

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.

Bangladesh Telecommunication and Regulatory Commission may waive Grameenphone-Robi's late fees

- The government is considering waiving off the late fees, which made up almost half the BDT 134.47 billion claimed by the telecom regulator as unpaid dues from Grameenphone and Robi, as it engineers a swift end to the drawn-out tussle. As per rules, 15% compound rate is applied on late fees. Of the BDT 125.8 billion that Grameenphone has outstanding as per the telecom regulator's audit, BDT 61.94 billion is late fees. For Robi, late fees accounted for 19.45% of the BDT 8.67 billion claimed by the Bangladesh Telecommunication Regulatory Commission.
- But before a final decision is taken the two parties will sign a memorandum of understanding. They still stand by the audit findings, but the government has the final say, BTRC Chairman added.

<https://www.thedailystar.net/business/telecom/news/btrc-may-waive-gp-robis-late-fees-1805539>

<http://www.newagebd.net/article/85688/kamal-hopes-to-reach-consensus-with-gp-robi>

<https://www.dhakatribune.com/business/2019/09/26/govt-plans-to-waive-BDT6-746cr-in-late-fees-fines>

Written-off loans rise in Q2

- Loans written off by banks surged 21% to BDT 544.63 billion in the second quarter of the year from a quarter ago as the lenders try to clean up balance sheets and paint a rosy picture of their health. As much as BDT 6.74 billion was written-off between April and June, in contrast to BDT 5.57 billion a quarter ago, according to latest data from the Bangladesh Bank.
- In February, the BB revised the policy to allow banks to write off default loans that have been languishing in the bad category for three years, down from five years previously. Furthermore, lenders do not have to file any case with money loan courts to write off delinquent loans worth BDT 200,000, up from BDT 50,000 previously. Banks have failed to recover 76% of the total written-off loans since January 2003 when the central bank introduced the policy. This means the unrecovered delinquent loans stood at BDT 411.77 billion as of June.
- Defaulted loans stood at BDT 1,124.25 billion in June, up 19.71% from December last year.

<https://www.thedailystar.net/business/banking/news/written-loans-rise-q2-1805542>

Bangladesh to clock highest growth in Asia this year

- The Bangladesh economy will grow at 8% this fiscal year, which would be the highest in Asia, as per the latest forecast of the Asian Development Bank. The forecast is close to the government target of 8.2% growth in fiscal 2019-20. The Manila-based multilateral lender disclosed the growth forecast while releasing its 'Asian Development Outlook 2019 Update' at its office in Dhaka yesterday.
- Buoyant exports, robust private consumption, higher remittance, accommodative monetary policy and ongoing reform to improve business climate and high infrastructure spending helped Bangladesh attain high growth, the report said. Bangladesh continues to be among the fastest growing economies in Asia and the Pacific, said ADB country director. On the supply side, higher expansion in industry and services lifted the robust growth. Despite a weaker global growth, favourable trade prospects are expected to continue. Export and remittances are likely to be further strengthened. Strong public investment due to continued policy environment and expediting implementation of large infrastructure projects are also envisaged.
- On the downside, private investment, which would propel the next level of growth, remained stagnant in 2019, ADB country director said.
- Private investment edged up to 23.4% in fiscal 2018-19 from 23.3% a year earlier. Public investment expanded from 8% to 8.2% and total investment contributed 2.8 percentage points to growth. Apart from that, private sector credit growth slowed to 11.3% from 16.9%, partly due to a decline in deposit growth.
- Senior economist at ADB's Dhaka office, said the ongoing reforms, including establishment of a one-stop service for private investment and efficient budget spending, especially to develop infrastructure, will help Bangladesh achieve higher growth this fiscal year. However, he forecast that inflation will edge up to 5.8% from 5.5% in 2020 on upward adjustments to domestic gas prices, higher price of goods and services due to expansion in value-added tax coverage, and the depreciation of the taka against the US dollar. In fiscal count, revenue shortfall is expected to be offset by lower public spending, holding the budget deficit under the ceiling of 5% of GDP, he said.

- He forecast that import growth will be 9% higher in 2020, thanks to fast-tracking of the implementation of large infrastructure projects, boosts in capital equipment and raw material import, and the rise in new imports of liquefied natural gas. Food imports continues to be lower, assuming a good harvest and revival of rice import duty, he said.

<https://www.thedailystar.net/business/news/bangladesh-clock-highest-growth-asia-year-1805548>

<http://www.newagebd.net/article/85676/adb-sticks-to-8pc-bangladesh-growth-projection>

<https://www.dhakatribune.com/business/economy/2019/09/25/adb-forecasts-8-gdp-growth-in-fy2019-20>

DBH First Mutual Fund: Unit-holders want conversion, fund manager opposes

- Seventy-nine% share or unit-holders, mostly 12 corporate houses, of closed-end DBH First Mutual Fund want to convert the fund into an open-end one. As part of the move, Bangladesh General Insurance Company (BGIC), trustee of the DBH First Mutual Fund, on Tuesday, wrote to Bangladesh Securities and Exchange Commission (BSEC).

• On the other hand, LR Global, DBH's fund manager, in a statement yesterday said some asset managers in collaboration with some institutional investors accumulated material (significant) amount of shares of the two funds directly. They carried this out via block trade or market intermediaries concealing their identities with malicious intent to engage in price manipulation and/or remove LR Global for personal gains, it said. It also said EDGE Asset Management and affiliates coordinated with other parties, including VIPB and IDLC Asset Management in the procedure. IDLC Investments is also involved in the process, alleged managing director and CEO of LR Global Bangladesh Asset Management, while talking to journalists at his office on Tuesday.

- However, he said, there was no scope now to convert the DBH fund into an open-end one after it got extension on August 21.

<https://www.thedailystar.net/business/news/dbh-first-mutual-fund-unit-holders-want-conversion-fund-manager-opposes-1805536>

<http://www.newagebd.net/article/85690/trustee-seeks-bsec-guidance-over-unitholders-request-to-convert-dbh-1st-mf>

Bad loans twice as large

- The actual size of bad loans is more than double the officially recognised figure, according to a recent report of the International Monetary Fund -- a damning evidence of the fragile state of Bangladesh's banking sector. A specialised mission of the IMF's Monetary and Capital Markets department visited Bangladesh twice in the last six months for a diagnostic review of Bangladesh's banking sector and came up with 43 suggestions for reforms. The 69-page report was handed over to the finance ministry and the Bangladesh Bank earlier this month, said a central bank official with knowledge of the matter.

• At the end of June, the banking sector's total defaulted loans stood at BDT 1,124.25 billion, which is 11.69% of the total outstanding loans, according to BB data. Some 675 large borrowers reported as defaulters by the Credit Information Bureau have obtained stay order from the High Court, as a result of which their defaulted loans no longer appear in the CIB database and banks can report them as non-classified. There are BDT 792.42 billion such loans as of January 10, according to BB.

• As of June, loans amounting to BDT 271.92 billion are held in Special Mention accounts, according to BB data. In the first six months of this year, loans of BDT 213.08 billion were rescheduled. Accordingly, the total amount of problem assets in Bangladesh's banking sector as of June stands at BDT 2,401.67 billion, which is more than double the reported amount of defaulted loans.

- The IMF report also called for bringing down the single party exposure limit for banks to 25% of Tier 1 capital -- which is the primary funding source of banks and consists of shareholders' equity and retained earnings -- from 35% of the total capital at present.

<https://www.thedailystar.net/frontpage/default-loan-in-bangladesh-is-more-than-double-reports-imf-1805437>

World Stock and Commodities*

| Index Name | Close Value | Value Change | % Change |
|------------------------------|--------------------|---------------------|-----------------|
| Crude Oil (WTI)* | \$56.56 | +0.07 | +0.12% |
| Crude Oil (Brent)* | \$62.44 | +0.05 | +0.08% |
| Gold Spot* | \$1,509.08 | +5.03 | +0.33% |
| DSEX | 4,951.74 | -6.98 | -0.14% |
| Dow Jones Industrial Average | 26,970.71 | +162.94 | +0.61% |
| FTSE 100 | 7,289.99 | -1.44 | -0.02% |
| Nikkei 225 | 22,078.13 | +57.98 | +0.26% |
| BSE SENSEX | 38,978.95 | +384.54 | +1.00% |

Exchange Rates

USD 1 = BDT 84.78*

GBP 1 = BDT 104.90*

EUR 1 = BDT 92.95*

INR 1 = BDT 1.19*

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

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