

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.

Banking sector poised to derail growth momentum for Bangladesh economy: International Monetary Fund (IMF)

- As per latest central bank data, which is of September last year, default loans in the banking sector stood at BDT 1.16 trillion, which is an all-time high. Eight state-run banks accounted for more than 50% of the default loans: BDT 596.22 billion.
- There is an increase in government borrowing from the banking sector, brought on by the sharp decline in savings certificate sales and slowdown in revenue growth. Subsequently, private sector credit growth slowed down. In November last year, private sector credit growth dropped to 9.87%, which is the lowest since 2008 at least. The BB's data goes as far back as 2008.
- To address them, the main priorities are a strict enforcement of existing legal and regulatory requirements, an increase banking sector capital and a reform of the state-owned banks, with a clear separation of commercial and development functions.
- Bangladesh's average inflation crept up four basis points to 5.59% in 2019. Export earnings fell 5.84% year-on-year to USD 19.3 billion in the first six months of the fiscal year on the back of lower shipment of apparel items. The shipment of apparel, which usually makes up more than 80% of national exports, fell 6.21% to USD 16.02 billion.

<https://www.thedailystar.net/business/bangladesh-banking-sector-economy-steeped-default-loans-poses-1857856>

Bangladesh to export bandwidth to Nepal

- Bangladesh Submarine Cable Company (BSCCL) is looking for new markets to export its huge unused bandwidth and the new destination is Nepal, said officials of the state-owned listed firm. The lone submarine cable company of Bangladesh is now in talks with Nepal Telecom to export about 100 gigabits per second (Gbps) of bandwidth. A memorandum of understanding will be signed within a short time, the managing director of the BSCCL said. As Bangladesh has access to the landlocked Himalayan nation only via India, BSCCL and Nepal Telecom have approached an Indian company, which has expressed willingness to establish the connection, he said.
- Nepal now buys bandwidth from Chennai in India and China to meet its daily demand for about 250 Gbps, but due to its remote location high-speed internet cannot be ensured, Rahman said. The BSCCL's second undersea cable lands in Kuakata of Patuakhali, which is closer to Nepal. BSCCL is currently exporting 10 Gbps of bandwidth to India's northeastern state of Tripura through their state-run telecom company Bharat Sanchar Nigam Ltd (BSNL). But BSNL does not afford internet bandwidth from Bangladesh anymore and will suspend its deal next month. The Indian company owes BDT 63.9 million to BSCCL, which is no closer to recouping the dues.
- Bangladesh has 2,600 Gbps bandwidth capacity from two submarine cables, but only 900 Gbps is consumed locally. BSCCL is working to get its third undersea cable by 2023, which alone will add another 7,200 Gbps.

<https://www.thedailystar.net/business/news/bangladesh-export-bandwidth-nepal-1857835>

Big scammers top defaulters' list

- The number of loan defaulters stands at 8,238 who owed BDT 969.86 billion to various public and private banks till November last year. The Finance Minister said that BDT 258.36 billion was recovered from different defaulters as of November. Apart from individuals, both public and private organizations are on the list.
- Three non-bank financial institutions (NBFIs) have also become defaulters as they failed to pay back bank loans taken for running business. They are Bangladesh Industrial Finance Company, International Leasing and Financial Service, and Peoples Leasing and Finance Services. The BB has already started the process of liquidating one of the three NBFIs -- Peoples Leasing and Finance Services -- for its failure to repay the depositors' money.
- Among the government entities, the food ministry's defaulted loan is BDT 264.6 million. Bangladesh Bank statistics show that the defaulted loans totaled BDT 1.16 trillion in September last year. According to Finance Minister's statement in the House, the amount fell by BDT 193.02 billion in the following two months.
- As of September last year, directors of various banks took loans amounting to BDT 1.73 trillion from their own as well as other banks, said the finance minister. The amount is around 12% of the total outstanding loans, according to him. Directors of 25 banks have taken loans of BDT 16.15 billion from their banks -- around 0.166% of the outstanding loans of the banks. Bank directors also took BDT 1.72 trillion from 55 other banks. The amount is 11.21% of their total

loans.

<https://www.thedailystar.net/frontpage/loan-defaulters-number-in-bangladesh-stands-8238-now-1857799>
<https://www.newagebd.net/article/97413/BDT-96986cr-in-loans-defaulted-by-8238-companies-minister>

Bangladesh Bank proposes BDT 100 billion fund for stocks

- The Bangladesh Bank has submitted to the finance ministry a set of proposals, including formation of a BDT 100 billion refinancing fund in line with some stockbrokers' demand to stabilize the ailing capital market. As per the BB proposal, the fund would be managed by the central bank directly and the banks, merchant banks and brokerage houses would get fund from the BB at the interest rates between 3% and 5%.
- The investors upon fulfilment of BB's criteria would be entitled to get the fund from brokerage houses or merchant banks at the interest rates between 7% and 9%. Earlier on September 22 last year, the BB offered repurchase agreement (REPO) facility to the banks at the rate of 6% interest for investments in the capital market. The central bank has excluded banks' investments into the non-listed securities from their capital market exposure to offer banks more space to invest into the capital market.

<https://www.newagebd.net/article/97388/bb-proposes-BDT-10000cr-fund-for-stocks>

Prospectus of Ekush First Unit Fund approved

- The securities regulator approved the draft prospectus of Ekush First Unit Fund. The initial size of the open-end mutual fund will be BDT 100 million, of which BDT 10 million will be contributed by its sponsor Ekush Wealth Management, also the asset manager of the fund. The remaining BDT 90 million will be collected from general investors through sales of units. The offer price of the fund's units will be BDT 10 each.
- The BSEC has also approved the draft of the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2020.

<https://today.thefinancialexpress.com.bd/stock-corporate/prospectus-of-ekush-first-unit-fund-approved-1579713691>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$55.82	-0.92	-1.62%
Crude Oil (Brent)*	\$ 62.35	-0.86	-1.36%
Gold Spot*	\$1,557.20	+0.50	+0.03%
DSEX	4440.30	+32.19	+2.01%
Dow Jones Industrial Average	29,186.27	-9.77	+0.73%
FTSE 100	7,571.92	-38.78	-0.51%
Nikkei 225	23,877.89	-153.46	-0.64%
BSE SENSEX	41,115.38	-208.43	-0.50%

Exchange Rates

USD 1 = BDT 84.85*
 GBP 1 = BDT 111.46*
 EUR 1 = BDT 94.05*
 INR 1 = BDT 1.19*

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

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