

*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.*

### **Japanese companies relocating to Bangladesh from China to get subsidy**

- Bangladesh has been added to the list of countries which will qualify for subsidy for the Japanese companies which shift their production base out of China. In order to diversify its supply chain, Japan has decided that Japanese manufacturers will now be eligible for subsidies if they shift production out of China to India or Bangladesh. The supplementary budget of Japan for the fiscal year 2020 has earmarked USD 221 million for companies that move production to Southeast Asian countries.
- In the first round of subsidies announced last month, 30 companies such as the Med-Tech and IT company Hoya decided to shift base to Vietnam and Laos. Another 57 companies are receiving financial support to shift base to Japan. The program falls under the broader effort of Supply Chain Resilience Initiative (SCRI) initiated by Japan in the backdrop of the recent disruption in medical supplies and electrical components after the COVID 19 pandemic hit the world.
- Meanwhile, Japanese Ambassador to Bangladesh announced that Japan would make investment in the Araihaazar special economic zone, which will be the largest investment in Asia. He also announced that Japan was thinking of setting up an automobile factory in Bangladesh.

<https://www.dhakatribune.com/business/2020/09/07/japanese-companies-relocating-to-bangladesh-from-china-to-get-subsidy>

### **Sales of government savings tools nosedive in July**

- After a sudden increase in June, net sales of the state-owned savings instruments dropped drastically in July, the first month of the current fiscal year (FY), 2020-21. The Department of National Savings (DNS) data showed that net sales of the government-run savings tools came down to BDT 37.05 billion in this July, compared to BDT 93.23 billion in the previous month (June 2020). However, the government's net borrowing from the savings tools increased by 67.47% in July of FY 21, compared to that of the corresponding period of last fiscal.
- Officials said it is a normal trend that every year sales of the savings instruments, especially savings certificates, increase significantly in June. Private sector service-holders purchase savings certificates to enjoy tax rebate. They also said the savers are gradually adapting themselves with the new mandatory rules of purchasing savings certificates, such as - providing National Identification Number (NID) and income tax certificate, and depositing money through bank cheque. So, the sales volume increased in July of FY 21 than that of the corresponding period of previous fiscal.
- The statistics showed that net sales of the savings schemes amounted to BDT 22.12 billion in July of FY 20. A senior official at the DNS said that there is an impact of the Covid-19 pandemic on overall investment in the government's savings instruments. The savers are hardly reinvesting their money in savings tools currently. The number of reinvestment in the sector declined since the government fixed maximum ceiling of investment in the savings certificates, he added.

<https://today.thefinancialexpress.com.bd/first-page/sales-of-govt-savings-tools-nosedive-in-july-1599500936>

### **Holding on to hope amid drawn-out adversity**

- The economy is recovering from the rubble left behind once the Covid-19 pandemic emerged just six months ago, on the back of rebounding exports, astonishing record flows of remittances, uptick in private credit and peoples' responses. However, the journey has been very costly. Before the onslaught of the respiratory disease began on March 8, Bangladesh had been on an upward growth trajectory and economic wellbeing. The pace has lost its steam.
- Several private research organisations estimate that the shutdown for two-and-a-half months to battle the virus increased the poverty level by as much as 20 percentage points. The planning commission revised upwards its estimate to 29.4% in June. Extreme poverty doubled to 20.5%. The highflying growth of the economy nosedived, posting 5.2% in the last fiscal year, down from its historic high of 8.15% a year ago. The official growth figure is higher than the forecasts by multilateral lenders such as International Monetary Fund, World Bank and Asian Development Bank and local think-tank Centre for Policy Dialogue (CPD).
- Entrepreneurs, top executives and economists said the BDT 1 trillion-plus stimulus package unveiled by the government for industries, businesses and agriculture played a key role in boosting confidence of entrepreneurs, who saw their revenue plummet as the lockdown brought economic activities to their knees. The exporters of leather goods and footwear, one of the leading sectors, are bearing the brunt of the pandemic. Leather goods and footwear export

dropped 25% year-on-year to USD 428 million in the first eight months of 2020.

<https://www.thedailystar.net/business/news/holding-hope-amid-drawn-out-adversity-1957685>

### **Stimulus packages: Disbursement picks up as business normalizes**

- Banks have hastened loan disbursements under stimulus packages with businesses gradually beginning to recover from the pandemic's shocks and public movement returning to normal. Under the BDT 200 billion package for small and medium-sized enterprises (SMEs), the Bangladesh Bank approved loans amounting to BDT 41 billion till August; which was four times higher than BDT 5.10 billion approved till July 15. The approved loans under another BDT 300 billion package—meant for large industries—also doubled to BDT 200 billion in August from July's amount, according to data from the central bank.

- The managing director at Eastern Bank and chairman at the Association of Bankers, Bangladesh (ABB), said initially, loan disbursements under stimulus packages were challenging for banks owing to the closure of business activities, and strict conditions for implementing the packages. Business activities restarted in July, and the Bangladesh Bank also relaxed the rules, helping the banks for smooth disbursement, he said. In July, the Bangladesh Bank formed a credit guarantee scheme to the tune of BDT 20 billion to expedite loan disbursement in the SME sector. The managing director of Prime Bank said some large players have even started their repayments as their sales have increased up to 90% of their target since reopening business activities.

<https://tbsnews.net/economy/banking/stimulus-packages-disbursement-picks-business-normalises-129760>

### **Stimulus loans elude many**

- Despite the government's swift measures in response to the pandemic in April, the disbursement from the stimulus packages for SMEs and farm sectors and pre-shipment credit for exporters is yet to gather momentum because of the absence of the central bank's initiative and the negligence on the part of banks. Lenders, however, have given out a major portion of the fiscal lifelines unveiled for the large industries and service sectors as the disbursement process is easier than those put in place for the SME and farm sectors.

- Soon after the deadly virus arrived on the shores of the country, the government and the central bank took 19 stimulus packages worth BDT 1.06 trillion to tackle the economic fallout brought on by the pandemic. Banks have been given the responsibility to distribute more than BDT 800 billion of the stimulus packages in the form of soft loans. So far, banks have disbursed about BDT 41.20 billion among 11,183 borrowers under the stimulus package worth BDT 200 billion dedicated for the SME sector. The loan will be given at 9% interest rate. Of the interest rate, 4% will be borne by the borrowers and 5% by the government.

- It is very difficult to lend SMEs at 9% while maintaining acquisition and maintenance costs, said the managing director of Prime Bank, recently. He called on the policymakers to reconsider the interest rate cap for the SME clients. Banks blamed the latest floods for the weak implementation as this has discouraged entrepreneurs to take out loans, a Bangladesh Bank official said. In Bangladesh, SMEs account for 20% of the GDP, 80% of the total industrial employment and 25% of the labour force. The Covid-19 pandemic has threatened the existence of 2.5 million SMEs in Bangladesh, according to the International Labour Organisation. The central bank has introduced a credit guarantee scheme for the loans going to the SMEs. Now banks hope it would accelerate the credit flow.

<https://www.thedailystar.net/business/news/stimulus-loans-elude-many-1957677>

### **Bangladesh Securities and Exchange Commission (BSEC) exempts Robi from specific clauses of Public Issue Rules**

- The Bangladesh Securities and Exchange Commission (BSEC) has decided to exempt Robi Axiata Limited, the country's second-largest telecom operator, from some clauses of Public Issue Rules for its initial public offering (IPO). Consequently, 136.1 million shares - which will be offered by Robi's employees under an Employee Stock Purchase Plan (ESPP) - will be considered as part of the IPO. An ESPP is a company-run programme in which participating employees can purchase the company's stocks at a discounted price. Robi will comply with the distribution of securities under the fixed price method to omit the employees' portion.

- Earlier, Robi took an exemption from a directive of the Financial Reporting Council (FRC) which stated that it is mandatory for IPO issuers to issue shares against "share money deposit". Robi sold shares to its employees with the condition that they will get allotment of shares only if the BSEC approves the company's IPO. Otherwise, the company will return the money to the employees. The BSEC will impose a lock-in period on the employees' shares and specify other conditions at the time of IPO approval.

- Earlier, Robi applied to the BSEC for raising BDT 5.23 billion from the capital market through issuing new shares in an IPO. The company will issue 523.8 million new shares at a face value of BDT 10 each. Of the new shares, 387.7 million will be offered to the public, which will represent 7.4% of the company's post-IPO number of shares. Meanwhile, the

employees will be offered to buy 136.1 million shares under an ESPP, which will represent 2.6% of the post-IPO number of shares.

<https://tbsnews.net/economy/stock/bsec-exempts-robi-specific-clauses-public-issue-rules-129688>

### **Padma Oil inks business deal with Beximco LPG Unit-1**

- The state-owned petroleum distributor Padma Oil Company has signed an agreement with Beximco LPG Unit-1 to sell liquefied petroleum gas (LPG). Under the agreement, Padma Oil will sell the LPG by establishing LPG refueling station and parallel to sale of petroleum oil through its registered filling stations. As per the agreement, Padma Oil will receive royalties of BDT 0.50 per liter sale of LPG, according to an official disclosure on Monday.

<https://today.thefinancialexpress.com.bd/stock-corporate/padma-oil-inks-business-deal-with-beximco-lpg-unit-1-1599496790>

### **High Court order on Pubali Bank stayed by Supreme Court**

- The incumbent Board of Directors of Pubali Bank Limited will continue to perform its activities as per normal rules with four newly-elected members at the 37th AGM. Pubali Bank Limited got legal permission from the court, said a statement. On August 27, 2020, the High Court ordered for re-election of the Board of Directors. Subsequently, on September 06, 2020, the Judge in Chambers, Appellate Division of the Supreme Court stayed the order of the High Court.

<https://today.thefinancialexpress.com.bd/stock-corporate/hc-order-on-pubali-bank-stayed-by-sc-1599496824>

### **COVID-19 affects livelihoods of 82% RMG workers: survey**

- The coronavirus outbreak has affected the livelihoods of 82% of readymade garment workers in Bangladesh and more than half of the affected workers had been forced to spend savings and borrow money to cover their expenses, according to a survey. 51% of the workers had been sending money to their family before the COVID-19 crisis but 18% of the remittance senders were no longer sending money due to the pandemic.

- Of the remittance senders, 58% said they were sending either less money to family or sending it less frequently while 22% said there had been no impact of COVID-19 on their family remittances, according to the report. In response to the survey's questions on the impact of the ongoing pandemic, only 18% of the respondents reported that the COVID-19 crisis had had no impact on their livelihoods while the remaining respondents reported at least some impact. It showed that 25% of the surveyed workers had been forced to spend savings and 18% were borrowing money to cover expenses.

- It also found that 15% of RMG workers had disobeyed quarantine rules to earn an income and nine% relied on extended family assistance due to the pandemic. The report identified that as the impact of the coronavirus pandemic, many RMG workers moved to cheaper places, looked for another job, moved back to their hometowns and sold assets to cover expenses.

<https://www.newagebd.net/article/115610/covid-19-affects-livelihoods-of-82pc-rmg-workers-survey>

### **Integrated supervision of banks' affairs takes effect at Bangladesh Bank (BB)**

- The Bangladesh Bank on Monday issued a master circular on submission of data by the scheduled banks to the central bank's integrated supervision system. It said that the circular was issued with a view to expediting the BB's observation in an orderly and integrated manner. An official of the central bank said that the master circular would help the banks to better understand reporting to the BB through the directives given in a single circular instead of having to follow a large number of circulars issued by different departments.

- It can be termed a compilation of the BB's circulars on periodical reporting to the BB by the scheduled banks, the official said. In the circular, the BB asked the banks to submit CDs or DVDs of branch-wise quarterly classified loan statements within 25 days after each quarter-end. The banks were also instructed to submit a copy of the banks' audited annual reports to the Integrated Supervision Management Department within 15 days of publishing. The BB also mentioned that it would take regulatory measures in case of any violation of the provisions mentioned in the circular.

<https://www.newagebd.net/article/115649/integrated-supervision-of-banks-affairs-takes-effect-at-bb>

**World Stock and Commodities\***

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$39.09	(\$22.54)	-36.57%
Crude Oil (Brent)*	\$42.02	(\$26.42)	-38.60%
Gold Spot*	\$1,926.51	\$405.04	26.62%
DSEX	4,959.18	506.25	11.37%
S&P 500	3,426.96	196.18	6.07%
FTSE 100	5,937.40	(1,649.65)	-21.74%
BSE SENSEX	38,417.23	(3,224.91)	-7.74%
KSE-100	42,295.75	1,560.67	3.83%
CSEALL	5,310.67	(818.54)	-13.35%

**Exchange Rates**

**USD 1 = BDT 84.79\***

**GBP 1 = BDT 111.46\***

**EUR 1 = BDT 100.10\***

**INR 1 = BDT 1.15\***

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

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