

*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.*

### **Local industries are allowed to borrow from offshore banking**

- Local industrial enterprises are now allowed to receive foreign currency loans with lower interest rate from offshore banking operation of banks, officials said. Under the regulations, interested local industrial enterprises will have to submit loan proposal in prescribed forms to the Banking Regulation and Policy Department (BRPD) of the central bank for approval, according to a notification issued by the central bank on Monday. A Bangladesh Bank senior official said it is not necessary to get Bangladesh Investment Development Authority (BIDA)'s approval for sanctioning such foreign currency loan.
- Senior bankers, however, predicted that such policy might adversely impact on demand for private sector credit in form of local currency in the near future. Currently, the banks are offering their lending rates ranging between 10% and 12% for large and medium scale industries while interest rates on loans for small industries range between 10% and 15%, according to the private banker. On the other hand, the industrial enterprises may easily borrow such foreign currency loans by paying below 6.0% interest, a senior executive of a private commercial bank said. Under the revised policy, the banker is now allowed to fix the interest rates on buyers/suppliers' credit at six-month LIBOR (London Inter-bank Offered Rate) plus maximum 3.50% instead of earlier maximum 6.0%.

<http://today.thefinancialexpress.com.bd/first-page/local-industries-are-allowed-to-borrow-from-offshore-banking-1558978783>

<https://www.thedailystar.net/business/news/bb-eases-offshore-banking-rules-1749946>

### **Credit issuance to export processing zone (EPZ), economic zone (EZ) and high-tech park (HTP) units eased**

- Bangladesh Bank on Monday eased rules on loan sanction from banks' offshore banking units for the entities located in the export processing zones, economic zones and high-tech parks. Under the revised provision, banks are allowed to issue short-term loans to joint venture companies in the export processing zone (EPZ), economic zone (EZ) and high-tech park (HTP) in the country without taking permission from the central bank. Besides, fully foreign entities would also be able to take all kinds of regular banking services from the banks except taking mid-term and short-term loans. In case of issuing mid-term and short-term loans to fully foreign entities, banks will have to take prior approval from the central bank.
- The central bank asked banks to keep separate transaction records for their onshore and offshore units. The BB circular barred banks from transferring fund collected through the offshore units to their onshore units. However, there would be no bar on transferring fund to the onshore units from the offshore units against loans issued to the offshore banking units from the onshore ones. The policy on offshore banking units, issued on February 25 this year, has asked banks to comply with cash reserve requirement (CRR) and statutory liquidity ratio (SLR) rules for their offshore banking units. The policy has also made it mandatory for banks to invest three-fourths of their total outstanding fund for offshore banking in Bangladesh. Banks have also been asked to renew the approval for their offshore banking units (OBUs) in line with the new policy by applying to the central bank within three months. Banks will have to launch their offshore banking operations within six months or by the time period subsequently extended by the central bank from the date of issuance of approval.

<http://www.newagebd.net/article/73717/credit-issuance-to-epz-ez-htp-units-eased>

### **Subsidy burden to be 23% heavier**

- The government's subsidy expenditure is likely to soar 22.28% year-on-year to about BDT 450 billion next fiscal year as it looks to continue to provide cheaper gas and extend cash incentives to remitters and exporters. The government is subsidizing gas in current fiscal year as it is importing liquefied natural gas at a rate much higher than that of the locally produced gas. The per unit cost of imported LNG is BDT 25.17; after adding tax and regasification charges the total cost comes to BDT 33.44, according to Petrobangla. When the LNG is blended with local gas the cost of production for per unit comes to BDT 14.64. On the other hand, the average retail price of gas supplied by Petrobangla from domestic sources is BDT 7.39 per cubic meter.
- The government is mulling over introducing 2-3% cash incentive to migrant workers to encourage them to send remittance through the official channels. Some BDT 30 billion might be allocated in fiscal 2019-20's budget for this purpose, a finance ministry official said.
- At present, garment makers that use local yarn enjoy subsidy of 4% on their export earnings. Those who export to new markets, which are destinations other than the US and the EU, will also get cash subsidy. But from next fiscal

year, the government is planning to provide cash incentives to all garment exporters. This will cost BDT 90 billion, the finance ministry official said.

- The subsidy in the power sector has been kept at BDT 92 billion in fiscal 2018-19, up from BDT 60 billion last fiscal year. It may hit BDT 100 billion in fiscal 2019-20. Besides, subsidies to the agriculture sector will likely be BDT 90 billion and food BDT 50 billion.

<https://www.thedailystar.net/business/news/subsidy-burden-be-23pc-heavier-1750012>

### **Mobile Financial Services (MFS) accounts fall 22% in four months**

• The number of active user accounts in the mobile financial service industry declined 22% in the last four months because of strengthening of monitoring by the central bank and a variety of options available to customers. The industry started the year with 37.3 million active user accounts but at the end of April it declined to 29.1 million, according to a report of the central bank. Since January, the industry has posted negative growth every month in terms of users' number. However, the number of total registered users stood at 68.3 million in April and is growing. Also, the downward trend has had almost no impact on the transaction volume: BDT 349.76 billion changed hands in April.

• As per existing rule, if an account does not make a transaction for 90 days, it will be struck off from the list of the active accounts. However, the account holder will still be on the list of registered users. An executive director of the Bangladesh Bank said the central bank has banned opening multiple MFS accounts using one single national identification card (NID) while existing multiple accounts against an NID card had to be brought down to one. Currently only one account is allowed per NID card.

• Sixteen operators, including bKash, Rocket and UCash, are offering MFS at the moment. Another player Nagad, a service of the state-run postal department, has made foray into the industry and has about 1.5 million accounts to its name. The number, however, was not included in the central bank's report.

<https://www.thedailystar.net/business/news/mfs-accounts-fall-22pc-four-months-1749994>

### **Move to make minimum import value state-neutral**

• The National Board of Revenue (NBR) is set to review the existing country-specific minimum import value to make it state-neutral and include the minimal provision for faster customs clearance in the upcoming budget, officials said. The introduction of both provisions is expected to help businesses clear goods faster while undergoing simplified customs process. Officials said the revenue board may also amend the existing Statutory Regulatory Order (SRO) that defines minimum value to help minimise disparity in determining the customs assessment value between the Asian and other countries. Once the minimal value is introduced, a dedicated desk at the custom houses will be needed to ensure faster clearance of consignment that meets the condition of such value. The documentary requirement for this type of consignment will be as minimal as possible. If a product meets any of the two criteria, either it is eligible for paying a prescribed minimum taxes or falls under the category of that minimum customs assessment value, will enjoy the facility, known as de minimis.

<http://today.thefinancialexpress.com.bd/first-page/move-to-make-minimum-import-value-state-neutral-1558978826>  
<http://www.newagebd.net/article/73714/nbr-to-launch-uniform-lowest-import-values-for-all-origins>

**World Stock and Commodities\***

<b>Index Name</b>	<b>Close Value</b>	<b>Value Change</b>	<b>% Change</b>
Crude Oil (WTI)*	\$59.12	+0.49	+0.84%
Crude Oil (Brent)*	\$70.05	-0.06	-0.09%
Gold Spot*	\$1,283.23	-2.13	-0.17%
DSEX	5253.55	+0.22	+0.00%
Dow Jones Industrial Average	25,585.69	+95.22	+0.37%
FTSE 100	7,277.73	+46.69	+0.65%
Nikkei 225	21,272.46	+89.88	+0.42%

**Exchange Rates****USD 1 = BDT 84.12\*****GBP 1 = BDT 106.59\*****EUR 1 = BDT 94.05\*****INR 1 = BDT 1.21\***

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

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