

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.

Interest rate of bank loan 'to be brought down: PM

- Expressing her government's firm stance to bring down the interest rate of bank loan to a single digit, Prime Minister said on Sunday the government will take measures again to reduce the interest rate for the sake of the country's industrialisation, reports UNB. They will sit again to discuss how to reduce the interest rate of bank loan, she added while inaugurating the weeklong first national industrial fair in the city. PM said that the government earlier took initiatives to reduce the bank interest rate and provided some facilities to the banks
- Some banks brought down the interest rate to 9% accordingly, but all didn't do so. It (the rate) was taken to 14-16% again, she added. The Prime Minister questioned why the banks did not reduce the interest rate despite enjoying the facilities. PM said that the owners of banks are running mills and factories and also doing businesses. Noting that now she will have to interfere in this area she said. They're running banks and also industries, but won't reduce the interest rate. What businesses they have and whether they're paying tax and VAT properly.

<http://today.thefinancialexpress.com.bd/first-page/interest-rate-of-bank-loan-to-be-brought-down-1554055712>

<https://www.thedailystar.net/business/news/lending-rate-be-brought-down-pm-1723132>

<http://www.newagebd.net/article/68880/bank-loan-interest-to-be-brought-down-pm>

Liquidity shortage hits banks' farm loan disbursement

- Farm loan disbursement dropped by 2.81% or BDT 4.06 billion in the July-February period of the current fiscal year due mainly to liquidity crisis in the country's banking sector. In July-February of FY19, banks disbursed BDT 141.13 billion in farm loans against BDT 145.20 billion disbursed in the same period of FY18, according to the latest Bangladesh Bank data. Officials of the central bank mentioned liquidity shortage as the key reason for the fall in agricultural loan disbursement by banks.
- They said that banks were facing multiple challenges that were holding them back from disbursing farm loans in line with the central bank-set target for the current fiscal year. The liquidity crisis of banks was reflected in inter-bank loans, call money rate and increasing deposit rate in the banking sector. Even the private sector credit growth was 13.2% in January this year, far below the BB-set target (16.5%). Riding on higher demand for liquidity, call money rate increased to 4.53% on March 28 this year. The rate of call money was 2.77% in June last year.
- Banks borrowed BDT 134.75 billion from the central bank through repurchase agreement (REPO) in the period between July, 2018 and March 5, 2019 while the entities borrowed BDT 5.72 billion in the entire 2017-2018 fiscal year. In the fiscal year of 2016-2017, banks' borrowing through REPO was BDT 1.15 billion. Deposit growth in the banking sector dropped below 10% in recent months, which also worsened the liquidity situation in the banking sector.

<http://www.newagebd.net/article/68881/liquidity-shortage-hits-banks-farm-loan-disbursement>

Government offers low-cost fund for safer RMG

- The government has formed a €50 million fund to give out low-cost loans for garment factory remediation with the view to enhancing workplace safety in the country's main export-earning sector. Each garment factory will get loans of up to €1 million from the fund at 7% interest rate. In exceptional cases, the amount of loan will be increased to €3 million for massive upgrades. The fund can also be used to reduce pollution, ensure efficient use of energy and create a decent place to work, as per the notice sent out to all lenders and non-bank financial institutions yesterday.
- Banks will have to count interest rate at 3.50% to get the fund. The central bank will play the role of implementing agency for the fund, formed with soft loans from the Agence Française de Développement, which is a public financial institution that implements the policy defined by the French government. Apart from the loan fund, an additional €14.29 million will be provided as grants to the successful garment factories and banks that disburse the loans properly.
- European Union, Kreditanstalt für Wiederaufbau, Gesellschaft für Internationale Zusammenarbeit and the Bangladesh Bank will provide the fund as grant in the interest of the country's garment sector. In fiscal 2017-18, garment exports fetched USD 36.66 billion, according to data from the Export Promotion Bureau.

<https://www.thedailystar.net/business/news/govt-offers-low-cost-fund-safer-rmg-1723117>

<http://www.newagebd.net/article/68879/50m-euro-loan-fund-at-bb-for-rmg-sector>

Businesses on same page with government over VAT law

• Businesses are on board with the government's plan to introduce four different rates of value-added tax (VAT) from July, clearing the way for the implementation of the much-talked about VAT law 2012. As per the scheme, there will be four different rates of VAT applied on most of the goods and services under the existing VAT law 1991: 5%, 7.5%, 10% and 15%. President of the Federation of Bangladesh Chambers of Commerce and Industry said that they have agreed in principle and will fix the remaining issues later.

• Over the next two months, the National Board of Revenue (NBR) in consultation with businesses will slot the sectors into the four VAT rates. Businesses have accepted the 5%, 7.5% and 10% rates of VAT, Finance Minister said. The introduction of multiple rates would require amendment of the VAT and Supplementary Duty Act 2012 as it envisaged a uniform 15% rate, according to NBR officials familiar with the law.

• NBR Chairman said that they will fix the rates of VAT in the budget proposal. They have also hiked the threshold of VAT-free turnover ceiling and decided to rationalise the turnover tax. The VAT-free turnover limit would be increased to 5.0 million from existing BDT 3.6 million. The ceiling of turnover tax would be increased to BDT 30 million from BDT 8.0 million, and the rate of turnover tax would be hiked to 5% from 3% at present, he added.

<https://www.thedailystar.net/business/news/businesses-same-page-govt-over-vat-law-1723126>

South Bangla Agriculture and Commerce (SBAC) to go public

• South Bangla Agriculture and Commerce (SBAC) Bank, a fourth generation private commercial bank, has taken initiative to go public under the fixed price method. As part of offloading shares, the SBAC Bank signed an agreement on Sunday with its issue manager--ICB Capital Management. After getting the audited financial statement they will start the job of preparing the company's IPO proposal, chief executive officer at ICB Capital Management said. The company secretary of the SBAC Bank, said their company will go public with the financial statement for the year ended on December 31, 2018 if the relevant processes are completed by April this year. The paid-up capital of the SBAC Bank, which was incorporated in 2013, is BDT 5.65 billion.

<http://today.thefinancialexpress.com.bd/stock-corporate/sbac-to-go-public-1554056983>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$60.50	+0.36	+0.60%
Crude Oil (Brent)*	\$68.10	+0.52	+0.77%
Gold Spot*	\$1,293.62	+1.24	+0.10%
DSEX	5491.91	-13.59	-0.24%
Dow Jones Industrial Average	25,928.68	+211.22	+0.82%
FTSE 100	7,279.19	+44.86	+0.62%
Nikkei 225	21,679.44	+473.63	+2.23%

Exchange Rates

USD 1 = BDT 84.07*

GBP 1 = BDT 109.58*

EUR 1 = BDT 94.44*

INR 1 = BDT 1.21*

*Currencies and Commodities are taken from xe.com

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