

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.

FY'20 revenue rises by BDT 30 billion on fresh data

■ The revenue board has managed to collect BDT 30 billion more for the public exchequer in the last fiscal year, reducing the extent of shortfall it suffered due to the COVID-19 pandemic. The National Board of Revenue (NBR) has collected BDT 2.18 trillion against its revised target of BDT 3.0 trillion for FY 2019-20. As of July 7, it was reported that the NBR collected BDT 2.15 trillion in tax revenue facing a 3.79% negative growth in the last FY compared to that of the previous FY.

■ However, the latest data of the research and statistics wing, though provisional, of NBR also pointed out 2.26% negative growth in revenue collection in the FY 2019-20. The NBR also lagged behind its revised target by 27.32%. A senior NBR official said that the NBR received a significant amount of VAT and other withholding tax after 5th of a month that contributed to the additional revenue.

■ He said the ambitious target for revenue collection and COVID-hit economic activity are the main reasons for the huge shortfall in revenue collection. In the month of June, the NBR collected BDT 298.90 billion in tax revenue against its target of BDT 357.32 billion, facing a BDT 58.42 billion shortfall. However, the revenue collection faced a negative 1.22% growth in the month of June.

<https://today.thefinancialexpress.com.bd/first-page/fy-20-revenue-rises-by-BDT-30b-on-fresh-data-1595354127>
<https://www.thedailystar.net/business/news/revenue-collection-did-not-stutter-badly-last-fiscal-year-feared-1934337>
<https://www.newagebd.net/article/111759/nbr-receipts-BDT-82094cr-short-of-fy20-revised-target>

BDT 18.31 billion cash incentives for exporters

■ The government has released a sum of BDT 18.31 billion in favour of the Bangladesh Bank for the payment of cash incentives/subsidy to local exporters. It is the first instalment of cash incentives/subsidy for the July-September quarter of the current fiscal year (FY), 2020-21. Of the amount, BDT 1.25 billion will go to the jute sector while BDT 17.06 billion to other sectors, according to the finance division. A special 1.0% cash incentive support fund for the readymade garment (RMG) industry has also been included in the 1st instalment. The government has yet to announce the rates of cash incentive/subsidy for the current fiscal. An official of the finance ministry said the installment fund has been released in favour of the central bank.

<https://today.thefinancialexpress.com.bd/trade-market/BDT-1831b-cash-incentives-for-exporters-1595349573>

Bangladesh Bank (BB) makes lending easier to foreign companies

■ Banks and non-bank financial institutions have been allowed to give out local currency loans to foreign companies against overseas guarantees without taking prior approval from the central bank. The central bank eased the rule yesterday given the ongoing coronavirus pandemic, according to a notice. The new rule will be in force until June 30, 2021.

■ The rule relaxation aims at facilitating easy access to loans against external guarantees, a central bank official said. No fees will be payable against the guarantees. The central bank would have to be informed immediately in case of encashment of guarantees due to the payment default by borrowers. Permission from the central bank will be required in case of payment abroad of the amount encashed by lenders.

<https://www.thedailystar.net/business/news/bb-makes-lending-easier-foreign-companies-1934321>
<https://tbsnews.net/economy/banking/lending-against-overseas-guarantee-foreign-firms-allowed-109606>
<https://www.newagebd.net/article/111758/bb-keeps-simplifying-rules-for-foreign-investors-to-attract-fdi>
<https://www.dhakatribune.com/business/banks/2020/07/22/foreign-firms-to-get-easy-access-to-domestic-loans>

Bangladesh Bank (BB) to declare BDT 20 billion credit insurance scheme for SMEs

■ Bangladesh Bank is going to announce a BDT 20 billion credit guarantee insurance scheme for the small and medium enterprises (SMEs), said the Private Industry and Investment Adviser of the Prime Minister. The scheme will be introduced as the commercial banks are reluctant to disburse loans among the SMEs in accordance with the interest rate cap at 9%, he added. So they are now going to do is to announce a credit insurance scheme for the SMEs. The announcement may come next week from the central bank, he also said. He said the government will increase the amount of insurance scheme if this BDT 20 billion becomes successful.

<https://today.thefinancialexpress.com.bd/last-page/bb-to-declare-BDT-20b-credit-insurance-scheme-for-smes-1595354757>

Bangladesh Bank (BB) relaxes classification rules for CMSME loans

■ The Bangladesh Bank on Tuesday relaxed the loan classification and provisioning rules for the cottage, micro, small and medium enterprise sector in an attempt to encourage banks to issue credit to the sector. A BB circular issued on the day said that in the CMSME sector, the banks will now treat loans as sub-standard if no installments were paid from six months to 18 months, raising the upper ceiling from nine months. In case of non-payment of installments for a period of 18 months or beyond but less than 30 months, the loan will be treated as doubtful. The previous lower ceiling for this category was 12 months.

■ In the event of non-payment of installments for a period of 30 months or beyond, the loan would be treated as bad and loss, as per the central bank circular. As per the new rules, the banks will have to keep 0.25% provision for their regular loans in the CMSME sector — 5% provision for sub-standard loan, 20% provision for doubtful loans and 100% provision for bad and loss.

■ The banks previously had to keep 0.50 to 5% provision against defaulted loans against regular category, 20% against sub-standard category, 50% against doubtful category, and 100% against bad or loss category. They relaxed the loan classification and provisioning policy for the CMSME sector to encourage participation of the banks in disbursing loans to the sector, said the Bangladesh Bank executive director. As of June 30, the banks have disbursed only BDT 2.50 billion to the sector out of the BDT 200.00 billion stimulus package, as revealed by the latest BB data.

<https://www.newagebd.net/article/111761/bb-relaxes-classification-rules-for-cmsme-loans>

Government move to enact single act

■ The government has moved to bring the activities of the securities regulator and operations of the capital market under a single act to be enacted by the parliament on completion of relevant processes. As part of the move, the Financial Institutions Division (FID) of the ministry of finance (MoF) has drafted an act accommodating the Securities and Exchange Ordinance, 1969 and the Bangladesh Securities and Exchange Commission Act, 1993.

■ The BSEC official said the draft of the accommodated act has included some new provisions regarding the operations of newly-formed clearing corporation and the formation of prosecution unit for the tribunal on capital market. As per the proposed act, the securities regulator will be able to form its own permanent prosecution unit appointing required number of prosecutors to deal the cases filed with the special tribunal of the capital market. The proposed act has also empowered the securities regulator to contain rumours spread through social media.

<https://today.thefinancialexpress.com.bd/stock-corporate/govt-move-to-enact-single-act-1595348818>

Bangladesh Securities and Exchange Commission (BSEC) to freeze shares of Shurwid directors

■ The securities regulator has decided to freeze the shares of the directors of Shurwid Industries for submitting compliance reporting without completing the distribution of dividend for the year ended on June 30, 2019. One of the BSEC directors said that the securities regulator will also conduct a special audit of the financial statement of Shurwid Industries. The securities regulator has also asked the Dhaka Stock Exchange (DSE) to submit a report conducting an inspection of the company.

■ The Board of Directors of the Shurwid Industries recommended 10% cash dividend for the year ended on June 30, 2019. But some investors filed complaints with the stock exchanges for not getting dividend for the year ended on June 30, 2019. That's why the BSEC has taken action against the company.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-to-freeze-shares-of-shurwid-directors-1595349118>
<https://tbsnews.net/economy/stock/regulator-freezes-shurwid-insiders-bo-accounts-109780>
<https://www.newagebd.net/article/111764/bsec-freezes-shares-of-shurwids-top-brass-over-false-info-submission>
<https://www.dhakatribune.com/business/stock/2020/07/21/bsec-freezes-shares-of-shurwid-industries-s-directors-officials>

The future of lending is here. And it is thanks to City Bank and bKash.

■ City Bank and bKash are possibly on to revolutionising the lending landscape in Bangladesh after the two yesterday announced rolling out digital lending on a pilot basis. A select group of bKash users will now be able to get a loan of up to BDT 10,000 collateral-free on an instant. To take a loan, banks require consumers to visit a branch, open an account first and then start the cumbersome process of applying for the loan. And there is no surety that the loan would be sanctioned. Often, applications get rejected for a minor glitch in the form or documents provided, meaning the customer have to return to the branch and go through the entire cycle all over again.

■ But the digital lending model that harnesses the power of technology, loan seekers no longer need to under a completely physical process to procure a loan. The whole process is presence-less and paperless and the service delivery cashless. And all this is done in just a few minutes. The lending model is immensely popular in neighbouring

India, and the Bangladesh Bank has warmed to the idea as it stands to expedite the financial inclusion agenda in the country. Upon successful completion of the pilot, the product would be rolled out on a wider scale.

■ The credit ceiling may be increased if the ongoing pilot project is completed successfully, the managing director of City Bank said. They believe the collateral-free, instant digital loan will bring transformative impact among marginalised people, micro entrepreneurs and students to meet their emergency personal or business needs," bKash CEO added.

<https://www.thedailystar.net/business/news/the-future-lending-here-and-it-thanks-city-bank-and-bkash-1934333>
<https://tbsnews.net/economy/technology-takes-over-banking-industry-109753>
<https://www.newagebd.net/article/111766/city-bank-bkash-launch-countrys-1st-instant-digital-loan>
<https://www.dhakatribune.com/business/2020/07/21/city-bank-launches-loan-disbursement-pilot-project-for-bkash-users>

Dhaka Bank to change the age-old banking structure

■ Dhaka Bank Limited (DBL) has planned to introduce diversified financial technology (FinTech) based-services to ensure uninterrupted banking services for their customers, the bank's top executive has said. Cash withdrawal tendency has created an immense pressure on the overall liquidity condition of the banks mainly due to the slowdown in the recovery along with lower deposit growth. If this situation is covered accordingly, banking sector will be able to handle the situation, he added.

■ The senior banker predicted that the banks and other financial institutions might face liquidity pressure in the near future mainly due to lower cash flow in the recent months. The CEO also feared that most of the private commercial banks might face lower profitability by the end of this calendar year following implementation of 9.0% interest rate on all loans except credit cards.

<https://today.thefinancialexpress.com.bd/stock-corporate/dhaka-bank-to-change-the-age-old-banking-structure-1595348902>

Government move to use surplus funds of state-run firms to spook stock investors: analysts

■ The government's decision to use the surplus funds of state-run companies, including listed ones, is eroding investor confidence as the move will reduce profits of the companies, according to market analysts. Among the state-run companies, the 18 that are listed have a combined BDT 162.36 billion surplus fund, most of which is kept at banks as fixed deposit receipts (FDRs). However, foreign clients who invested in state-run firms are irked by the sudden development with many having decided to reclaim their stakes in the companies, the official said.

■ In fiscal 2019-20, foreign investors pulled out BDT 13.99 billion in financing from the stock market, making it the largest withdrawal of funding in any given year. The government's decision, among others, to utilise surplus funds also affects local investors, he said. In January, the government passed a bill aimed at bringing a total of BDT 2.19 trillion held by state-owned enterprises as surplus funds to the national exchequer for use in various development projects. The decision to reallocate those funds will have a negative impact on the stock market since investors finance companies after seeing if said company's FDR breeds huge profits, said the chief executive officer of Amarstock.com.

■ The listed state-run companies are: Titas Gas, Usmania Glass, Atlas, Eastern Cables, National Tubes, Renwick Jasneswar, DESCO, Eastern Lubricants, Jamuna Oil, Meghna Petroleum, Padma Oil, Power Grid, Bangladesh Shipping Corporation, Bangladesh Submarine Cable, Shyampur Sugar, Zeal Bangla, Rupali Bank and Investment Corporation of Bangladesh.

<https://www.thedailystar.net/business/news/govt-move-use-surplus-funds-state-run-firms-spook-stock-investors-analysts-1934301>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 41.68	(\$19.95)	-32.37%
Crude Oil (Brent)*	USD 44.10	(\$24.34)	-35.56%
Gold Spot*	USD 1,858.14	\$336.67	22.13%
DSEX	4,085.80	(367.13)	-8.24%
S&P 500	3,257.30	26.52	0.82%
FTSE 100	6,269.73	(1,317.32)	-17.36%
BSE SENSEX	37,930.33	(3,711.81)	-8.91%
KSE-100	37,700.31	(3,034.77)	-7.45%
CSEALL	5,034.45	(1,094.76)	-17.86%

Exchange Rates

USD 1 = BDT 84.75*

GBP 1 = BDT 107.83*

EUR 1 = BDT 97.82*

INR 1 = BDT 1.14*

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

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