

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.

No VAT on pharma, petroleum products at consumers' end

- The manufacturers of pharmaceutical products and suppliers of petroleum products have to pay VAT at 2.4% and 2.0% respectively following introduction of a VAT-inclusive calculation method by the National Board of Revenue (NBR). The retail prices of these two types of products at the consumers' level will be VAT inclusive as per the method explained in a guideline. The government kept these two special rates of VAT, 2.0% and 2.4%, unchanged for the products in the new VAT law. In the new law, there are four rates of VAT - 5.0, 7.5, 10 and 15% - for all the products, except these two.
- Officials said the new process of VAT calculation would not leave any impact on prices of petroleum and pharmaceutical products. Pharmaceutical companies and suppliers of the petroleum products will pay the VAT at marketing and trading stages, not at the consumers' end.
- However, there is VAT at a rate of 15% on import and production stage of petroleum products such as diesel, kerosene, octane, petrol and furnace oil. Also, there is VAT at a rate of 15% at the production stage of pharmaceuticals products.

<http://today.thefinancialexpress.com.bd/trade-market/no-vat-on-pharma-petroleum-products-at-consumers-end-1563902530>

<http://www.newagebd.net/article/79426/vat-on-pharma-items-included-in-retail-prices-nbr-says>

Bangladesh Bank asks banks to target bond market as source of fund

- The central bank has asked non-bank financial institutions (NBFIs) to create alternative sources of fund through boosting the bond market in Bangladesh. The central bank also warned the NBFIs against returning any cheque unpaid for retaining clients' confidence as the lenders sought policy support to improve their liquidity position, according to meeting sources. The regulator's warning came few days after announcement of liquidation of People's Leasing and Financial Services Limited (PLFSL).
- Excepting few, most of the banks felt shy of dealing with NBFIs to avoid possible risks, according to insiders in the banking sector. Some NBFIs were facing extra pressure on liquidity following banks' shyness to do transactions with them, they explained. Now the situation started improving gradually, according to the market operators.
- A senior BB official said the BB, the Ministry of Finance (MoF), National Board of Revenue (NBR) and Bangladesh Securities Exchange Commission (BSEC) already started making concerted efforts to develop the bond market. Besides, a move was already taken to withdraw tax on zero coupon bonds, the central banker added.

<http://today.thefinancialexpress.com.bd/trade-market/bb-asks-banks-to-target-bond-market-as-source-of-fund-1563902503>

<http://www.newagebd.net/article/79428/nbfis-seek-bb-support-to-stop-banks-deposit-withdrawal-spree>

<https://www.dhakatribune.com/business/banks/2019/07/23/bb-asks-nbfis-not-to-dishonor-depositors-cheques>

High Court questions legality of Bangladesh Bank circular

- The High Court (HC) on Tuesday issued a rule questioning the legality of a Bangladesh Bank (BB) circular, which offered special privileges for loan defaulters. The court asked the BB and the Finance Ministry to explain within 10 days as to why the circular should not be declared illegal. On May 16, the BB issued the circular allowing defaulting borrowers to reschedule loans by paying a 2.0% down payment for a maximum period of 10 years. The defaulters were also given the scope to avail a 'one time exit' facility by clearing all dues within 360 days after getting the approval by the banks concerned.
- Earlier on July 8, the Appellate Division had sent the petition to the bench for disposal in two months. On that day the Division had also halted for two more months the HC order that had restricted the loan defaulters from enjoying the privileges. However, the apex court, in its order, barred these defaulters from getting fresh loans from any bank during the period.

<http://today.thefinancialexpress.com.bd/first-page/hc-questions-legality-of-bb-circular-1563903989>

Bangladesh slips one notch to sixth position: Study

- Bangladesh has slipped one point to the sixth position as a sourcing destination for US-based apparel and fashion companies in 2019 despite the fact that the majority of buyers surveyed have expressed interest to increase their

sourcing from the country, according to a latest survey. Ongoing trade uncertainty coupled with a 20% hike in sourcing cost from Bangladesh, Vietnam and India, the main alternative destinations to China, are being pointed out as the biggest concerns by the US fashion industry executives.

- Bangladesh is the sixth top sourcing destination with 60% usage among respondents, said the '2019 Fashion Industry Benchmarking Study.' In 2018 and 2016, Bangladesh remained the fifth sourcing destination while seventh in 2017, the report revealed. China remained the top destination (100% of respondents), Vietnam (86%) and India (86%) are top three most-utilized sourcing destinations, followed by Indonesia (71%), Cambodia (63%), Bangladesh (63%) and the Philippines (57%).

<http://today.thefinancialexpress.com.bd/last-page/bd-slips-one-notch-to-sixth-position-study-1563904489>
<http://www.newagebd.net/article/79433/80pc-of-us-brands-retailers-want-to-expand-sourcing-from-bangladesh>

Bangladesh Bank fixes e-wallet transaction ceiling

- Bangladesh Bank (BB) has fixed the ceiling of e-wallet transactions under payment service provider except Mobile Financial Service (MFS). For personal e-wallet account, the maximum deposited money will be Taka 400,000, according to a BB circular issued on Tuesday. In the account, the person can deposit maximum Taka 100,000 daily and maximum Taka 400,000 monthly. E-wallet account holder can transfer Taka 100,000 daily and Taka 400,000 monthly to bank account or person to person account. But, the maximum transaction ceiling will not be applicable for the other transactions - person to business, business to person or business to business - under personal account and non-personal account.

<http://today.thefinancialexpress.com.bd/last-page/bb-fixes-e-wallet-transaction-ceiling-1563904771>
<http://www.newagebd.net/article/79430/transaction-limit-thru-psps-e-wallet-hiked>
<https://www.dhakatribune.com/business/regulations/2019/07/23/e-wallet-transaction-limit-doubles>

Bangladesh Bank (BB) prods banks to raise exposure to share market

- The central bank has asked some 20 banks to boost their investments in stocks to help revamp the country's ailing capital market. The banks have the scope for investing more in listed securities in line with the existing rules and regulations, officials said. The central bank's latest step came after the free fall in the share markets for a prolonged period. A BB official said it is a "moral persuasion" not directive but the central bank will closely monitor the overall development.

- Under the exiting provisions, the market value of total investment of a banking company in the capital market on a consolidated basis cannot exceed 50% of the sum of its consolidated paid-up capital, balance in share-premium account, statutory reserves and retained earnings as stated in the latest audited financial statements. The banks, however, are now allowed to invest the maximum 25% of their total capital in the share market on "solo basis" in line with the Banking Companies (Amended) Act 2013. According to the Banking Companies Act 1991 (Amended 2013), total capital constitutes four components: paid-up capital, balance in share premium account, statutory reserves, and retained earnings-as stated in the latest audited financial statements. While calculating total investment in bourses, different components such as corporate bonds, mutual fund units and other securities need to be taken into account.

<http://today.thefinancialexpress.com.bd/first-page/bb-prods-banks-to-raise-exposure-to-share-mkt-1563903934>
<http://www.newagebd.net/article/79429/bangladesh-bank-advises-19-banks-to-support-stock-market>

Bangladesh Securities and Exchange Commission (BSEC) okays draft prospectus of two mutual funds

- The Bangladesh Securities and Exchange Commission (BSEC) on Tuesday approved draft prospectus of IDLC Asset Management Shariah Fund and Edge AMC Growth Fund. The BSEC approved the draft prospectus of IDLC Asset Management Shariah Fund (An open-end). The initial size of the fund will be BDT 500 million. The sponsor will contribute BDT 50 million, while remaining BDT 450 million will be collected through sales of units. The face value of the units will be BDT 10 each. IDLC Asset Management Limited is the sponsor of the unit fund. Investment Corporation of Bangladesh (ICB) is trusty and Brac Bank Limited is asset custodian of the unit fund.

- The BSEC also approved the draft prospectus of Edge AMC Growth Fund (An open-end). The initial size of the fund will be BDT 100 million. The sponsor will contribute BDT 10 million, while remaining BDT 90 million will be collected through sales of units. The face value of the units will be BDT 10 each.

<https://www.dhakatribune.com/business/stock/2019/07/23/bsec-okays-draft-prospectus-of-two-mutual-funds>

Local firm to set up USD 200 million plant to make electric vehicle

- Local automobile company Bangladesh Auto Industries Ltd (BAIL) is all set to make electric vehicles from next year with an initial investment of USD 200 million. The facilities, civil work and utility connection of the proposed plant on a 100-acre of land at the Mirsarai economic zone in Chattogram will be completed by December this year, the managing

director of BAIL said. He also added that they will install the manufacturing equipment by March next year and the manufacturing will begin in June.

- BAIL will manufacture two-wheelers, three-wheelers, sedan, hatchback and sport utility vehicle (SUV) and has plans to produce pick-ups, mini-trucks and multipurpose vehicles. Of the planned USD 200 million investment, 80% will be sourced locally, while the rest will enter the country as a foreign direct investment. The total investment for the project will reach USD 1 billion within the next five years, he again said. Leading local telecom service provider Mango Teleservices Ltd holds a majority share in BAIL established in November 2017.

- , The managing director of BAIL said that foreign partners from the US, China, India and Italy will provide technical and expert support for the facility. The plant will manufacture almost 60% of the component of the vehicles, including lithium battery, motor, controller, software platform, chassis and body. Internationally acclaimed designers have designed the initial EV models for BAIL. The company will sell an SUV at BDT 2.5 million, sedan at BDT 12 million to BDT 15 million, hatchback at BDT 8 million or even less. The price of the motor cycles will be BDT 50,000 to BDT 0.15 million.

<https://www.thedailystar.net/business/news/local-firm-set-200m-plant-make-electric-vehicle-1776208>

PLFS liquidator seeks asset list

- The liquidator of People's Leasing and Financial Services (PLFS) on Monday asked the existing management to provide him with affidavit information on the company's assets and liabilities by July 27. It means the management has three working days as July 26 and 27 comprise a weekend. The High Court gave Bangladesh Bank the go-ahead on July 14 to appoint a liquidator for the non-bank financial institution (NBFi). A deputy general manager of the central bank's financial institutions department, was then appointed as the liquidator.

- On June 27, the finance ministry first instructed the central bank to shutter the NBFi, a first for Bangladesh's financial sector, for its failure to improve its conditions. Previously two banks, the Bank of Credit and Commerce International alongside Oriental, were restructured, but not liquidated, for being on their last legs. Liquidation of the PLFS means closing its operations permanently and the BB, with the court's permission, will take steps to settle liabilities by selling off its assets.

- Some 15 banks and NBFIs have BDT 8.50 billion stuck in the PLFS. There are another 6,000 accounts of individuals in the company. Investors who have 68% stakes in the PLFS are in uncertainty over whether and how they will get back their money, amounting to nearly BDT 2.00 billion based on the present market value.

<https://www.thedailystar.net/business/news/plfs-liquidator-seeks-asset-list-1776193>

World Stock and Commodities*

| Index Name | Close Value | Value Change | % Change |
|------------------------------|-------------|--------------|----------|
| Crude Oil (WTI)* | \$56.22 | +0.59 | +1.06% |
| Crude Oil (Brent)* | \$63.32 | +0.06 | +0.09% |
| Gold Spot* | \$1,417.71 | -7.17 | -0.50% |
| DSEX | 4966.44 | -67.31 | -1.34% |
| Dow Jones Industrial Average | 27,171.90 | +17.70 | +0.07% |
| FTSE 100 | 7,514.93 | +6.23 | +0.08% |
| Nikkei 225 | 21,637.85 | +221.06 | +1.03% |

Exchange Rates

USD 1 = BDT 84.60*

GBP 1 = BDT 105.39*

EUR 1 = BDT 94.70*

INR 1 = BDT 1.23*

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

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