

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.

Finance Minister to unpack budget today; reforms on cards

- The government may increase the tax at source on interest income from investment in national savings instruments in the next fiscal year as it looks to curb people's appetite for the tools. The rate of withholding tax on the interest earnings from the savings instruments may go up from 5% to 7.5% or 10%, said officials of the finance ministry.
- Even if the targets in the budget are far-reaching there will be wholehearted efforts to attain them, the finance ministry said.
- The ministry says revenue will be generated by way of widening the tax network instead of raising tax rates. Only 1.5 million people pay tax, causing Bangladesh to have the lowest tax-to-GDP ratio in South Asia. The country has failed to collect tax and non-tax revenues in line with its economic growth momentum. There is a noticeable slowdown in the collection of direct taxes too.
- The budget will come up with new directives for the National Board of Revenue on how to simplify the revenue-generating process, the ministry said. It will have directives on implementing the new VAT law, which will have more than one VAT rate. Necessary amendments will be brought to customs and income tax laws to make them simplified and business-friendly, the statement said, adding that all import and export consignments will be scanned.
- It is visible that the fiscal framework is in a less-than-a-stout form to providing a strong hand to sustaining the high GDP growth, according to a member of the Centre for Policy Dialogue, in a write-up. Stress on the foreign exchange reserve is also becoming visible, he said, adding that the exchange rate of taka is under pressure and a downward adjustment is called for. The quality and delivery of the annual development programme project portfolio remains a matter of concern. Effective introduction of the new law on value-added tax will be an added challenge.
- Putting the banking sector in the right path, reviving the capital market and bringing down the alarmingly high default loans will warrant special attention from the Finance Minister.

<https://www.thedailystar.net/business/bangladesh-national-budget-2019-20-reforms-on-cards-1756372>
today.thefinancialexpress.com.bd/first-page/kamal-unpacks-maiden-budget-today-1560357660

Government slashes bank borrowing target by 26%

- The government has scaled down its bank borrowing target by more than 26% for the outgoing fiscal year (FY), mainly due to the lower implementation of the annual development programme (ADP). The ministry of finance (MoF) has already lowered the government's bank borrowing target for the FY 2018-19 down to BDT 309.08 billion from the original BDT 420.29 billion, said an official familiar with the government debt management activities.
- The implementation of ADP reached 55% during the July-April period of this fiscal. The official said higher sales of national savings certificates has also contributed to the slashing of the government's original banking borrowing target for this fiscal.
- The government's net borrowing from savings certificates rose by 8.24% to BDT 397.33 billion during the July-March period of the FY'19. Meanwhile, the net bank borrowing of the government stood at BDT 139.50 as on May 26, 2019, according to the BB's confidential report.

<http://today.thefinancialexpress.com.bd/first-page/govt-slashes-bank-borrowing-by-26pc-1560357752>

Trade deficit drops by 10.4% in July-April

- Country's trade deficit dropped by 10.44% or USD 1.59 billion in first 10 months of the fiscal year 2018-2019 compared with that in the same period of the last fiscal year due mainly to slowdown in import growth and notable growth in export earnings. Trade deficit eased to USD 13.68 billion in July-April of FY19 from USD 15.27 billion in the same period of FY18, showed Bangladesh Bank data released on Wednesday. Trade deficit was USD 11.93 billion in July-March of the current FY19.
- Though the trade deficit eased in the period, the deficit was still high, said BB officials.
- According to the central bank, trade deficit eased in July-April as import grew by only 3.88% against the export earnings growth of 11.15% in the period.
- BB officials said that reduction in food import pressure was the main reason for the slowdown in import growth while

US-China trade war helped Bangladesh accelerate RMG export to the US market.

<http://www.newagebd.net/article/75129/trade-deficit-drops-by-104pc-in-july-april>

Banks' provision shortfall soars

- Overall shortfall in provision against bank loans swelled by nearly 34% or BDT 22.47 billion in the first quarter (Q1) of the current calendar year. The aggregate amount of provisioning shortfall rose to BDT 88.62 billion during the January-March period of 2019 from BDT 66.15 billion three months before, revealed the central bank's latest statistics. During the period under review, the volume of classified loans jumped by more than 18% to BDT 1,108.73 billion in Q1 of the year from BDT 939.11 billion in the preceding quarter.
- A senior official of the Bangladesh Bank (BB) said that the volume of provision shortfall increased significantly during the period under review mainly due to higher growth of non-performing loans (NPLs) in the banking sector.
- The central banker also said state-owned commercial banks (SoCBs) have faced more provisioning shortfall than that of private commercial banks (PCBs).
- Fourteen out of 57 banks failed to keep requisite provisions against loans, particularly classified ones, in the first quarter of 2019, the BB data showed. Of them, four are SoCBs and others are PCBs. A total of 15 banks failed to keep requisite provisions against their loans in the final quarter of 2018.

<http://today.thefinancialexpress.com.bd/last-page/banks-provision-shortfall-soars-1560358464>

Agent banking accounts rise to 2.9 million

- Agent banking is gaining more popularity across the country as about 2.9 million accounts were opened and over BDT 37.34 billion was deposited in six years till March this year.
- According to the quarterly data of January-March, 2019, of Bangladesh Bank (BB), deposit collection through the agent banking was BDT 37.3450 billion, which was 20% higher from BDT 31.1241 billion in the October to December quarter of 2018. At the end of January to March quarter, the number of agent banking accounts across the country also increased by 18% or around 0.45 million compared to the previous quarter. The number of accounts with agents increased to over 2.91 million from over 2.46 million in the January-March period (Q1) of 2019. At the end of January-March quarter, the number of agents increased to 4,866 from 4,493 of the previous quarter and the number of bank agent outlets also increased to 7,838 from 6,933 in the same quarter.
- Official data shows that Bangladeshi expatriates sent more than BDT 71.82 billion through the agent banking channel, which was over BDT 55.57 billion in the October-December quarter of 2018.

<http://today.thefinancialexpress.com.bd/trade-market/agent-banking-accounts-rise-to-29m-1560354254>

Trade bodies want cut in taxes in budget

- Different chambers and business associations in the country have demanded that the government should lower corporate income tax and raise tax-free income limit for individual tax payers in the national budget for the 2019-20 financial year. The trade bodies also made a number of other demands, mostly seeking tax benefits, eyeing the budget.
- The Federation of Bangladesh Chambers of Commerce and Industry demanded reduction in corporate income tax rate by 2.5% points to 22.5% for publicly traded companies, to 35% for merchant banks, and to 32.5% for non-manufacturing trading companies and by 5% points to 30% for VAT registered manufacturing companies. It also proposed that tax-free income limit for individual taxpayers should be increased to BDT 350 thousand from the current BDT 250 thousand considering the cost of living and inflation.

<http://www.newagebd.net/article/75132/trade-bodies-want-cut-in-taxes-in-budget>

Bangladesh House Building Finance Corporation wants to double housing loan ceiling

- Bangladesh House Building Finance Corporation (BHBFC) has proposed the government to double its housing loan ceiling to BDT 20 million from existing BDT 10 million as the construction cost surged in the recent years. BHBFC placed the proposal to the finance ministry recently, officials said.
- BHBFC earlier in 2017 raised the ceiling from BDT 5.0 million to BDT 10 million for the borrowers of Dhaka and Chattogram cities.

- Financial Institutions Division (FID) sources said the proposal is likely to be approved at a meeting of the FID and the new ceiling would take effect in July or August this year.
- Flat purchase loan for Dhaka and Chattogram areas would be increased to BDT 10.2 million from the existing BDT 8.0 million. The rate of interest on housing loan is 9.0% for Dhaka and Chittagong metropolitan areas while 8.5% for divisional, district, peri-urban and growth centre areas, according to the BHBFC. On the other hand, the rate of interest on flat purchase loan is 9.0% for all metropolitan, divisional and district areas of Dhaka and Chattogram. Earlier, the interest rate on flat purchase loan was 10% for all the metropolitan, divisional, and district areas of Dhaka and Chattogram.
- For the current fiscal year, the corporation set the loan disbursement target at BDT 6.0 billion, up by BDT 2.0 billion from that the previous fiscal year.

<http://today.thefinancialexpress.com.bd/trade-market/bhbfc-wants-to-double-housing-loan-ceiling-1560353472>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$51.11	-0.03	-0.06%
Crude Oil (Brent)*	\$59.92	-0.05	--0.08%
Gold Spot*	\$1,334.61	+1.03	+0.08%
DSEX	5469.63	-6.35	-0.16%
Dow Jones Industrial Average	26,004.83	-43.68	-0.17%
FTSE 100	7,367.62	-30.83	-0.42%
Nikkei 225	21,002.64	-127.08	+/-0.60%

Exchange Rates

USD 1 = BDT 84.66*
GBP 1 = BDT 107.40*
EUR 1 = BDT 95.60*
INR 1 = BDT 1.22 *

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

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