

*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.*

### **Trade deficit widens by 12% in July**

- Country's trade deficit widened further in July, the first month of the current fiscal year (2018-2019), maintaining the last fiscal year's trend, as import payments remained high. As per the Bangladesh Bank data released on Wednesday, trade deficit in July of FY19 increased by 12.14% to USD 1,173 million compared with that of USD 1,046 million in July of FY18. Higher import payment was the key reason for the widening trade gap for the last two fiscal years, experts and Bangladesh Bank officials said. A less-than-expected industrial growth in the country in the period, however, has raised suspicion that a section of importers laundered money in the name of imports, they said.
- Recent media reports referring to the central bank investigation said that importers refrained from submitting proofs of imports of goods and machinery despite completion of payments, raising suspicion of money laundering. Experts said that the BB should take strict measures with a view to preventing capital flights in the name of imports ahead of national polls due by January next year. They said that continuation of heavy trade deficit would ultimately push inflation up and create pressure on the country's economy as a whole. Country's trade deficit doubled in FY18 compared with that in the previous fiscal year, hitting a record USD 18.25 billion.

<http://www.newagebd.net/article/50444/trade-deficit-widens-by-12pc-in-july>

### **Unrealised loan totals BDT 1.31 trillion from 230,658 defaulters: Finance Minister**

- The number of loan defaulters in the country reached 230,658, and the amount of unrecovered loan from them totaled over BDT 1.31 trillion until June 2018, according to the central bank. The finance minister also informed that the loan defaulters were involved with 88 banks and financial institutions (FIs). Of the banks, the volume of default loans with Sonali Bank was BDT 186.62 billion, followed by Janata Bank BDT 148.40 billion, Agrani Bank BDT 92.84 billion, Rupali Bank BDT 49.01 billion, Basic Bank BDT 85.76 billion, Bangladesh Krishi Bank BDT 21.78 billion, and Bangladesh Development Bank BDT 23.32 billion.
- The amount of default loans with Pubali Bank was BDT 21.16 billion, National Bank BDT 50.76 billion, Islami Bank BDT 35.20 billion, and Prime Bank BDT 35.85 billion, the minister also said. He also unveiled the list of the top 100 loan defaulters that includes Elias Brothers, Quantum Power System, Remix Footwear, Max Spinning, Rubia Vegetables Industries, Rising Steel, Dhaka Trading House, Bentex Industries, Anowara Spinning, Crescent Leather Products, Yasin Enterprise, Chowdhury Knitwear, Siddique Traders, Rupali Composite Leatherwear, Alpha Composite Towels, Hall-Mark Fashion, Munnu Fabrics, Fair Yarn Processing and etc.

<http://today.thefinancialexpress.com.bd/first-page/unrealised-loan-totals-BDT-131t-from-230658-defaulters-muhith-1536773082>

### **Provisioning shortfall soars 18% to BDT 79.90 billion in H1**

- Overall shortfall in provisioning against loans in the country's banking system swelled by over 18% or BDT 12.23 billion in the first half (H1) of this calendar year (2018). The aggregate amount of provisioning shortfall rose to BDT 79.90 billion as on June 30 from BDT 67.67 billion six months ago. The shortfall was BDT 79.58 billion as on March 31 this year. Bangladesh Bank (BB) official said that higher growth in non-performing loans (NPLs) pushed up the amount of provisioning shortfall with the banks. During the period under review, the volume of classified loans (NPLs) in the banking system jumped by over 20% to BDT 893.40 billion from BDT 743.03 billion as on December 31.
- The public sector banks have faced more provisioning shortfall than that of the private commercial banks (PCBs), the central banker added. A total of 13 banks, out of 57, failed to keep the requisite provisions against loans, particularly the classified ones, in the first six months of 2018, the BB data showed. Of them, four are state-owned commercial banks (SoCBs) and others are PCBs. Nine banks, including four public ones, faced such provisioning shortfall in the final quarter (Oct-Dec) of 2017, while the number was 12 in the first quarter (Jan-March) of 2018.
- Under the existing BB regulations, the banks have to keep 0.25% to 5.0% provision against loans under general category, 20% against substandard category, 50% against doubtful loans, and 100% against bad or loss category. The banks usually keep the required provisions against both classified and unclassified loans from their operating profits in a bid to mitigate risks.

<http://today.thefinancialexpress.com.bd/last-page/provisioning-shortfall-soars-18pc-to-BDT-7990b-in-h1-1536773693>

### **Bangladesh Bank (BB) issues guideline on unclaimed deposits**

- The central bank yesterday said unclaimed bank deposits would be transferred to the government account if no demand is received for refund of the inoperative deposit for 12 years. Deposits and assets at banks not claimed by anyone for 10 years are considered unclaimed, according to guidelines released by Bangladesh Bank yesterday. Banks will have to submit the unclaimed fund and asset to the central bank first and two years later the BB will transfer those to the government account. Before submitting the fund and assets to the BB, commercial banks will have to send a registered letter through the post office to the client's address mentioned in their accounts.
- Clients will have to be given three months to reply to the letter. If clients do not give any feedback, banks will have to submit such funds and assets to the central bank in April of every calendar year. After transferring the funds and assets to the BB, banks will have to publish advertisements in at least two newspapers once every three months for a year. If anyone comes up with a claim after the transfer to the central bank, the banks will have to submit the clients' applications along with required documents. No claim would be accepted after 12 years.

<https://www.thedailystar.net/business/news/bb-issues-guideline-unclaimed-deposits-1633225>  
<http://www.newagebd.net/article/50452/bb-issues-guidelines-on-unclaimed-fund-valuables-management>

### **Banks get one more year to link to NPSB**

- Banks have got one more year from the central bank to connect their point-of-sales (POS) terminals to the National Payment Switch Bangladesh (NPSB). Under the revised regulations, the banks and non-banking financial institutions (NBFIs) are allowed to connect their terminals to the NPSB by December 31, 2019 instead of December 31, 2018. According to a Bangladesh Bank (BB) notification issued on Wednesday, all member banks have also been asked to use the NPSB for all inter-bank card transactions using POS terminals within the timeframe.
- BB has planned to introduce 'QR Code' to facilitate inter-bank electronic transactions. BB official said that 55 out of 57 commercial banks are connected with the NPSB system. No NBFIs is yet to be the member of the NPSB system, he added. Earlier on December 27, 2012, the BB formally opened the national payment switch aimed at facilitating economic growth through expansion of business activities. The NPSB's key objective is to create a common platform for payments originating from different delivery channels and existing shared switches in order to facilitate inter-bank transactions.

<http://today.thefinancialexpress.com.bd/last-page/banks-get-one-more-year-to-link-to-npsb-1536773790>  
<https://www.thedailystar.net/business/news/banks-get-more-time-1633228>  
<http://www.newagebd.net/article/50453/bb-extends-deadline-for-linking-banks-pos-with-npsb-to-dec-2019>

### **WiMax on brink of extinction**

- Once a popular wireless broadband service, WiMax is on the brink of extinction in Bangladesh as operators lost 84% of their customers in the last five years and failed to make profits amid the onslaught of high-speed mobile internet. A decade ago two operators -- Banglalion and Qubee -- were awarded WiMax (worldwide interoperability for microwave access) licences at a fee of BDT 2.15 billion each. Since then, both spent more than BDT 20.00 billion in total on network and customer acquisition. The number of users reached a peak of 0.51 million in June 2013, just before mobile phone operators rolled out 3G service.
- The number plummeted to 80,860 at the end of June this year and fell by another 10,000 on August 30 when Qubee announced parting with individual subscribers to focus on enterprise business. Chief commercial officer of Augere Wireless Broadband Bangladesh Ltd, the owning company of Qubee, said that evolving 3G and 4G mobile internet has pushed them behind. Globally WiMax technology is becoming obsolete. They are not getting any equipment in the market as vendors have also shifted focus of their business.
- The market has lost more than BDT 20.00 billion and needs more investment to survive, he added. Qubee, once the second-largest operator, had only 16,211 active subscribers in June, down from 0.13 million during its heyday in 2013. Having handed over its individual customers to market leader Banglalion, it now has only a few thousand corporate customers. The limited coverage of WiMax is the major reason for the operators losing customers. The service is mostly available in city areas, whereas 3G connectivity can be found in nearly all parts of Bangladesh.

<https://www.thedailystar.net/business/news/wimax-brink-extinction-1633231>

### **Dhaka Stock Exchange (DSE) capital gain tax likely at 5.0%**

- There has been a reduction in capital gain tax to 5.0% from 15% on the Chinese funds for the Dhaka Stock Exchange (DSE) shareholders. Finance Minister declared the tax cut in capital gain from the Chinese partner of the country's premier bourse on Wednesday. To avail it, the DSE TREC (trading right entitlement certificate) holders should invest the funds in the capital market for three years. Section 53 (N) of the Income Tax Ordinance says the government will get tax at the rate of 15% on capital gains of the DSE TREC holders from the Chinese funds for selling a 25% stake.

- Under the demutualisation move, the DSE received BDT 9.62 billion from its Chinese strategic partner on September 03. After depositing BDT 150 million as stamp duty fee, the funds stood at BDT 9.47 billion. 250 shareholders are eligible to receive BDT 37.88 million each. The TREC holders, whose costs of acquisition of respective 25% shares will be less than the Chinese funds, will pay tax at 15% rate. Earlier, the DSE made a plea for tax exemption on capital gains of the funds to be received from the sale of a 25% stake to its partner.

<http://today.thefinancialexpress.com.bd/first-page/dse-capital-gain-tax-likely-at-50pc-1536773297>

<http://www.newagebd.net/article/50445/govt-to-cut-capital-gains-tax-on-bourse-shareholders-to-5pc-muhiith>

### Western Marine EGM revises rights issue proposal

- The company's Chairman proposed to revise the issue price and ratio of the rights share issue at 1R:2 (one right share for every two existing shares) at BDT 15 each (including a premium of BDT 5.0 each) instead of the earlier recommended 1.25R:1 (five right shares for four existing shares) at BDT 20 each (including a premium of BDT 10 each). The shareholders approved the proposal and thanked the WMS management for such proposal, according to a statement.

<http://today.thefinancialexpress.com.bd/stock-corporate/western-marine-egm-revises-rights-issue-proposal-1536764350>

### World Stock and Commodities\*

| Index Name                   | Close Value | Value Change | % Change |
|------------------------------|-------------|--------------|----------|
| Crude Oil (WTI)*             | \$69.95     | -0.42        | -0.60%   |
| Crude Oil (Brent)*           | \$79.39     | -0.35        | -0.44%   |
| Gold Spot*                   | \$1,204.73  | -1.51        | -0.13%   |
| DSEX                         | 5529.82     | -14.12       | -0.25%   |
| Dow Jones Industrial Average | 25,998.92   | +27.86       | +0.11%   |
| FTSE 100                     | 7,313.36    | +39.82       | +0.55%   |
| Nikkei 225                   | 22,820.21   | +215.60      | +0.95%   |

### Exchange Rates

USD 1 = BDT 83.72\*

GBP 1 = BDT 109.19\*

EUR 1 = BDT 97.40\*

INR 1 = BDT 1.16\*

\*Currencies and Commodities are taken from Bloomberg.

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