

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.

Pandemic slows development work

- The Covid-19 pandemic seriously affected the development project execution by the relevant government agencies during July-October period of the fiscal year (FY) 2020-21, officials said on Wednesday. The agencies could spend only 12.79% of BDT 2.14 trillion Annual Development Programme (ADP) outlay in the first four months of the current fiscal, the government data showed. The ADP implementation performance of the government agencies was as low as 11% during the same period of FY'2016, according to the Implementation Monitoring and Evaluation Division (IMED). The ADP implementation rate picked up in FY' 2017 and it improved in the next four years. However, the implementation rate plunged in the current FY due to the impact of the COVID pandemic, experts and officials said on Wednesday.
- The IMED data showed the government ministries and agencies spent 14.25% of the ADP outlay in July-October period of the last FY. During the same period of FY2019, the spending was 13.75%, 14.51% in FY 18 and 13.60% in FY 17. The government framed a BDT 2.14 trillion ADP, including the allocations for the autonomous and semi-autonomous bodies for the current fiscal. Of the total outlay, it has allocated BDT 1.34 trillion funds from the internal resources, BDT 705.02 billion from the external resources as the project aid and BDT 94.66 billion from the funds of the autonomous and semi-autonomous bodies.
- An IMED official said the government agencies spent higher funds from the local resources while less funds from the external resources, resulting in a lower ADP implementation rate this year. The agencies spent BDT 183.24 billion, 13.61% of the total outlay from the internal resources in the four months to October. However, they utilised BDT 82.84 billion, or 11.75% of the foreign fund allocation.

<https://today.thefinancialexpress.com.bd/first-page/pandemic-slows-dev-work-1605117459>

Loan disbursement, remittance booming in agent banking

- The central bank has amended its instruction, allowing banks to provide their market disclosures within seven working days of finalizing the annual audited financial statements, instead of March or September. Under the amendments, the banks are now instructed to provide required market disclosures in both qualitative and quantitative forms within seven working days of finalizing the annual audited financial statements as per the allowable time limit under Section 40 of Bank Company Act 1991, according to a notification, issued by the Bangladesh Bank (BB) on Tuesday.
- Bangladesh is also receiving a significantly large portion of the remittance through agent banking. In September this year, the country received BDT 383.4 billion in remittance, which is a 221% increase from the BDT 119.4 billion recorded in same month previous year. Responding to a query, Senior Research Fellow of the Bangladesh Institute of Development Studies (BIDS) and economist Dr Nazeen Ahmed said that agent banking was providing services to people even in the rural areas, which was a great advantage.
- According to the Bangladesh Bank, 28 banks have taken licence for carrying out agent banking. Of these, 24 banks have launched the service so far. As of September this year, the number of agents have reached 10,163, which is a 16% increase compared to the same month last year. During this period, the number of outlets have reached 14,016, which is a 49% increase when compared year-on-year. The number of agent banking accounts has exceeded 8.2million in September this year, which is a 107% increase from 4.0 million recorded in the same month last year.

<https://tbsnews.net/economy/banking/loan-disbursement-remittance-booming-agent-banking-156847>

<https://www.dhakatribune.com/business/banks/2020/11/12/agent-banking-emerging-as-an-alternative-to-loan-sharks-for-rural-people>

Bangladesh apparel sees drop in November, December export orders amid pandemic

- The apparel sector posted growth in export in August and September after several months but returned to the negative zone in October. A drop in the product price against rising production costs has also hit the industry, according to the exporters. New work orders dropped in November and December in comparison with the same period last year, the entrepreneurs said. Bangladesh exported garments worth USD 34 billion, or about 84% of the total export earnings, in 2018-19. With help from the government's stimulus package to soften the blows of the pandemic and the restart of the economies, the sector began turning around, said analysts.
- Bangladesh's export earnings began to dip in March 2020, with RMG export dropping to USD 2.25 billion that from USD 2.82 billion in the same month last year, after the pandemic began in China in late 2019. The sector slowly began to turn around when the factories started to reopen following an improvement in the pandemic situation in Europe. Bangladesh exported garments worth USD 1.23 billion in May and USD 2.24 billion in June cushioning the economic

crisis. Exports in the sector bounced back to growth in July and August bringing relief to the factory owners after a 6% negative growth in June. Garment exporters, however, are losing hope again with the 7.78 negative growth in October.

<https://today.thefinancialexpress.com.bd/trade-market/bd-apparel-sees-drop-in-nov-dec-export-orders-amid-pandemic-1605115759>

Development spending rises to four-month high

- Development spending rose to a four-month high of BDT 101.5 billion in October as the government accelerated expenditure to revive the economy reeling under the impacts of the coronavirus pandemic. The outlay under the annual development programme, is, however, down 23.72% from the BDT 133.1 billion spent in the same month last year, data from the Implementation Monitoring and Evaluation Division showed yesterday. From July to October, the first four months of the fiscal year, the ADP spending stood at BDT 274.5 billion, down 10.43% year-on-year. The uptick in the ADP implementation may be attributed to the softening of the government stance on the fund going to low-priority projects. In July, the government had restricted the disbursement of funds for the low-priority projects to free up funds for the productive sectors amid widening revenue shortfall caused by the devastating impacts of the pandemic.

- Recently, the finance ministry has softened its stance, giving in to pressures from line ministries and also for improvements in revenue collection. Now, 25% of the allocation from the ADP would remain halted for the ministries because of the lingering pandemic, down from 30% previously. Ministries and divisions could utilise BDT 70.5 billion of the government fund in October. It was BDT 96.5 billion in the same period last fiscal year. On the other hand, they were able to spend BDT 28.3 billion from the foreign aid portion this year. It was BDT 34.1 billion in the same period last fiscal year.

- The overall ADP implementation during the July to October period fell to 12.79%, the lowest in the past five fiscal years. Of the 15 large ministries and divisions, which received 81.16% of the allocation this fiscal year, 11 spent higher than the average. The primary and mass education ministry was able to spend 25.15% of the implementation target, followed by the secondary and higher secondary division with 20.70% of its allocation. The Prime Minister's Office spent 19.81% of its allocation and power division 16.69%, education ministry 15.30%, local government division 12.67%, road transport and highway division spent 12.19%, water resources ministry 11.97%, bridge division 11.68%, science and technology ministry 10.28%, and ministry of housing and public works 10.11%.

<https://www.thedailystar.net/business/news/development-spending-rises-four-month-high-1993521>
<https://www.newagebd.net/article/121341/adp-execution-hits-5-yr-low-in-july-oct>

Government bank borrowing drops 97.0% in 4 months

- The government's borrowing from the country's scheduled banks dropped further in October, bringing down the government's net borrowing to BDT 9.5 billion in the July-October period of the current fiscal year of 2020-2021. In the four months of FY21, the government's borrowing was 97.37% or BDT 350.1 billion lower than BDT 30.0 billion borrowed in the same period of FY20. In the first three months of FY21, the borrowing was around BDT 30.0 billion. As per the BB data, the government's borrowing from the central bank dropped to BDT 200.5 in October from BDT 443.5 billion four months ago but its borrowing from the scheduled banks increased to BDT 1.6 trillion from BDT 1.3 trillion.

- The government's net borrowing from the banking system dropped due mainly to an increase in sales of national savings certificates, BB officials and bankers said. In the banking sector, the weighted average deposit rate dropped to an all-time low at 4.79% in August, prompting people diverting their funds to other investment tools including NSCs where yield rate is around 12%. In July-September of FY21, the net sales of national savings certificates increased by 148% to BDT 116.7 billion from BDT 470.0 billion in the same period of FY20.

- In the budget for FY21, the revenue collection target was set at BDT 3.8 trillion, leaving deficit of BDT 1.9 trillion. For deficit financing, the government has planned to collect BDT 1.1 trillion from the domestic sources that includes BDT 849.8 billion from the banking system.

<https://www.newagebd.net/article/121340/govt-bank-borrowing-drops-97pc-in-4-months>

Bangladesh outlook stable despite choppy remittance, exports: Fitch

- Global credit rating agency Fitch has rated Bangladesh with a "stable outlook" for 2020 but warned about a downside risk of the country's rising remittances – terming the growth "temporary" – and an uncertainty over exports. In its ratings released on Wednesday, Fitch addressed various economic challenges for Bangladesh, including higher degree of uncertainty in achieving expected GDP growth, a rise in budget deficit amid a poor revenue collection, and a further rise in default loans. Despite various challenges arising out of the Covid-19 pandemic, only the strong position of foreign exchange reserves – which crossed USD 40 billion – has helped Bangladesh retain its stable outlook rating.

- Addressing the remittance issue, Fitch said remittance is an important driver of household consumption and accounts for about 6% of the GDP. It has surprisingly been resilient, supporting private consumption. Remittances grew by nearly 17% year-on-year during the January-October period in 2020. Expressing concerns about exports, Fitch said the

outlook for exports remains uncertain, due partly to the pandemic, but there is also little evidence to suggest that Bangladesh might be benefitting significantly from trade diversion owing to the US-China trade disputes.

- Bangladesh's readymade garment sector, which accounts for 80% of total export earnings, raked in USD 27.9 billion in FY20, down from USD 34.1 billion in FY19, as demand from key markets, such as the European Union (62%) and the United States (18%), has fallen. According to official statistics, the economy slowed significantly to 5.2% in FY20 from 8.2% in FY19.
- Fitch also projected the budget deficit to remain at 7.8% of GDP in FY21, higher than the authorities' projection of 6%, driven by continued spending on economic recovery as part of the stimulus package – around 4% of GDP over FY20 and FY21 – and weak revenue performance. Fiscal risks from contingent liabilities have increased due to the economic fallout on state-owned enterprises and a weak banking sector. The authorities' FY20 revised budget deficit now stands at 5.3% of GDP, up from 4.8%.

<https://tbsnews.net/economy/bangladesh-outlook-stable-despite-choppy-remittance-exports-fitch-156772>

60.0% of VAT payers submitting returns online

- At least 60% of value added tax (VAT) payers have been submitting their return files online, thanks to the National Board of Revenue (NBR) which has made the submission process easier and of an international standard. As per the NBR, the number of online VAT return submissions has increased from 8,000 to 10,000 per month amid the Covid-19 epidemic. In September, the number of return submissions stood at 6,146, which is about 60% of the total number of VAT payers.
- According to the Project Director of the VAT Online project Kazi Mostafizur Rahman, the number of online return submissions in October last year was only 22,732, which stood at 68,146 in September this year, while the number was 50,300 in July this year. At present, the number of VAT registered companies is 0.214 million. However, many of these organisations have multiple registrations. The authority will cancel the registration of those organisations which have more than one registration. According to him, about 30,000 registrations might be canceled. Out of the registered organisations, 0.1 million of them currently submit returns, and of those, 66,000 submit them online. The Commissionerates in Cumilla and Jashore are ahead in the number of online return submissions. Around 90% of VAT payers of these two commissionerates are filing their returns online.

<https://tbsnews.net/economy/60-vat-payers-submitting-returns-online-156838>

Bank deposit insurance fund size grows to BDT 96.1 billion in FY20

- The size of Deposit Insurance Trust Fund managed by the Bangladesh Bank (BB) with a view to protecting the interest of bank depositors grew by 15.76% or BDT 13.1 billion in the fiscal year 2019-2020. As per the BB data, the underlying asset value of the size increased to BDT 96.1 billion at the end of June this year from BDT 13.1 billion a year ago.
- According to the Bank Deposit Insurance Act, 2000, in case of winding up of an insured bank, the BB will pay depositors of that bank an amount equal to the amount of their deposit in that bank but not more than BDT 0.1 million. The government, however, has drafted a new law titled 'Deposit Protection Act 2020' to replace the existing one where the benefit for the depositors has been increased to BDT 0.2 million. Out of the 110.5 million bank accounts, deposits in 103.7 million accounts are within BDT 0.2 million.
- None of the country's banks has so far faced liquidation. However, the government in July last year approved liquidation of People's Leasing and Financial Services, an NBF, amid massive irregularities and its failure to return depositors' money.

https://www.newagebd.net/article/121338/bank-deposit-insurance-fund-size-grows-to-BDT_9611cr-in-fy20

As uncertainty persists, clouds get thicker over investment frontier

- Investment has not picked up in Bangladesh despite the reopening of the economy five months back largely due to the deep uncertainty caused by the coronavirus pandemic which continues to creep along. The opening of letters of credit for importing capital machinery, one of the major indicators to gauge investment sentiment in Bangladesh, plunged 24.93% year-on-year in the July to August period of the current fiscal year. Correspondingly, the LC settlements plunged 38.93%. The opening and settlements of LCs for intermediate goods dipped 19.38% and 28.87% respectively, showed data from Bangladesh Bank. The opening of LCs for raw material import dropped 10.57% while its settlements declined 6.99%.
- Disbursement of industrial term loans, another indicator, stood at BDT 280.6 billion in the April to June quarter, down 34.99% from BDT 431.5 billion year-on-year. Although the latest data is not available, the LC openings and settlements may have fallen in the entire first quarter of the current fiscal year as shown in the trend of imports, which declined 11.47% year-on-year.

<https://www.thedailystar.net/business/news/uncertainty-persists-clouds-get-thicker-over-investment-frontier-1993533>

Edible oil prices keep rising

- The price of edible oil has risen in local markets amid stockpiling by large economies owing to the potential threat of a second wave of the coronavirus and a rising cost of all products worldwide, according to market players. Besides, edible oil prices have fluctuated over the past few months due to decreased production in exporting countries, weakening of the global supply chain and stockpiling amid the ongoing Covid-19 pandemic.
- The price of soybean oil at Khatunganj, a wholesale market in Chattogram, has increased by BDT 500 per maund (37.3 kilograms) to about BDT 3,650. Similarly, palm oil now costs around BDT 3,250 to BDT 3,270 per maund, an increase of about BDT 450. Traders hinted that the price of edible oil might go up further in international markets. The price of soybean oil globally stood at USD 970-980 per tonne yesterday, an increase of USD 230 per tonne from early August. At the same time, the price of palm oil ballooned by USD 150 per tonne to USD 885 in international markets.

<https://www.thedailystar.net/business/news/edible-oil-prices-keep-rising-1993529>

VAT online project awaits yet another extension

- The government may extend the much-talked-about VAT Online Project (VOP) by another six months to June 30, 2021, as some of its key components are unlikely to be implemented with the December 31 deadline. The World Bank (WB) has already given the green signal to the National Board of Revenue (NBR) on the extension of the BDT 6.90 billion project. Some key components like refund, audit, debt and risk management to automate VAT administration have not been completed until now.
- The Bank is providing USD 60 million for the project under a 'programme for result' initiative. A senior VOP official said the project expenditure is expected to be BDT 3.40 billion after its extension by another six months. Until November 2020, the total spending was BDT 2.56 billion.

<https://today.thefinancialexpress.com.bd/first-page/vat-online-project-awaits-yet-another-extension-1605117527>

Preferential tariffs for Bangladesh, other nations to continue: United Kingdom

- The United Kingdom (UK) has said imports from 47 of the world's least developed countries, including Bangladesh, will not face any tariffs - supporting their economic development through business and trade, reports UNB. Low-income and lower-middle income countries will benefit from lower tariffs compared to the UK Global Tariff, according to Department for International Trade, Foreign, Commonwealth & Development Office. The trade preference scheme will cover any eligible countries that do not have their existing trade agreements transitioned into a new agreement with the UK.
- The UK imported approximately £8 billion-worth of textiles and apparel products from eligible countries last year. The UK government is planning on improving the scheme to better support developing countries. British importers will continue to pay zero or reduced tariffs on everyday goods such as clothing and vegetables from the world's poorest countries now the UK has left the EU, Liz Truss announced on Tuesday. The UK's Generalised Scheme of Preferences (GSP) will cover all the same countries that are currently eligible for trade preferences under the EU's GSP, allowing businesses to trade as they do now without disruption. In 2019, the UK imported approximately £8 billion-worth of textiles and apparel products from countries which are part of the EU GSP.

<https://today.thefinancialexpress.com.bd/first-page/preferential-tariffs-for-bd-other-nations-to-continue-uk-1605117753>
<https://www.dhakatribune.com/business/economy/2020/11/12/duty-free-access-to-britain-to-continue-beyond-brexit>

Dominage Steel to hold IPO lottery draw November 16

- Dominage Steel Building Systems is set to hold IPO (initial public offering) lottery draw on November 16, aiming to allocate 30 million ordinary shares among successful applicants. The company has so far received a good response from the investors. The investors have applied to buy around 20 times the number of primary shares being offered by the company in its IPO, according to issue manager sources. As per the regulatory approval, the Dominage Steel will issue 30 million ordinary shares with an offer price of BDT 10 each using the fixed price method.
- The company will utilise the IPO proceeds for acquisition of new plant & machinery (55.77%), building and other construction (30.14%), electrical installation (7.56%) and bearing the IPO related expenses (6.53%). According to the audited financial statements for the year ended on June 30, 2019, the company's basic earnings per share (EPS) were BDT 1.83, and its net asset value per share was BDT 19.81, according to its prospectus.

<https://today.thefinancialexpress.com.bd/stock-corporate/dominage-steel-to-hold-ipo-lottery-draw-nov-16-1605115202>

Candle Stone Rupali Bank Growth Fund gets Bangladesh Securities and Exchange Commission

(BSEC) approval

- The securities regulator has approved the draft prospectus of Candle Stone Rupali Bank Growth Fund, an open-end mutual fund. As per the BSEC approval, initial size of the fund will be BDT 1.0 billion. Of BDT 1.0 billion, the sponsors will contribute BDT 150 million while the remaining BDT 850.0 million will be collected from investors through sales of units.
- The offer price of the units of Candle Stone Rupali Bank Growth Fund is BDT 10.0 each. Candle Stone Investments Partners is the sponsor and the fund manager of the open-end mutual fund. Investment Corporation of Bangladesh (ICB) and BRAC Bank are working as trustee and custodian of the fund respectively.

<https://today.thefinancialexpress.com.bd/stock-corporate/candle-stone-rupali-bank-growth-fund-gets-bsec-approval-1605115231>

<https://www.dhakatribune.com/business/stock/2020/11/12/can-another-mutual-fund-keep-the-ball-rolling-in-the-money-market>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 41.40	(USD 20.23)	-32.82%
Crude Oil (Brent)*	USD 43.80	(USD 24.64)	-36.00%
Gold Spot*	USD 1,863.09	USD 341.62	22.45%
DSEX	4,883.70	430.77	9.67%
S&P 500	3,572.66	341.88	10.58%
FTSE 100	6,382.10	(1,204.95)	-15.88%
BSE SENSEX	43,593.67	1,951.53	4.69%
KSE-100	41,197.32	462.24	1.13%
CSEALL	6,097.93	(31.28)	-0.51%

Exchange Rates

USD 1 = BDT 84.79*

GBP 1 = BDT 112.09*

EUR 1 = BDT 99.85*

INR 1 = BDT 1.14*

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

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