

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.

Private banks ready for Basel III

- Most of the private banks have raised their capital base in line with the Basel III requirements three months prior to the deadline set to reach the global regulatory standard. However, the state banks are nowhere near the level they were supposed to reach by the time. As per a roadmap issued by the Bangladesh Bank in 2014, the banks were supposed to raise their minimum capital adequacy ratio (CAR) to 12.5% of their risk-weighted assets by December 2019 from the then 10%. Of the 41 private banks, only 11 are yet to reach the level. But the six state-owned commercial banks are still far behind the 2014's target of 10%. The CARs of nine foreign banks are hovering between 17% and 143%. The central bank planned to raise the ratio to 10% by 2015, 10.625% by 2016, 11.25% by 2017, 11.875% by 2018 and 12.5% in 2019.
- As of September 30, the banks maintained a capital of BDT 1.19 trillion, which is 11.65% of their risk-weighted average. The CAR of foreign banks is 25.07%, private banks' 12.87% and state banks' 7.74%, according to data from the BB.

<https://www.thedailystar.net/business/news/private-banks-ready-basel-iii-1853368>

Source tax on cash incentives halved

- The government has halved source tax on cash incentives for traders in order to facilitate export-oriented sectors. From now on, exporters will enjoy 5.0% tax rate on cash subsidy instead of 10%. In the budget for fiscal year 2019-20, the National Board of Revenue (NBR), increased the source tax on export cash subsidy to 10% from 3.0%.
- Meanwhile, in another order dated January 09, the NBR has extended tax holiday facility up to 2034 for private power producers to encourage investment in the sector. Power producing companies will be able to enjoy the facility upon commencing commercial operations over the next three years. In the order, the NBR has offered five types of tax benefits for 15 years, except for coal-based units, to the private power companies. However, the tax benefit will be valid for power producers who will start commercial operations between January 02, 2020 and December 31, 2022. Income tax holiday and other tax benefits were applicable only to the power companies, which came into commercial operations by December 31, 2019.
- The NBR issued the fresh order as the tenure for commercial production expired. According to the order, the private power producers will be exempted from the payment of income tax up to December 31, 2034. They will also enjoy tax waiver on payable interest against foreign loans, on royalties, technical know-how and technical assistance fees and capital gain to be derived from the transfer of shares.
- Currently, a total of 32 private power plants are under implementation at the moment and the plants are scheduled to come into operation by 2027, officials said.
- However, there was another tax incentives package of income tax exemption at gradually reducing rates for 10 years for the power plants, which would come into commercial operation between January 01, 2020 and December 31, 2024. In a separate order dated January 09, 2020, the revenue board said that the tax benefits for 10 years at gradually reduced rates, another existing tax benefit, would be applicable to power plants that would come into operation from January 1, 2023. Power plants will enjoy the full exemption from payment of income tax in the first five years of commercial operation, 50% in the sixth, seventh and eighth year and 25% in the ninth and 10th year, they said.

<https://today.thefinancialexpress.com.bd/first-page/source-tax-on-cash-incentives-halved-1578851006>

<https://www.newagebd.net/article/96395/nbr-halves-source-tax-on-export-cash-incentive>

<https://www.newagebd.net/article/96400/power-plants-starting-operation-in-3yrs-too-get-tax-holiday>

Get policy right to develop non-apparel sectors: Economists tell International Finance Corporation (IFC) - Policy Research Institute (PRI) event

- Leather and footwear, plastics and light engineering have been identified as the potential sectors, which can help diversify the country's export basket. The sectors will also create greater access to the international markets for local products, according to a new report launched on Sunday. The report highlighted the need for diversifying Bangladesh's export basket in order to sustain accelerated economic growth, increase investment opportunities, and create more jobs, particularly for women. The International Finance Corporation of the World Bank launched the diagnostic report titled "Building Competitive Sectors for Export Diversification: Opportunities and Policy Priorities for Bangladesh" at a programme, jointly organized by the IFC and Policy Research Institute of Bangladesh in Dhaka.
- To sustain the growth trajectory and reduce overdependence on any single item, IFC country manager said

Bangladesh needs to build a strong manufacturing ecosystem and develop new products, while paving the way for large-scale job creation and poverty reduction.

- Bangladesh has "serious problem" with export concentration as the bulk of export income comes from the readymade garment sector, said PRI executive director. He underlined the need for diversifying of both products and markets.
- The report identified the lack of environmental and social compliance, poor handling of raw materials, the shortage of skilled workforce, the delay in relocating tanneries, poor access to finance, technological constraints, limited availability of accessories and components, and limited product and markets as the major constraints on the leather sector. It made short-medium-long term recommendations for policymakers on strategy development to integrate priority sectors with the global value chain.
- Speaking at the programme, Leather goods and Footwear Manufacturers and Exporters Association of Bangladesh president said only three local leather and leather goods companies have the Leather Working Group (LWG) certification. The export earnings target of USD 5.0 billion from leather and leather goods by 2021 might not be possible, he warned. Currently leather is the second-largest export sector after apparels and the sector's export is USD 1.02 billion.

<https://today.thefinancialexpress.com.bd/first-page/get-policy-right-to-develop-non-apparel-sectors-1578851212>
<https://www.thedailystar.net/business/news/tannery-estate-needs-quick-upgrade-better-leather-prices-1853362>
<https://www.newagebd.net/article/96396/leather-plastic-light-engineering-identified-for-export-diversification>
<https://www.dhakatribune.com/business/2020/01/12/ifc-identifies-leather-plastic-light-engineering-for-export-diversification>

Bangladesh starts exporting liquefied petroleum gas (LPG) to Indian state of Tripura

- Bangladesh has started commercial export of liquefied petroleum gas (LPG) to neighboring India with initial shipment of around 1,000 tonnes per month. Two privately owned firms -- Omera Petroleum and Beximco LPG -- are now exporting LPG to Tripura, a landlocked northeastern state of India, by road. Presently, each of the firms is exporting around 500 tonnes a month, and the volume may climb to around 2,500 tonnes within several months.
- LPG consumption in Bangladesh has seen a five-fold jump over the past three years riding on its increased use in households, commercial entities and vehicles, market insiders said. Currently around 1.25 million tonnes of LPG are consumed annually, up from 250,000 tonnes in 2015. Bangladesh consumed around 650,000 tonnes of LPG in 2017, up from 400,000 tonnes in 2016, market players said. Some 60 firms have obtained licenses from the ministry to run LPG business, said the energy ministry official. Bangladesh's LPG market is import-dominated as more than 60% of cylinders and 95% of the country's total requirement are met with imports, he added.

<https://today.thefinancialexpress.com.bd/last-page/bangladesh-starts-exporting-lpg-to-indian-state-of-tripura-1578851722>

Bangladesh Small and Cottage Industries Corporation (BSCIC) to set up three leather goods industrial parks

- Bangladesh Small and Cottage Industries Corporation (BSCIC) has taken an initiative to set up three footwear and leather goods industrial parks in the country to meet the local demand for footwear and leather goods as well as to boost export earnings. These three footwear and leather goods industrial parks will be set up at Puthia in Rajshahi, adjacent area of Savar tannery industrial estate and Mirersarai Industrial Park in Chattogram, reports BSS.
- According to the Export Promotion Bureau (EPB), leather and leather goods is the second biggest export earning sector of Bangladesh as it accounts for 4.0% of the overall export earnings while some 0.6 million people are directly involved in this sector.

<https://today.thefinancialexpress.com.bd/trade-market/bscic-to-set-up-three-leather-goods-industrial-parks-1578850185>

People's Leasing and Financial Services (PLFS) Liquidation: Auditor seeks three more months to complete task

- Acnabin Chartered Accountants, an audit firm appointed to conduct a special audit in People's Leasing and Financial Services (PLFS) Limited, has sought three more months to complete its task. The extent of the task is the reason for Acnabin's plea for more time, he said.
- In November, 2019, the BB issued a letter to the chartered accountancy firm to complete the auditing of People's Leasing by December of the year as many of its depositors were in dire need of money. On August 25, the BB appointed Acnabin Chartered Accountants to conduct a special audit in the PLFS as per a regulatory requirement.

- The PLFS has received around BDT 100 million from its borrowers in six months since the government's approval for the liquidation of the ailing non-bank financial institution. The borrowers of PLFS have provided the amount voluntarily as the liquidator, appointed by court, is yet to launch a drive for the recovery of defaulted loans. Of the BDT 11.31 billion outstanding loans of PLFS, BDT 7.48 billion or 66.14% of the total loans has become non-performing loans.

<https://www.newagebd.net/article/96398/auditor-seeks-three-more-months-to-complete-task>

Nagad's daily transactions exceed BDT 1 billion

- The daily transactions of mobile financial service Nagad, run under the Postal Department, have exceeded BDT 1 billion, said a press release. Nagad now has over 100,000 subscribers, only ten months after the service was launched on March 26, 2019, it added.

<https://www.newagebd.net/article/96403/nagads-daily-transactions-exceed-BDT-100cr>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$59.08	+0.04	+0.07%
Crude Oil (Brent)*	\$64.99	+0.01	+0.02%
Gold Spot*	\$1,556.51	-5.83	-0.37%
DSEX	4,212.45	+15.05	+0.36%
Dow Jones Industrial Average	28,823.77	-133.13	-0.46%
FTSE 100	7,587.85	-10.27	-0.14%
Nikkei 225	23,850.57	+110.70	+0.47%
BSE SENSEX	41,599.72	+147.37	+0.36%

Exchange Rates

USD 1 = BDT 84.58*

GBP 1 = BDT 110.22*

EUR 1 = BDT 94.11*

INR 1 = BDT 1.19*

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

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