

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.

Volume of NPL up 24% in Q3

- The volume of classified loans in the country's banking sector rose further to hit an all-time high at BDT 1.16 trillion at the end of the third quarter of current calendar year despite close monitoring of the central bank. The amount of classified loans was BDT 993.71 billion a year ago.
- The amount of NPLs increased in the third quarter ending in September last as the regulator encouraged the practice of loan default through relaxation of its policies, a former deputy governor of the Bangladesh Bank (BB) said while explaining the rising trend of classified loans. Mentioning the global practices, the senior banker said the volume of default loans would decline in the event of punishment meted out to the defaulters. He also said the BB's existing policy support for loan defaulters might have encouraged some of the good borrowers to turn defaulters and avail such facilities.
- An executive director of BB said the amount of NPLs increased slightly in the Q3 compared with the preceding quarter in the current calendar year, because the central bank's instruction on policy support for loan defaulters and their one-time exit was yet to be fully implemented. He expected that the amount of classified loans would decrease in the final quarter of the year following full execution of the notification.
- The share of classified loans also rose to 11.99% of the total outstanding loans in September from 10.30% nine months ago. It was 11.69% on June 30, 2019.

<https://today.thefinancialexpress.com.bd/first-page/volume-of-npl-up-24pc-in-q3-1574877396>

<https://www.thedailystar.net/business/news/defaulted-loans-hit-all-time-high-1832884>

<http://www.newagebd.net/article/91964/default-loans-hit-BDT-116288cr>

<https://www.dhakatribune.com/business/2019/11/28/npls-rise-by-BDT3863-crore-in-3-months>

Revenue, job creation dismal despite high GDP growth: Government report

- Though the economy has been growing at a healthy pace in recent years, it has failed to raise revenue collection and private investment and create jobs as planned, according to a new government report. The report found three major disappointments in failure to increase the private sector investment as per target during the period, failure to increase the tax-to-GDP ratio, and slower pace of job creation. There was also inability to increase allocations for education, health and social protection for the poor and the vulnerable.
- In the first three years of the plan, the revenue had shown some significant gains, but the buoyancy in tax revenue disappeared thereafter and recorded a declining trend during the remaining years (FY13-FY17). By 2014-15, the tax-to-GDP ratio fell to 8.5%, which was well below the FY10 level. The report credited the initial progress to some minor reforms related to the VAT system and the widening of the base for withholding of VAT and direct taxes at sources.
- Nevertheless, a very large pool of educated youth remained unemployed primarily due to much slower than planned job creation in manufacturing and modern services. The manufacturing sector expanded at double digit rates but job creation in the sector was not enough to allow more rapid intake from the growing labor force as well as from low-income agriculture and informal services. The report said the slowdown of employments in the garment sector since 2013 has been particularly problematic. The situation became more difficult because of the shortage of skilled workforce, adoption of labor-saving technologies and an inevitable consequence of widespread automation in industry.
- According to the report, rapid growth and progress in human development have allowed Bangladesh to sharply reduce poverty and secure the lower middle-income status in 2015. In 2018, Bangladesh met the thresholds to graduate from the least developed country status and is now on course to formally becoming a developing country by 2024.

<https://www.thedailystar.net/business/news/revenue-job-creation-dismal-despite-high-gdp-growth-1832881>

Unhealthy competition in loan takeover weakening banking sector: research

- Unhealthy competition among banks on loan takeover has resulted in vulnerability in the banking sector as most of the transferred loans became defaulted, according to a new research. Under the loan transferring system, widely known as loan takeover, a loan is taken over by another lender by paying off the old lender in full, after which the borrower starts paying instalments to the new lender. Due to the unhealthy competition among the banks on loan takeover, lenders provide money to borrowers beyond permissible limit, said the director general of the Bangladesh Institute of Bank Management (BIBM). He said assessors lack accountability for assessing the value of a collateral.

- He said financing large businesses by multiple banks leads to creation of excessive loans compared to requirements, giving scope to divert the excess funds to unspecified areas, mainly in speculative businesses. Under the circumstances, borrowers fail to generate cash flow from its operation to service the debt, which compels them either to become defaulted or repay loans of one bank by the fund borrowed from another bank, he said.
- Last year, only 20% banks disbursed loans to new sectors or industries, whereas 80% lenders were confined to old businesses, he said. Banks should explore new areas to disburse loans in the interest of the private sector, BB governor said.

<https://www.thedailystar.net/business/news/unhealthy-competition-loan-takeover-weakening-banking-sector-research-1832875>
<http://www.newagebd.net/article/91936/only-20pc-of-banks-issue-loans-to-new-sectors>
<https://www.dhakatribune.com/business/2019/11/28/above-two-thirds-of-banks-do-not-lend-to-new-industries-says-bb-governor>

Finance minister rules out trade war fallout

- The finance minister said on Wednesday Bangladesh's economy would not face any shock from the ongoing global trade war due to its strong base. He said development partners have already explained the reasons why Bangladesh's economy would not see slowdown. Refereeing to the IMF and the World Bank, he said developing countries such as Bangladesh will face difficulties only if these have higher debt in proportion to Gross Domestic Product, GDP. Our loan is very small-some 33% of GDP. Nowhere in the world the ratio is so low. We have no problem at all, he said. The minister said countries having strong manufacturing sector, would not face difficulties. He insisted Bangladesh's main agenda is to keep the manufacturing sector strong by providing necessary assistance.

<https://today.thefinancialexpress.com.bd/first-page/finance-minister-rules-out-trade-war-fallout-1574877548>

Ring Shine to debut on Dhaka Stock Exchange (DSE) after record date

- The trading of shares of Ring Shine Textiles will likely to begin after the record date related with corporate disclosure to avoid possible conflict with securities rules as a recent BSEC directive has imposed circuit breaker on companies' shares from the first trading day. Ring Shine on November 21 declared 15% stock dividend for the year ended on June 30, 2019 for the first time after six years, as per available information in its IPO prospectus. It set December 11 for record date.

<http://www.newagebd.net/article/91940/ring-shine-to-debut-on-dse-after-record-date>

Bangladesh Securities and Exchange Commission (BSEC) approves BDT 6.0 billion Islami Bank bond

- The securities regulator has approved a mudaraba redeemable non-convertible subordinated bond worth BDT 6.0 billion in favor of Islami Bank Bangladesh. The tenure of the fully redeemable non-convertible, unsecured, non-listed subordinated bond will be seven years. The fund will be raised to strengthen the bank's Tier-2 capital base. The face value of each unit of the bond will be BDT 10 million. The units will be sold to the financial institutions, insurance companies, foreign development partners, corporate bodies through private placements. The trustee and mandated lead arranger of the bond are Green Delta Insurance and Standard Chartered Bank respectively.
- The BSEC also gave consent to the Power Grid Company's proposal to raise paid-up capital. As per the BSEC approval, the state-run company will issue more than 251.81 million ordinary shares, aiming to raise BDT 2.51 billion from the existing shareholders.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-approves-BDT-60b-islami-bank-bond-1574871915>
<https://www.thedailystar.net/business/news/islami-banks-BDT-600cr-bond-gets-nod-1832866>
<http://www.newagebd.net/article/91939/bsec-allows-pgcb-to-issue-25cr-shares-to-bpdb>
<https://www.dhakatribune.com/business/2019/11/28/bsec-to-amend-securities-rules-approves-islami-bank-s-BDT600-crore-bond-2>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$57.84	-0.27	-0.46%
Crude Oil (Brent)*	\$63.86	-0.20	-0.31%
Gold Spot*	\$1,456.03	+1.59	+0.11%
DSEX	4,730.35	+8.04	+0.17%
Dow Jones Industrial Average	28,164.00	+42.32	+0.15%
FTSE 100	7,429.78	+26.64	+0.36%
Nikkei 225	23,453.96	+16.19	+0.07%
BSE SENSEX	41,161.54	+140.93	+0.34%

Exchange Rates

USD 1 = BDT 84.81*

GBP 1 = BDT 109.70*

EUR 1 = BDT 93.36*

INR 1 = BDT 1.19*

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

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