

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.

Internet service price may increase 30.0-40.0%

■ While the operations of almost every office and business during the current novel coronavirus pandemic have become more dependent on the internet than at any time before, the price of fixed broadband internet is likely to go up by 30-40% at the consumer level. The Internet Service Providers Association of Bangladesh (ISPAB) hinted at the price hike at a virtual press briefing on Saturday morning.

■ Noting that the government has imposed a 15.0% value-added tax (VAT) on value chain services – like the International Terrestrial Cable (ITC), International Internet Gateway (IIG) and Nationwide Telecommunication Transmission Network (NTTN) – in the new budget, the association leaders said they have to increase the price of internet if the freshly imposed VAT is not withdrawn. The association, therefore, urged the government to review the current VAT rate on internet and bring it down to zero or five percent on all the services of internet infrastructure companies.

■ According to the ISPAB President, the imposition of a five% VAT for ISPAB internet and 15% VAT for ITC, IIG and NTTN sectors of the value chain has created complexities in this sector. For the first time in the fiscal year 2018-2019, the government imposed a 15.0% VAT on value chain services – which created complications for the internet sector. However, the government, in the latest budget, has imposed 15.0% VAT on different value chain services once again. We fear if the VAT is not withdrawn, the internet price may go up by 30-40% during the current pandemic.

<https://tbsnews.net/tech/ict/internet-service-price-may-increase-30-40-percent-101782>

<https://tbsnews.net/economy/vat-complexities-internet-service-providers-seek-pms-intervention-101719>

<https://www.thedailystar.net/business/news/internet-blackout-couple-hours-every-week-real-1925377>

<https://www.dhakatribune.com/business/2020/07/04/vat-complexities-internet-service-providers-seek-pm-s-intervention>

Government looks to simplify rules as foreign direct investment (FDI) plummets 13.8%

■ Gross inflow of foreign direct investment to Bangladesh fell 13.8% to USD 3.7 billion in the first 11 months of last fiscal year, largely owing to the coronavirus pandemic, which came as a shock to foreign investors. The drop would sound out a warning bell to Bangladesh as it would have to make its laws simple and incentives attractive to attract foreign investors as it seeks to draw FDI moving out of China in the wake of the epidemic.

■ Gross FDI receipts were USD 4.3 billion during the same period a year earlier, Bangladesh Bank data showed. Net FDI dropped 19.0% year-on-year to USD 1.97 billion in the 11 months. The fall in FDI was expected as the United Nations Conference on Trade and Development last month forecast that global FDI flows to decrease by up to 40.0% in 2020, from their 2019 value of USD 1.54 trillion, because of the pandemic.

■ FDI surged 51% last fiscal year to its highest on record, riding largely on Japan Tobacco Inc's acquisition of Akij Group's tobacco business for USD 1.5 billion. In fiscal 2018-19, net FDI stood at USD 3.9 billion in contrast to USD 2.6 billion a year earlier, according to data from the central bank.

<https://www.thedailystar.net/business/news/govt-looks-simplify-rules-fdi-plummets-138pc-1925349>

<https://today.thefinancialexpress.com.bd/trade-market/fdi-drops-14pc-in-11-months-1593792099>

Banking sector will no longer lay golden eggs

■ The banking sector will no longer be the goose that laid the golden eggs when it comes to supplying money to the economy as the government wants to kill it by imposing the lending rate cap, said bankers. They made the remark on Saturday while speaking at an online discussion with The Business Standard over the current state of the banking sector. They made the remark on Saturday while speaking at an online discussion with The Business Standard over the current state of the banking sector.

■ According to the managing director of BRAC Bank, Banks have been turned into charities. They cannot charge fees and prices are also fixed for loans. As a result, banks will shy away from lending, ultimately hurting the national economy and domestic businesses. Small and medium enterprises (SMEs) and retail businesses will die off in less than a year. He also added that in the upcoming monetary policy, the Bangladesh Bank should give some flexibility in the lending rate to save retail and SME businesses.

■ The bankers said that an interest rate cap does not exist anywhere in the world. The concept of bringing down the lending rate is good, but that should be done through free market dynamics – not through artificial pricing. Artificial pricing did not succeed in the past 30 years. The banking sector needs to be reformed, otherwise we are heading towards a big disaster. Default loans are the biggest challenge for the sector, which is the outcome of a lack of governance, according to the managing director of BRAC Bank.

<https://tbsnews.net/economy/banking/banking-sector-will-no-longer-lay-golden-eggs-101857>

Banks slow in lending from stimulus packages

■ Slow loan distribution by banks from the government stimulus packages to cushion the impact of the coronavirus on the economy, has left the Bangladesh Bank frustrated, prompting it to issue an order to disburse all the funds by the end of next month. After the Covid-19 pandemic unfolded in Bangladesh, the government announced 19 stimulus packages totaling up to BDT 1.0 trillion, equivalent to almost 3.5% of the country's gross domestic product (GDP). Out of the 19 packages, five worth BDT 650.0 billion, are being implemented through the banks. This includes stimulus for export-oriented and other industries like the service sector, SMEs, agriculture, and refinancing for pre-shipment credits. Only the BDT 50.0 billion stimulus package for export sectors have been fully disbursed until now. Irked by the slow lending, the Bangladesh Bank on Thursday told commercial banks to complete disbursing the loans by the end of August 2020.

■ The Bangladesh Bank was set to release the funds as salaries for workers and employees of export-oriented factories through equal instalments in the three months from April to June. However, nearly the entire fund —BDT 48.2 billion — was disbursed in just two months. As many as 1,992 export-oriented firms borrowed the funds in April and May through 47 banks. The central bank has requested the government for additional funds in a bid to clear wages for June. In line with the government's instructions, the central bank launched a BDT 300.0 billion stimulus package, which would allow banks to give an interest subsidy of 4.5% on disbursed loans given to end-users at 9% interest on the books. Bangladesh Bank later launched a refinance scheme of BDT 150.0 billion for banks to disburse the fund as part of the government's stimulus package. As of July 2, Bangladesh Bank approved around BDT 40.0 billion in loan proposals of banks to 300 firms under the stimulus scheme for the industries and services sector hit by the coronavirus outbreak.

■ On April 13, the central bank issued guidelines for providing working capital facilities from the BDT 200.0 billion package to small businesses affected by the pandemic, setting an interest rate ceiling of 9%. It later formed a BDT 100.0 billion revolving refinancing scheme to help implement the BDT 200.0 billion stimulus package. As of July 4, seven commercial banks — state-owned and private — have disbursed only BDT 4.0 billion in loans. They are, Agrani Bank, Bangladesh Krishi bank, Islami Bank Bangladesh, Shahjalal Islami Bank, Mercantile Bank, Trust Bank and the City Bank.

■ On April 14, Bangladesh Bank launched the BDT 50.0 billion special refinance scheme for the country's agricultural sector with 4.0% interest rate. The only bank requesting funds from the central bank under the scheme is NRB Commercial Bank, which sought BDT 1.8 million in May. South Asian countries, including Bangladesh, might lose somewhere between USD 142 billion and USD 218 billion due to the impact of the deadly coronavirus pandemic on their economies, according to a report by the Asian Development Bank (ADB) in May this year.

<https://www.dhakatribune.com/business/banks/2020/07/04/banks-slow-in-lending-from-stimulus-packages>

Readymade garments (RMG) exports to US drop 12.1%

■ The country's apparel exports to the United States fell by 12.1% during the first five months of the current calendar year due to the ongoing Covid-19 pandemic, exporters have said. Bangladesh fetched USD 2.2 billion through exporting readymade garments (RMG) to the US market during the period from January to May, 2020 as compared to USD 2.55 billion of the corresponding period of 2019, according to data of the Office of Textiles and Apparel (OTEXA) affiliated with the US Department of Commerce. During the period, Bangladesh shipped 808 million square metres of apparel items which was 905 million square metres in the same period of last year. The OTEXA data also showed that the total apparel imports of US in the first five months of this calendar year declined by 27.8% to USD 23.9 billion which was USD 33.11 billion in the same period of last year.

■ According to the president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the USA's apparel import has posted a drastic fall by 60.08% in May for the third consecutive month. It is highest ever decline in the post-COVID time. While the USA's import from Bangladesh was maintained on the positive side until January-April 2020, the May 2020 had been an apocalyptic month for local exporters in the US market as exports went down by 67.7% in this single month.

<https://today.thefinancialexpress.com.bd/first-page/rmg-exports-to-us-drop-12pc-1593882758>

Container growth slows in FY'20

■ The growth in container handling at the country's prime seaport of Chittagong slowed down to nearly 3.0% in the just-concluded fiscal year due to poor shipment. The shipment was hit hard in May when merchandise export slumped by over 60% as a result of poor demand for Bangladeshi goods in Europe and the USA.

■ Import also nosedived in May dipping by over 31.0% to USD 3.5 billion, according to Bangladesh Bank. But people

familiar with the development at the port said there were some signs of export recovery in June last. They said the volume of loaded shipment was nearly 50,000 TEUs (20-foot equipment units) in June last, up by 7,000 TEUs from May. The volume of both export and import will grow in July and August months, they predicted.

- The country's main maritime facility, which handles over 90.0% of the country's total external trade, handled a total of 3.0 million TEUs in the year through June 30. It had handled 2.9 million TEUs a year earlier. Officials said the port may have missed at least 60,000-70,000 TEUs during nationwide shutdown up to May 30, which began from March 26.

<https://today.thefinancialexpress.com.bd/first-page/container-growth-slows-in-fy20-1593798153>

Bangladesh-India trade falls 79.0% in Apr-May on West Bengal hurdle

- Bilateral trade between Bangladesh and India fell by around 79.0% to only USD 424 million in April-May this year from nearly USD 2 billion in the same period of 2019. Trade between the two neighbouring countries has been significantly affected during the period due to the policy taken by the West Bengal government, according a report of the Times of India. Trade volume between the countries also dropped to USD 2.9 billion in January-May of 2020 from that of USD 4.1 billion in the corresponding period of 2019.

- Although import from India resumed on June 7 and more than 4,200 trucks carrying Indian goods had entered Bangladesh until June 30, India did not allow entry to Bangladeshi goods-carrying trucks during the period, according to exporters, C&F agents and customs officials at the Benapole Customs House. Bangladeshi traders, government officials, including foreign minister AK Abdul Momen, have their expressed dissatisfaction over the matter and urged the Indian authorities to resolve the standstill in bilateral trade.

- No exports from Bangladesh have been allowed to come via Petrapole/Benapole since March 23, the day before the lockdown was imposed. It briefly resumed on April 29, but shut down again on May 2, following some local protests at Petrapole. Trade commenced again on June 7 and the volume slowly rose to around 250 trucks per day from around 24 a day. There has been, however, no stoppage of goods from Bangladesh via Tripura, but only through Petrapole-Benapole which accounts for about 70.0% of the trade between Bangladesh and India.

<https://www.newagebd.net/article/110226/bangladesh-india-trade-falls-79pc-in-apr-may-on-west-bengal-hurdle>

National Board of Revenue (NBR) tightens conditions of bond licence issuance

- The National Board of Revenue has tightened the conditions of issuing bonded warehouse licence to prevent misuse of duty-free import facility under bond licence. The new conditions will also prevent small and fake companies from getting the licence for import of raw materials duty-free, said NBR officials. Applicants will now have to submit a total of 23 documents, instead of previous 14 documents, with their applications to the Customs Bond Commissionerates for getting bond licences.

- According to the new conditions, the size of the factory and warehouse must be at least 5,000 square feet and the paid-up capital of the limited company must be BDT 10 million for being eligible for the licence. If the nature of ownership of the applicant entity is single or partnership, its annual turnover must be at least BDT 3.0 million. The agreement of factory rent should be for five years if the factory is established at a rented place.

- The conditions include that manufacturers must export the finished goods produced using the raw materials and in no way, they should sell the raw materials in the local market. The licences are issued under the rules framed in 2008. Previously, exporters required to submit documents related to registration, taxpayer's identification number, value-added tax licence, trade licence, fire licence, recommendation letter of the trade body concerned, design of the proposed bonded warehouse, deeds of factory ownership or lease document and a declaration of being compliant. Officials said that the conditions could not prevent fake companies from getting bond licences which was the major reasons for misuse of the facility.

<https://www.newagebd.net/article/110227/nbr-tightens-conditions-of-bond-licence-issuance>

Bangladesh 109th among 166 countries on 2020 Sustainable Development Goals (SDG) Index

- Bangladesh has ranked 109th on the Sustainable Development Goals (SDG) Index 2020, ahead of India (117th), Pakistan (134th), and Afghanistan (139th) in South Asia. Other South Asian countries Bhutan (80th), Maldives (91st), Sri Lanka (94th), and Nepal (96th) have ranked above Bangladesh on the SDG Index. In South Asia, the country ranked fifth with a score of 63.5 out of 100. Last year, Bangladesh ranked 116th out of 162 countries with a score of 60.9. Overall, the country improved its ranking and score in the 2020 edition of the report.

- The SDG dashboard highlighted that Bangladesh faces major challenges in reaching seven sustainable development goals out of seventeen, which are SDG: 2, 3, 6, 9, 11, 16, and 17. Also, there are six significant challenges facing the country with the goal of sustainable development. However, the SDG dashboard indicates Bangladesh has achieved SDG 12 and 13.

<https://tbsnews.net/bangladesh/bangladesh-109th-among-166-countries-2020-sdg-index-101803>

BO accounts decline 9.0% in outgoing fiscal year

■ The number of beneficiary owners' (BO) accounts dropped 9.10% in the outgoing fiscal year (FY) 2019-20 due to non-payment of annual renewal fees, strict regulatory move and depressed capital market outlook. The total number of active BO accounts came down to 2,555,365 on July 1, 2020 which was 2,809,850 on June 30, 2019, according to data from the Central Depository Bangladesh Ltd (CDBL), which preserves electronic data of all individual and institutional investors. Some 254,485 BO accounts were closed in the outgoing FY

■ DSEX, the prime index of the Dhaka Stock Exchange, plunged 1,432 points or 26.6% in the outgoing FY to settle at 3,989. Market capitalisation of the prime bourse also plunged 22% in the outgoing FY to BDT 3,119 billion on June 30. Only two companies and one bond raised BDT 3.07 billion in the outgoing FY year while 11 companies and two mutual funds had raised BDT 5.7 billion in the FY 2018-19.

■ Of the total number of active BO accounts, male investors own 1,865,296 accounts while female investors 676,702 and company 13,367 as of June 30, 2020, the CDBL data shows. Currently, there are 1,622,657 individual accounts and 919,341 joint accounts, the CDBL data shows. The non-resident Bangladeshis own 144,179 BO accounts opened to conduct share transactions or to apply for IPO shares. However, half the BO accounts exist in name only.

<https://today.thefinancialexpress.com.bd/stock-corporate/bo-accounts-decline-90pc-in-outgoing-fiscal-year-1593791350>

Bangladesh Securities and Exchange Commission (BSEC) mulls making BEFTN mandatory to pay cash dividends

■ The Bangladesh Securities and Exchange Commission (BSEC) is going to make Bangladesh Electronic Funds Transfer Network (BEFTN) mandatory for the listed companies to pay cash dividends to the shareholders. The regulator has recently sent a letter to both the stock exchanges seeking their views in this regard and the final decision will come after receiving the feedback from the bourses.

■ Most of the companies use Bangladesh Electronic Funds Transfer Network (BEFTN). However, some companies are using BEFTN for 20.0%, some for 40.0% while some for 80.0%. The rest of the dividends are issued in cheques, most of which are returned to the company. The BSEC wants to increase the use of BEFTN to 100% in the investors' interests.

■ For different reasons, shareholders often do not get dividends which companies declared for them at the end of the year. The first of the reasons is the address that the Beneficiary Owners mentioned during opening the account, maybe they do not live in that address now. The second, if someone dies or is abroad after investing in the stock market, they do not receive the dividends declared by the company. Third, someone may have received so little dividend that it is not viable to go to the company to collect the money.

<https://tbsnews.net/economy/stock/bsec-mulls-making-befn-mandatory-pay-cash-dividends-101818>

bKash users now can send money to non-bKash users

■ In order to facilitate the money transfer system, bKash, the largest mobile financial service provider in the country has enabled its customers to send money to anybody who does not have any bKash account. The recipient can receive the sent amount after opening a bKash account in the next 72 hours of time. The new user can cash out the money as well as avail of other bKash services, said a media statement issued on Thursday.

■ To send money to a non-bKash user, a customer needs to select the recipient's phone number from contacts in bKash app or type the number. There will be added information on the screen about the new service. Then customer will have to enter the amount and complete the process with bKash PIN after checking details. The recipient will receive a text message in phone number with bKash app download link. The recipient can download the app by clicking on the link and open a bKash account from the app within a few minutes with own NID.

■ Earlier, the securities regulator set the floor prices for all listed companies taking into account the average of the closing prices of immediately preceding five trading days as of March 19. It introduced the floor price to contain the free fall of the capital market amid COVID-19 pandemics. In its previous directive, the securities regulator had not mentioned the floor price to be applicable for the newly listed companies or for the companies which will be transferred to the main board from the OTC market.

■ A customer can also go to any nearby digital registration point of bKash to open the account. Once the account registration is successful, he or she will get the sent money in his/her bKash Account. However, the sender can cancel

the send money request from bKash app any time before the receiver opens bKash account. To do so, user needs to go to Send Money option from bKash app and tap on the cancel button beside the transaction details.

<https://tbsnews.net/economy/banking/bkash-users-now-can-send-money-non-bkash-users-101533>

Robi seeks exemption from public issue rules

■ Financial Reporting Council (FRC) has said its notification regarding share money deposit is not applicable to the 'current liability' balance reported by Robi Axiata in its financial statement. Robi Axiata, which submitted IPO (initial public offering) proposal under fixed price method, has showed its employees deposit worth BDT 1.36 billion as 'current liability' in the financial statement. The Bangladesh Securities and Exchange Commission (BSEC) has sought a clarification from the FRC to be sure whether Robi's current liability breaches any accounting rules.

■ Robi Axiata has sought an exemption from the BSEC in a bid to issue shares to its employees after getting approval to the IPO proposal. According to proposals submitted to the BSEC, Robi Axiata wants to float 10.0% or 523.8 million shares. Of 523.8 million shares, 387.7 million shares will be issued through IPO, while 136.1 million shares will be issued to employees under the ESPP at an offer price BDT 10.0 each. From issuing shares to employees at an offer price of BDT 10.0 each, the company received above BDT 1.4 billion as share money deposit. And the company showed the money as liability in its financial statement. The company also said the deposited money will be fully refunded to the employees with interest it earned if the IPO proposal is not approved.

■ But the public issue rules have no provision of issuing shares to any specific group of investors after getting IPO approval from the regulator. That's why, Robi Axiata wants exemption from public issue rules so that it can issue shares to employees after getting IPO approval. Robi earlier announced two conditions set by its parent company Malaysia-based Axiata Group. The conditions are the reduction of turnover tax to 0.75% from 2.0% and the reduction of corporate tax rate to 35.0% for 10 years.

<https://today.thefinancialexpress.com.bd/stock-corporate/robi-seeks-exemption-from-public-issue-rules-1593877540>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change YTD
Crude Oil (WTI)*	USD 40.32	(USD 21.31)	-34.58%
Crude Oil (Brent)*	USD 42.80	(USD 25.64)	-37.46%
Gold Spot*	USD 1,772.05	USD 250.58	16.47%
DSEX	3,986.74	-466.19	-10.47%
S&P 500	3,130.01	-100.77	-3.12%
FTSE 100	6,157.30	-1429.75	-18.84%
BSE SENSEX	35,843.70	-5798.44	-13.92%
KSE-100	34,978.18	-5756.9	-14.13%
CSEALL	5,109.04	-1020.17	-16.64%

Exchange Rates

USD 1 = BDT 84.93*
 GBP 1 = BDT 106.02*
 EUR 1 = BDT 95.52*
 INR 1 = BDT 1.14*

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

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