cash dividends and 2.5 per cent stock dividends.

But as the company's history of poor performance since then has ultimately impacted its investors, the stock market regulator decided to initiate a special audit, according to a top BSEC official.

It was also decided during the commission meeting that foreign investors would be allowed to sponsor any mutual fund.

READ MORE ON B3

## Stocks end lower as profit-booking continues

STAR BUSINESS REPORT

Stocks closed lower yesterday as a profit-booking tendency continues to prevail among investors following a three-day gaining streak.

DSEX, the benchmark index of the Dhaka Stock Exchange, dropped 5.65 points, or 0.10 per cent, to close at 5,511.36 yesterday.

Turnover, an important indicator of the market, plunged 17.5 per cent to Tk 1,159 crore. Market analysts attributed the decline to the investors' profit-booking tendency.

As most stocks rose 15 per cent to 20 per cent, investors are taking their profits. Besides, investors got back their confidence in the market and started investing again, said a top official of a stock brokerage firm.

Investors are also rearranging their portfolios considering performance of the listed companies.

READ MORE ON B3

## Ceramic makers seek low-cost funds

Will pay workers' salary, bonus

JAGARAN CHAKMA

The country's ceramic manufacturers have demanded low-cost funds on easy terms for payment of their workers' salaries, allowances and Eid bonuses.

"We need low-cost funds to pay salaries for May, June, July and August along with festival allowances of our workers," said Md Shirajul Islam Mollah, president of the Bangladesh Ceramic Manufacturers and Exporters Association (BCMEA).

The trade body made the call in their budget proposals that it handed over to the finance ministry on April 28.

Businesses have so far invested Tk 9,000 crore in the sector, which directly employs 50,000 workers and indirectly over 500,000.

The country has 68 ceramic factories that made export and import-alternative products, including tableware, tiles and sanitary ware, worth around Tk 6,000 crore in 2019.

Ceramic sector earns over Tk 400 crore worth of foreign currency a year by exporting ceramic products to more than 50 countries.

"The local companies meet 90 per cent of the country's demand for ceramic products," said the BCMEA president. The sector was doing great, but the Covid-19 outbreak spoiled the growth momentum, he said.

READ MORE ON B3

### INDUSTRY AT A GLANCE

The sector meets 90% of local demand	Bangladesh meets 0.14% of global demand	Demand for ceramics rises 20% a year	Active factories: 68	Total investment: Tk 9,000cr	Export earnings in FY2020: \$28m
--------------------------------------	---	--------------------------------------	----------------------	------------------------------	----------------------------------

