

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 defaulting till September even if instalment payments missed: The Central Bank

- The central bank asked banks not to downgrade the classification status of any borrowers for defaulted loans between the period of January and September this year. Borrowers will not be labelled defaulters, even if they failed to pay back their bank loans, till September this year – as the Bangladesh Bank has extended the facility considering the lingering economic fallout of Covid-19.
- The central bank – in a circular yesterday – asked banks not to downgrade the classification status of any borrowers for defaulted loans between the period of January and September this year. As part of its crisis mitigation strategy, the Bangladesh Bank, earlier, on March 19 directed banks to provide this facility to all borrowers for six months – from January 1 to June 30. Banks are allowed to follow existing rules and regulations in interest calculation though they have been barred from imposing any penalty or additional interest on the loans for the period.
- Bank directors and different trade bodies had been calling for extending the facility till December this year as they believe many borrowers will not be able to repay their loans in the interim. However, the banks were instructed to upgrade the classification status of loans if any borrowers manage to repay loans regularly.
- On June 10, the central bank, in its guidelines on a bank-loan interest waiver for the months of April and May, allowed banks to collect the suspended interest of the two months in equal monthly instalments in twelve months starting from July 2020.

<https://tbsnews.net/economy/banking/banks-will-not-charge-penal-interest-default-loan-repayments-3-more-months-93607>

<https://www.thedailystar.net/business/news/bb-extends-loan-status-classification-sep-30-it-fears-pandemic-would-ram-1915289>

<https://www.newagebd.net/article/108481/borrowers-get-more-relief-in-repayment-till-sept>

<https://www.dhakatribune.com/business/banks/2020/06/15/bb-extends-loan-default-facility-until-september>

Parliament passes supplementary budget for FY 2019-20

- Parliament on Monday passed the supplementary budget of BDT 465.2 billion for fiscal year (FY) 2019-20 ending on June 30. After the passage of the budget, the original fiscal blueprint of BDT 5.23 trillion of the outgoing fiscal year has now come down to BDT 5.01 trillion. The supplementary budget is an additional amount for a given fiscal year given out from the national exchequer in favour of divisions and ministries in addition to their already approved allocations.
- The finance division got the highest allocation amounting to BDT 363.6 billion. The local government division got BDT 28.08 billion, ministry of disaster management and relief BDT 12.33 billion, the Prime Minister's Office BDT 2.14 billion, Cabinet Division BDT 598.8 million, Supreme Court BDT 33.9 million, the Election Commission Secretariat BDT 2.99 billion, the Public Service Commission BDT 183 million, the Economic Relations Division BDT 651 million, Planning Division BDT 3.79 billion, the implementation, monitoring and evaluation division BDT 533.4 million, the Statistics and Informatics Division BDT 2.90 billion, ministry of defence at BDT 455 billion, Armed Forces Division BDT 925.8 million, the Public Security Division BDT 2.94 billion, the ministry of social welfare BDT 127.9 million, the ministry of women and children's affairs BDT 399.8 million, the ministry of labour and employment BDT 539.6 million, the ministry of housing and public works at BDT 8.43 billion.
- Also, the allocations for the ministry of religious affairs were BDT 5.27 billion and those of the ministry of industries were BDT 4.50 billion, the ministry of textile and jute BDT 5.59 billion, energy and mineral resources division BDT 4.94 billion, the ministry of water resources BDT 8.37 billion, the ministries of shipping and CHT BDT 732.7 million and BDT 15.4 million respectively.

<https://today.thefinancialexpress.com.bd/first-page/js-passes-supplementary-budget-for-fy-2019-20-1592242442>

<https://tbsnews.net/economy/budget/js-passes-supplementary-budget-BDT-4651611-crore-2019-20-fy-93463>

Government eyes BDT 170.0 billion in budget support next fiscal year

- The government has set a target to mobilise BDT 170.0 billion in budget support from development partners in fiscal 2020-21 to meet its additional financing need owing to the coronavirus pandemic. The budget support being sought is way higher than the BDT 21.0 billion set in the original fiscal plan for this year and BDT 560 million in the previous one.
- The budget support for the next fiscal year accounts for 18.31% of the BDT 928.4 billion external borrowing target set. It would largely come from the development partners such as the World Bank (WB), the Asian Development Bank (ADB), the Asian Infrastructure Investment Bank (AIIB) and the Japan International Cooperation Agency as well as the crisis lender International Monetary Fund (IMF).

■ The IMF has already sanctioned USD 732 million in emergency funding to meet the urgent balance-of-payments and fiscal needs arising from the coronavirus outbreak in the country. The ADB has approved USD 500 million and the AIIB sanctioned 250 million. The WB may approve USD 250 million by this month. This means, the government is on track to mobilise funds from the development partners.

■ The budget deficit for the current fiscal year was estimated at BDT 1.45 trillion and it was pushed upwards to BDT 1.54 trillion in the revised budget, which is 5.5% of GDP. The overall budget deficit will be BDT 1.9 trillion in fiscal 2020-21, which is 6% of GDP, said Finance Minister AHM Mustafa Kamal in his budget speech. Bangladesh would receive BDT 40.1 billion in grants in fiscal 2020-21, up from BDT 34.5 billion in the revised budget. Of the grants, BDT 6.1 billion would come in the form of food support and BDT 34.0 billion in project assistance. Of the external financing, BDT 888.2 billion will come in the form of loans, which was BDT 636.6 billion in the revised budget. The support for loans includes BDT 671.0 billion in project assistance.

<https://www.newagebd.net/article/108411/government-estimates-per-capita-income-now-at-2079-economists-doubt>

Finance Minister sets a bullish 5.2% GDP growth target for this fiscal year

■ Bangladesh would be logging in the highest growth among the South Asian nations if the revised growth target of 5.2% can be achieved this fiscal year, said Finance Minister AHM Mustafa Kamal in parliament yesterday. The government was originally gunning for an 8.2% GDP growth for fiscal 2019-20 but has now brought it down owing to the devastating impact of the coronavirus pandemic.

■ The new revised down target differs widely from both the World Bank and the International Monetary Fund's projections, which forecasted GDP growth for this fiscal year at 1.6% and 3.8% respectively. In line with the new target, the total size of the GDP was also revised at BDT 28.1 trillion from BDT 28.9 trillion initially. Meanwhile, the Jatiya Sangsad yesterday passed the supplementary budget of BDT 465.2 billion for fiscal 2019-20 to meet the increased expenditure after different ministries, divisions and institutions sought additional amounts.

■ According to the supplementary budget, allocations for 26 ministries and divisions rose to BDT 465.2 billion, while allocations of BDT 183.5 billion were slashed for 35 ministries and divisions. The finance division got the highest allocation of the additional financing of BDT 363.6 billion, while the Chittagong Hill Tracts Affairs ministry received the lowest BDT 15.4 million.

<https://www.thedailystar.net/business/news/kamal-sets-bullish-52pc-gdp-growth-target-fiscal-year-1915285>

Banks' borrowing through REPO rises 44.0 times

■ Banks' lending from the Bangladesh Bank through REPO (repurchase agreement) has increased more than 44 times in the last three months (March-May) amid the coronavirus pandemic compared with their borrowing in the last three months of the year 2019 by using the same instrument. As per the central bank data, the banks' borrowing through REPO increased to BDT 1.7 trillion in March-May this year. The banks' borrowing from the BB through REPO was BDT 38.8 billion in October-December last year. The highest monthly borrowing by the banks was BDT 824.2 billion in March this year. In April, the central bank reduced the REPO rate to 5.25% from 6%.

■ According to the central bank and other bank officials, the borrowing had increased due mainly to the government's heavy borrowing from the banking sector to meet expenditure amid the ongoing coronavirus pandemic. Although the government's non-development expenditure has increased since the outbreak of coronavirus in March this year, the collection of revenue in the first 10 months of the current fiscal year was around half of its annual target. To meet the deficit, there was no other option for the government other than borrowing from the banking sector.

■ The government has revised upward its bank borrowing target to BDT 824.2 billion for the outgoing fiscal year from BDT 473.6 billion it had set initially in the budget for the fiscal year 2019-2020. In the fiscal budget of 2020-2021, the government has projected to borrow BDT 849.8 billion from the banking sector.

<https://www.newagebd.net/article/108482/banks-borrowing-thru-repo-rises-44-times>

Fear of remittance flow hitting historic low

■ With a fear of global remittance flow declining to a historic low this year, the United Nations' International Fund for Agricultural Development (IFAD) has urged countries to develop more conducive policy and regulatory environments that enable competition, regulation and innovation on the remittance market, and declare these services essential.

■ Last year, global remittance flow was estimated to be over USD 550 billion, nearly 5% higher than the corresponding figure in 2018, with Bangladesh positioning itself among the top 10 remittance recipient countries. However, according to a UN report, global remittance to developing countries are projected to fall by USD 110 billion in 2020, and not return to pre-pandemic levels for many years thereafter. In April this year, World Bank projected a 22% decline in

Bangladesh's remittance earning this year owing to Covid-19.

- Migrant workers are essential contributors to both the places where they currently live and to their communities back home, having a ripple effect in about 40 sending and over 125 receiving countries worldwide.

<https://www.dhakatribune.com/business/economy/2020/06/16/fear-of-remittance-flow-hitting-historic-low>

Bangladesh Association of Banks (BAB) for pay cuts of member banks' staffers

- The Bangladesh Association of Banks (BAB) has issued a 13-point recommendation, including reduction of salary of its member banks' staffers for the next 18 months. To this effect, the BAB, a forum of private commercial banks' directors, wrote to the chairmen of its member banks on Sunday to overcome the economic recession caused by Covid -19.

- It also advised the members not to curtail jobs of their employees from July 01, 2020, to December 31, 2021, according to a letter. Its recommendations include a 15-per cent reduction of salary for the staffers drawing over BDT 40,000 as gross salary each month, suspension of new branch opening and fixing asset purchase. Other recommendations are an end to advertisements to both print and electronic media outlets and expenditure on corporate social responsibility, reducing local and international training and tour of employees.

- According to a BAB official familiar with the development said the association has advised its member banks to squeeze their operational costs through implementation of the recommendations. He also added, it's not mandatory for the banks. It will depend on a bank's own decision

<https://today.thefinancialexpress.com.bd/first-page/bab-for-pay-cuts-of-member-banks-staffers-1592242631>

Internet-based trading in the offing

- Country's main bourse has taken a move to launch digital trading considering the safety and security of investors and other market stakeholders as the deadly virus goes virulent across the country. Mobile app and other devices will be used in such kind of trading.

- As part of the move, a two-day workshop titled 'role of stockbrokers in internet-based trading', arranged by DSE Training Academy ended on Monday. A total of 400 officials of brokerage houses of DSE participated in the course and they learned about many aspects of internet-based trading. The Bangladesh Securities and Exchange Commission (BSEC) has made the suggestion through an order issued on June 11 amid the growing infection of the deadly virus.

- According to the order of the securities regulator, in case of using any digital platform, proceedings of the meetings shall be recorded in both the soft and hard copies in such a way that subsequent verification can be undertaken and such hard copies shall be duly authenticated as per the requirements

<https://today.thefinancialexpress.com.bd/stock-corporate/internet-based-trading-in-the-offing-1592238088>
<https://www.thedailystar.net/business/news/digital-world-bangladeshs-stock-trading-remains-defiantly-analogue-1915281>

Renata's sales jump amid pandemic

- Renata Limited, one of the top five drug manufacturers in the country, has reported a 31% jump in its sales in the third quarter of the 2019-20 financial year. It has posted the highest growth among all pharmaceutical companies, said an investment market researcher wishing to remain anonymous. The sales of Square Pharmaceuticals, the market leader, rose by just 12% in that quarter, and the revenue of the pharmaceuticals market grew at 16.4 amid the Covid-19 pandemic, he added.

- The market analyst said Renata, the descendant of Pfizer in Bangladesh, has yielded more than 180 times the returns for its patient shareholders for over 16 years till December last year. In March this year, the state-owned Investment Corporation of Bangladesh purchased shares worth BDT 2.4 billion from Renata Limited, raising ICB's investment in the pharmaceutical sector to 6.32%.

- Renata remains the market leader in the animal health sector and its sales grew 28% to BDT 3.8 billion against the industry's growth of 9.4%. The company has set up a business expansion plan and has already started constructing an animal nutrition factory in Mymensingh. The company got approval from the US Food and Drug Administration (USFDA) for three products: Risperidone, Metoprolol Tartrate, and Glycopyrrolate, which are prescribed for schizophrenia, hypertension and peptic ulcers, respectively, at the end of last year. It is the third pharmaceuticals company to receive approval for drug exports to the US market – after Square Pharmaceuticals and Beximco Pharma. Now the company is exporting drugs worth around BDT 500 million to 27 countries. The company has already purchased land in Gazipur to expand its factory and aims to establish a subsidiary in Ireland to reach the European market.

■ According to the third quarter unaudited financial statement – which was disclosed on Sunday evening – the company reported medicine sales of BDT 6.5 billion – an increase from BDT 5.0 billion in the same period of the previous year. The company's net profit also increased by 29% compared to the third quarter of the previous year and stood at BDT 1.1 billion. Its earnings per share were BDT 12.05.

<https://tbsnews.net/companies/pharma/renatas-sales-jump-amid-pandemic-93661>

Meghna Cement gets approval to issue preference shares

■ Meghna Cement Mills Ltd has received approval from Bangladesh Securities and Exchange Commission (BSEC) for raising BDT 1.0 billion through issuance of 100 million preference shares. Redeemable preference shares of BDT 10 each will be issued only to the existing sponsors/directors and "other than existing" shareholders of the company in cash consideration, according to an official disclosure of Meghna Cement Mills Ltd on Monday.

■ The preference shares shall be fully redeemable, cumulative, non-convertible and to be redeemed the principal amount by equal yearly installments commencing from the first year end from the date of subscription, the disclosure added. Earlier on March 11, 2019, the board of directors of Meghna Cement had decided to issue preference shares to its existing sponsor/directors of BDT 1.0 billion (100 million shares) to raise its capital through private placement.

■ Each share of the cement maker, which was listed on the Dhaka Stock Exchange (DSE) in 1995, closed at BDT 72.60 on Monday, remaining unchanged over the previous session. The company's paid-up capital is BDT 259.88 million and authorised capital is BDT 5.0 billion, while the total number of securities is 25.98 million. In nine months, the company's earnings per share (EPS) stood at BDT 0.65 for July-December 2019 as against BDT 0.70 for July-December 2018. The net operating cash flow per share (NOCFPS) was BDT 13.19 in the negative for July-December 2019 as against BDT 21.36 in the negative for July-December 2018.

■ The sponsor-directors own 49.76% stake in the company, while institutional investors own 33.74%, and the general public 16.50% as on February 28, 2019, the DSE data shows.

<https://today.thefinancialexpress.com.bd/stock-corporate/meghna-cement-gets-approval-to-issue-preference-shares-1592238190>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change YTD
Crude Oil (WTI)*	USD 37.22	(USD 24.41)	-39.61%
Crude Oil (Brent)*	USD 39.76	(USD 28.68)	-41.91%
Gold Spot*	USD 1,730.59	USD 209.12	13.74%
DSEX	3,958.37	-494.56	-11.11%
S&P 500	3,066.59	-164.19	-5.08%
FTSE 100	6,064.70	-1522.35	-20.07%
BSE SENSEX	33,780.89	-7861.25	-18.88%
KSE-100	34,611.23	-6123.85	-15.03%
CSEALL	4,914.83	-1214.38	-19.81%

Exchange Rates

USD 1 = BDT 84.97*

GBP 1 = BDT 107.57*

EUR 1 = BDT 96.39*

INR 1 = BDT 1.12*

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

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