

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.

Non-life insurers can give maximum 15% commission

- The insurance regulator has asked the non-life insurance companies to strictly enforce maximum 15% agent commission on their business procurement from next month (August). The Insurance Development and Regulatory Authority (IDRA) has issued a circular regarding the matter in the first week of this month to stop uneven competition in one of the key financial sectors. It is alleged that many insurance firms offer even 80% agent commission for increasing their business volume. A portion of the commission goes to the parties concerned, and the remaining goes to the bank employees or agents.
- In 2012, the IDRA also issued a circular, setting 15% as maximum commission ceiling, but the decree has been largely violated by many firms. However, this time the insurance regulator has asked the non-life insurance firms to stipulate three bank accounts they maintain to procure business and disburse commission as part of monitoring implementation of the order. Besides, the non-life firms will have to submit monthly statements of their transactions to the IDRA. The insurance industry insiders think that this time the regulator's move may come into effect, as all the relevant parties are working to this end.

<http://today.thefinancialexpress.com.bd/trade-market/non-life-insurers-can-give-maximum-15pc-commission-1563553720?date=20-07-2019>

Bangladesh Industrial Finance Company Limited's (BIFC) financial indicators suffer setback: Auditor

- The auditor has given 'qualified' opinion on the financial statement of the Bangladesh Industrial Finance Company Limited (BIFC), saying the company's financial indicators have suffered a serious setback. According to basis of the auditor's qualified opinion, the BIFC had continuous shortfalls in provision during the years from 2015 to 2018. In 2018, the company made a provision of BDT 578.44 million against the required amount of BDT 801.73 million. As a result, the provision shortfall stood at over BDT 223.29 million.
- The auditor observed that the company's total equity becomes negative because of net loss incurred during the last three years and investment made in shares as of 31 December 2018. The auditor also said a huge amount of loans and leases are classified as 'bad and loss' and there was only 1.30% recovery in 2018, although legal processes are underway to recover the amount. The auditor also could not confirm actual liability position of some loan balances worth BDT 2.32 billion as the company was unable to provide them with 14 loan statements from different banks. Mentioning the net loss incurred for last three years, the auditor cast significant doubt over the company's ability to continue as a going concern.

<http://today.thefinancialexpress.com.bd/stock-corporate/bifcs-financial-indicators-suffer-setback-auditor-1563639712>

Bangladesh Bank (BB) bent on 9-6% interest rates

- The central bank is adamant about having 9% and 6% interest rates respectively for lending and deposits in the banking sector, slapping the 46 errant banks with warning letters recently. The higher rates are not acceptable given the commitment made by the sponsors of private banks in August last year, the Bangladesh Bank said in the letter on July 8 to 46 banks whose interest rates are well above the specified rates.
- In August last year, the managing directors and chairmen of all banks reached a consensus at a meeting with the then finance minister to set 9% and 6% interest rates respectively for lending and deposits. As per the decision, the BB had instructed all banks in December last year to implement the new rates. But many did not follow the instruction. Now, the central bank has decided to crack its whip on the banks. The issue will be discussed again today at the quarterly meeting of all banks' managing directors at the central bank headquarters.
- But economists and bankers said the BB's demand will deteriorate the sector's financial health. This time the liquidity crunch in the banking sector is more intense than last year, said the executive director of Policy Research Institute. As of April, the excess liquidity in the banking sector stood at BDT 667.60 billion, down 12.60% from December last year and 8.23% a year earlier, according to data from the central bank. Depositors will shy away from banks if they get returns as low as six%, he said. Instead, many will park their funds with the capital market or the real estate and some may even turn to money laundering.
- Already, savers are opting for government savings tools because of their higher yield in comparison to banks' deposit products, he said. The interest rate of the national savings instrument ranges from 11.04% to 11.76% while banks offer a maximum of 7-8.50%. In June, the interest rates on both lending and deposit of 31 banks exceeded the 9-6%

bounds, according to data from the central bank. Some 12 banks failed to offer the 9% interest rate on lending, while four banks' offered more than 6% interest for deposits.

<https://www.thedailystar.net/business/news/bb-bent-9-6pc-interest-rates-1774681>

Pharma exports soar 26%

- Bangladesh's medicine exports soared 25.60% year-on-year to USD 130 million last fiscal year thanks to continuous improvement of product quality and government support. The sector has built up skilled manpower and improved quality and at the same time more effort is being put to win the global market, said the managing director of ACME Laboratories. For this reason, the export volume is increasing. The export figure though is insignificant. But the sector has a good potential in the global market, he added.

- Local players dominate Bangladesh's pharmaceutical industry. Square Pharmaceuticals is the major player with 18.8% share, followed by Incepta at 10.2%, Beximco 8.5%, Opsonin 5.6%, Renata 5.1% and Eskayef 4.5%, according to the Bangladesh Association of Pharmaceuticals Industries (BAPA). According to BAPA, Bangladesh exports pharma products to 144 countries and caters to 97% of the domestic market. Bangladesh mainly exports medicine to Africa and Asia, with some even going to the US and Europe, said the vice-chairman of the Export Promotion Bureau.

- Local consumption of medicine is increasing in line with the rise in population and growing awareness on treatment, the vice-chairman of the Export Promotion Bureau said. Currently, Bangladesh has the ability to produce advanced medicines such as bio-similar drugs, vaccines and oncology products as well as medical devices, said the managing director of Beacon Pharmaceuticals. They do export oncology products to Sri Lanka, Nepal, Myanmar, Singapore, Malaysia and African countries. But volume is still low -- they should to grab the regulated market to increase the volume, he added. According to his estimates the market size of the sector is about BDT 220 billion.

<https://www.thedailystar.net/business/news/pharma-exports-soar-26pc-1774678>

Transaction through Mobile Financial Service (MFS) rises by 16.9% in May

- The daily average transaction through mobile financial service (MFS) increased by 16.9% or BDT 1.97 billion in May this year due to increased money flow before Eid-ul-Fitr, one of the biggest religious festivals of the Muslims. This year Eid-ul-Fitr was celebrated on June 4. According to Bangladesh Bank data, the daily average transaction through MFS increased to BDT 13.62 billion in May from BDT 11.17 billion in the previous month. The number of active MFS accounts also rose by 10.5% to 32.1 million in May from 29.1 million in the previous month.

- Officials of the MFS operators said that many readymade garment factories had distributed festival allowances along with salaries to their workers through MFS before Eid-ul-Fitr, increasing the average transaction. The number of daily average transaction through MFS accounts grew by 5.9% or 0.42 million, taking the total number of transaction to 7.46 million in May from 70.45 in April. The BB data showed that salary disbursement through MFS increased by 55.3% to BDT 12.44 billion in May from BDT 8 billion a month ago.

- Expatriates' remittance sending through the mobile financial service in May rose to BDT 267.1 million, 74.9% higher than the BDT 152.7 million remitted through MFS in April. The government's payments through MFS surged by 53.9% to BDT 3.23 billion in May from BDT 2.1 billion a month ago. Cash-in and cash-out — the two most popular services of MFS — grew by 18.6% and 15.3% respectively in May this year.

<http://www.newagebd.net/article/78991/transaction-thru-mfs-rises-by-169pc-in-may>

Ready Market Garments (RMG) exports witness double-digit growth in non-traditional markets

- Export of Bangladesh made apparel items registered double digit growth in the non-traditional markets, excepting Brazil and Turkey, in the just concluded fiscal year, data revealed. High duty and absence of continuous efforts have been blamed for failure to grab the Brazil market - largest among the South American markets, industry people said. According to them, Australia, Brazil, Chile, China, India, Japan, Korea, Mexico, Russia, South Africa and Turkey are the 11 prospective markets beyond the three traditional export destinations of USA, European Union and Canada. A high-powered Bangladesh delegation, comprising representatives from the government and businesses, will visit Brazil next month mainly to tap the export potentials in the common market of South American trade block of Brazil, Argentina, Uruguay and Paraguay, commerce ministry officials said.

- RMG (readymade garment), including knit and woven, exports to the non-traditional markets grew by 21.77% to USD 5.68 billion in the FY of 2018-19, according to Bangladesh Garment Manufacturers and Exporters Association (BGMEA) data. The export growth to the 11 prospective markets, except Brazil and Turkey, ranges from 13% to 79% during the fiscal year, it showed. The export of Bangladeshi made garment grew by 1.34% to USD 160 million to Brazil while it declined in Turkey market by more than 27% to USD 189.86 million in the last fiscal. About 17% of the country's total USD 34.13 billion RMG exports shipped to the non-traditional markets, said the BGMEA president.

<http://today.thefinancialexpress.com.bd/trade-market/rmg-exports-witness-double-digit-growth-in-non-traditional-markets-1563471200?date=19-07-2019>

10 ridesharing companies get license

- Bangladesh Road Transport Authority (BRTA) has so far issued license to 10 ridesharing companies after they started registering app services on July 01 this year. The registration began 18 months after the guidelines were formulated for ridesharing services in the country. The companies who got enlistment certificates included Pickme Limited, Pathao, Obhai, Chaldal, Computer Systems, Akash Technology, Ezzyr Technologies Limited, Segesta Limited, Shohoz Limited and Uber Bangladesh Limited.
- According to BRTA, Probahon Limited and Buddy Limited also applied for certificates, but they were yet to get approval. Earlier, some other companies like Golden Reign Limited, Rider Rideshare Enterprise Inc Limited and Akij Online Limited applied for certificates, but not on-line. The companies who would fail to show 100 vehicles on their fleet would not get certificates even after getting approval, said Wasim Uddin, an official of BRTA involved with the licensing process.

<http://today.thefinancialexpress.com.bd/last-page/10-ridesharing-cos-get-licence-1563641346>

DSE management likely to send back Coppertech listing issue to board

- The Dhaka Stock Exchange management is likely to send back the issue related to listing decision over Coppertech Industries as rules do not permit it to approve listing of the company after 75 days of closure of its IPO subscription. On July 11, the DSE board passed the listing decision to the management and directed the management to take decision in line with the rules and regulations. The bourse's management at a meeting on July 18 decided in principle to refer the listing decision to the board again, DSE officials said.
- According to the securities rules, listing of a company must be completed within 75 days of its initial public offering subscription. The share subscription of Coppertech closed on April 9 and the scheduled time for listing of Coppertech with the DSE expired on June 23 amid controversy over fabrication of the company's financial statements. The bourse sought more time from the Bangladesh Securities and Exchange Commission for making a decision on the company's listing, but the regulator is yet to respond to the request. DSE officials said the management could not make any listing decision as no regulation allowed it to do so. If the DSE approves listing of Coppertech now, it would be a serious violation of the securities rules, they said.

<http://www.newagebd.net/article/79144/dse-mgmt-likely-to-send-back-coppertech-listing-issue-to-board>

Cheap labor edge won't last long: Planning Commission

- With Bangladesh heading towards achieving the middle-income country status, local enterprises must find alternative path to stay competitive in the global market, the Planning Commission said. In the unfolding industrial universe of the future, Bangladesh firms will face stark reality that competitive advantage founded on low labor cost cannot be guaranteed for all time, a draft of the second Perspective Plan of Bangladesh (2021-2041), prepared by the Commission noted. The report also said local companies will have to focus on innovation to maintain competitive edge instead of relying on traditional advantages that have paid off so far.
- Bangladesh is scheduled to graduate to the developing country status by 2024 from the club of poorer countries. The country has also set a target to attain high income country (HIC) status by 2041. The draft said the East Asian economies like Korea and Taiwan, which crossed the high-income threshold, acquired characteristics including the macro-economic stability, high shares of trade in GDP, heavy investment in people, and strong competition among firms. Bangladesh has already some of these characteristics, and will have to focus on acquiring the rest, especially on investment in people and skill development, it said.

<http://today.thefinancialexpress.com.bd/first-page/cheap-labour-edge-wont-last-long-1563558507?date=20-07-2019>

Government to set up firm to fund startups

- The government is set to form a specialized firm to fund and nurture startups and ICT entrepreneurs under the Innovation Design and Entrepreneur Academy of the ICT division with the view to encouraging innovative ventures in Bangladesh. All the preparatory work and formalities have been completed a few months back, the state minister of the ICT division. The proposal will be placed in the next cabinet meeting. The government has targeted to set the wheels rolling for about 1,000 startups.
- To be called Startup Bangladesh Company Limited, the firm's paid-up capital would be BDT 5.00 billion. Its initial target would be to provide BDT 1.0 million each as seed money to about 200 local startups. Typically, banks are not comfortable with investing in digital service companies as they have no fixed assets and carry higher chances of not turning out to be economically viable ventures, said officials of the proposed company.

<https://www.thedailystar.net/business/news/govt-set-firm-fund-startups-1774672>

Eighteen steps to develop bond market recommended

- A finance ministry committee has made 18-point recommendations to develop the country's bond market, including rationalization of taxation and process simplification. The committee was formed with representation from the finance ministry, Bangladesh Bank, NBR, BSEC, IDRA, Dhaka Stock Exchange, Federation of Bangladesh Chambers of Commerce and Industry and Association of Bankers.
- The recommendations include imposition of a lump sum stamp duty instead of existing rates on paper-based bonds and exemption of duty for dematerialized bonds and other securities, collection of advance income tax on final stage of income from investment in bonds, providing tax benefits, which is now applicable only on zero coupon bond, to all kinds of bond and all types of investors and imposition of transaction fee as a reasonable lump sum amount on trade of bonds instead of rates on volume of transactions made – now in vogue for shares. The committee also recommended excluding the capital market exposure calculation for banks in case of investment in bonds and simplifying the bond approval process by avoiding delay caused by dual scrutiny by the BSEC and the central bank.

<http://www.newagebd.net/article/79142/eighteen-steps-to-develop-bond-market-recommended>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$55.63	+0.33	+0.60%
Crude Oil (Brent)*	\$55.63	+0.33	+0.60%
Gold Spot*	\$1,425.37	-20.73	-1.43%
DSEX	5,130.70	-2.44	-0.05%
Dow Jones Industrial Average	27,154.20	-68.77	-0.25%
FTSE 100	7,508.70	+15.61	+0.21%
Nikkei 225	21,466.99	+420.75	+2.00%

Exchange Rates

USD 1 = BDT 84.53*

GBP 1 = BDT 105.69*

EUR 1 = BDT 94.85*

INR 1 = BDT 1.23*

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

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