

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.

Asian Development Bank (ADB) lends SAL USD 14.2 million to enhance agribusiness inclusiveness

- The Asian Development Bank (ADB) will provide USD 14.2 million as loan to support the expansion plans of Sylvan Agriculture Limited (SAL), a PRAN-RFL Group (PRAN) company. The loan aims to enhance inclusiveness in the agribusiness sector by lifting the incomes and skills of farmers, particularly women.
- Under a gender action plan, women will comprise at least half of the 450 people directly employed in the new facilities. Gender wage gaps would be reduced, women's facilities introduced, and greater technological assistance provided to women farmers.
- ADB Investment Specialist for Private Sector Operations said Agriculture plays a key role in Bangladesh's economy and development, providing nearly half of all employment in the country and supporting over 70% of the total population.
- The project is expected to increase contract farmers' income by at least 50% as they introduce new potato varieties, expand the area they cultivate, and benefit from the assurance that their production will be bought by SAL.

<http://today.thefinancialexpress.com.bd/trade-market/adb-lends-sal-142m-to-enhance-agribusiness-inclusiveness-1553103212>
<https://www.thedailystar.net/business/news/adb-lends-142m-pran-1718170>
<http://www.newagebd.net/article/67967/adb-pran-sign-142m-loan-deal>

Loan rescheduling hits peak

- Banks have rescheduled a record amount of default loans last year, fuelling further fears of the sector's health. In 2018 non-performing loans amounting to BDT 232.10 trillion were rescheduled, up 22% from a year earlier.
- At the end of September 2018, banks' NPL grazed BDT 1 trillion -- it stood at BDT 993.70 trillion -- the largest yet in Bangladesh's history. It came down to BDT 939.11 trillion towards the end of the year.
- A major portion of the loans was rescheduled by taking special approval from the central bank on a case-to-case basis, meaning the applications would not have held water were they put through the standards for the Bangladesh Bank's rescheduling policy.
- A former economist of International Monetary Fund said In the long run this will not bring any good as it artificially showed a lower amount of default loans. The real problem is that both the central bank and the government are yet to address the problem head-on; they are showing a nonchalant attitude towards it.

<https://www.thedailystar.net/business/banking/news/loan-rescheduling-hits-peak-1718197>

'Money laundering, NPL interlinked'

- Experts identified several factors responsible for the rise of trade-based money laundering in the country. The factors include under-qualified bankers, lack of effective communications between the customs and banks, unholy alliance of unscrupulous traders and bankers, and a lack of digitization.
- They also found a correlation between the rise of non-performing loans (NPLs) and money laundering. The non-ratification of the 'UN Vienna Convention on Contract of Sale' put the country's foreign trade at a grave risk, which also contributed to the rise of trade-based money laundering.

A paper on 'Trade Services Operations of Banks' was presented at the workshop by a team led by Professor and Director (Training) of BIBM. BIBM Director during the presentation said major loan scams that took place in the country's banking sector involved trade bills.

<http://today.thefinancialexpress.com.bd/first-page/money-laundering-npl-interlinked-1553104852>

Private investment inches up as poor business climate weighs

- Bangladesh's private investment as percentage of economic output has expanded at a slower pace this fiscal, hurt by unfavorable business climate and low-quality public investments.

- Private investment as percentage of Gross Domestic Product (GDP) in fiscal year 2018-19 recorded at 23.40 per cent, a mere 0.14% point increase, according to preliminary data of the Bangladesh Bureau of Statistics. The ratio was 23.26% in FY 2018.
- In contrast, the public investment in terms of GDP is expected to rise to 8.17% in fiscal year 2018-19 from 7.97% a year earlier. Besides, the overall private consumption has dropped in the current fiscal, highlighting the need for boosting demand in the days ahead.
- Economists said Bangladesh's poor-quality public sector investments, uncertain political climate, fragile governance, and regulatory and structural bottlenecks are preventing the country from tapping private investments. BBS data showed the overall investment in the current fiscal year was recorded at BDT 8.0 trillion. It was BDT 7.03 trillion in FY2018.

<http://today.thefinancialexpress.com.bd/first-page/pvt-investment-inches-up-as-poor-business-climate-weighs-1553104477>

Three wind power plants with 150MW capacity by 2021

- The government has taken an initiative to set up three wind power plants in the country in the next two years. According to official sources, each of the plants will have 50MW capacity, for a total contribution of 150MW wind power to the national electricity generation capacity. Official sources at the Power Division said the locations of the three wind power plants have been selected on the basis of "wind mapping", will be Chandpur, Inani Beach of Cox's Bazar and Dakop upazila of Khulna.
- Officials said a wind power plant needs a stable wind with minimum speed of 5meters per second wind speed at the three locations was found to exceed that. Sources said the state-owned Power Development Board (PDB) will implement the wind power plant project through independent power producer (IPP).

<https://www.dhakatribune.com/business/2019/03/20/three-wind-power-plants-with-150mw-capacity-by-2021>

Clothing sector trade bodies decry gas tariff hike proposal

- Leaders of the textile and clothing sector have strongly opposed the move to raise gas tariff, saying that the proposed 132% hike, if implemented, would increase their production cost by 5.0 per cent. Such a steep tariff hike would curtail the growth of the sector as well as the economy and it would cause erosion in competitiveness and affect employment growth rate.
- The leaders of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) and Bangladesh Textile Mills Association (BTMA) placed the demand at a joint press conference at the BGMEA headquarters.
- They said any hike in gas or electricity tariff will not be 'acceptable' unless the government ensures uninterrupted gas supply, single-digit bank interest rate, EVC (electronic gas volume corrector) in all factories and compensation for the losses incurred by the millers due to gas crisis.
- Encouraged by the government, the textile mills have invested about BDT 300 billion to BDT 350 billion in developing infrastructure and importing generators for captive power. But majority of the mills could not use the full capacity of the captive power plants for more than one decade due to erratic gas supply and low gas pressure.

<http://today.thefinancialexpress.com.bd/first-page/clothing-sector-trade-bodies-decry-gas-tariff-hike-proposal-1553105053>

<https://www.thedailystar.net/business/news/businesses-fume-over-bid-hike-gas-price-1718167>

<http://www.newagebd.net/article/67939/3-trade-bodies-say-apparel-sector-will-be-ruined-if-gas-price-hiked>

Life insurers to come under special audit

- The insurance regulator has appointed external auditors for most life insurers to verify the latter's 'high' management expenses. Insurers incur higher expenses when they procure business and such type of expenditure weakens the financial health of the companies.
- The Insurance Development and Regulatory Authority (IDRA) has appointed 27 auditing firms to carry out special audit of the accounts of 27 life insurers, out of the total number of 32, as per the Insurance Act of 2010. The regulator will take action as per the law if insurers are found having spent in excess of the 'maximum allowable limit'.
- The IDRA observed that most life insurance companies are spending in excess of the maximum allowable limit of management expenses as per the provision of Section 62 of the Insurance Act, 2010 and relevant rules for business

operations.

- The auditors will examine management expenses for the years 2015, 2016 and 2017, and submit reports within 90 days of their appointment date.

<http://today.thefinancialexpress.com.bd/last-page/life-insurers-to-come-under-special-audit-1553105194>

NBR waives 20% SD on second tier manufacturers' completely knocked down (CKD) bikes

- Second-tier manufacturers of CKD (completely knocked down) motorcycles will enjoy full waiver from payment of Supplementary Duty (SD) from now on. With the duty benefit, local motorcycle manufacturers will be able to produce bikes instead of just assembling them. The National Board of Revenue (NBR) has issued a Statutory Regulatory Order (SRO), dated March 18, 2019, by offering the exemption of 20% SD.

- The NBR defines the second-tier manufacturers as the producers who have capacities to locally produce one or more important parts of motorcycles, manufacture chassis after importing their parts or those who are collecting materials from the local market for assembling or production of complete motorcycles.

According to the SRO, motorcycle assembling companies which import CKD bikes with complete chassis and other parts will not get the duty benefit. The NBR also tagged some conditions including mandatory VAT registration for any motorcycle manufacturer for availing the benefit.

The second-tier manufacturers will be able to import four types of CKD motorcycles with four-stroke engines for the purpose of manufacturing complete bikes. Currently, duty and taxes totaling 91.88% are applicable to import of CKD motorcycles by the second-tier manufacturers even after exemption of the 20% SD.

<http://today.thefinancialexpress.com.bd/trade-market/nbr-waives-20pc-sd-on-second-tier-manufacturers-ckd-bikes-1553103158>

<https://www.thedailystar.net/business/news/duty-waiver-boost-local-manufacturing-motorcycles-1718152>

<http://www.newagebd.net/article/67941/sd-waived-on-import-of-ckd-motorcycle>

Stock market should contribute more to economy

- The stock market's contribution to the economy is very low but it should be increased for Bangladesh to become a developed country, said market analysts. The ratio of Dhaka Stock Exchange's (DSE) market capitalisation to gross domestic product (GDP) is still very low compared to that of other countries despite huge endeavour, said the managing director of the bourse. The ratio is now around 18% whereas it is more than 100% in many developed countries. We will have to increase the ratio to at least 40% in order to be a developed country, he said. To raise the ratio, issue managers will have to bring well-performing companies to the market to raise capital while more stock investors have to be attracted, he added.

<https://www.thedailystar.net/business/global-business/news/stockmarket-should-contribute-more-economy-1718116>

Shurwid enters IT enabled service business

- The board of directors of Shurwid Industries has approved a proposal that the company will do the business of Information Technology Enabled Service (ITES). An agreement was signed with the company and Amarroom.com for providing service and profit sharing between the companies from the clients using promo-code.

- Information Technology Enabled Service is fully tax exempted up to June 2024 as per 6th Schedule, Part- A, Para- 33 of the Income Tax Ordinance, 1984. The company, however, did not disclose how much fund to be invested and profit detail in this business.

<http://today.thefinancialexpress.com.bd/stock-corporate/shurwid-enters-it-enabled-service-business-1553102237>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$59.83	+0.80	+1.36%
Crude Oil (Brent)*	\$68.54	+0.04	+0.06%
Gold Spot*	\$1,318.19	+5.66	+0.43%
DSEX	5600.56	-30.74	-0.55%
Dow Jones Industrial Average	25,745.67	-141.71	-0.55%
FTSE 100	7,291.01	-32.99	-0.45%
Nikkei 225	21,608.92	+42.07	+0.20%

Exchange Rates

USD 1 = BDT 83.98*

GBP 1 = BDT 110.52*

EUR 1 = BDT 95.93*

INR 1 = BDT 1.22*

**Currencies and Commodities are taken from Bloomberg.*

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