

*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.*

### **World Bank heaps praise on electricity coverage**

- Bangladesh has made "significant" progress in electricity access to the population as the rate has increased to 88%, according to a World Bank (WB) report.. Among the 20 countries with the largest populations lacking access to electricity, India, Bangladesh, Kenya, and Myanmar have made the most significant progress since 2010," the WB said in its report on "Tracking SDG7: The energy progress report 2019.
- Four countries, including Afghanistan, Bangladesh, Cambodia, and Kenya have electrified at a rate of about 5.0% points each year between 2010 and 2017, the report said. The Washington-based lender said global growth in access was driven by countries like India and Bangladesh, where incremental access outpaced population growth by a significant margin.
- In 2017, the 20 countries with the greatest access deficit (as measured by the number of people without access to electricity) accounted for about 78% of the global population lacking electricity, it said. Thus, efforts to electrify these countries will determine in large part the degree of progress made on Sustainable Development Goal (SDG) indicator 7.1.1, the Bank report said. Indonesia and Bangladesh are expected to achieve the universal access of electricity by 2030.
- In the rest of Asia, the majority of countries would attain electrification levels greater than 90% by 2030, the Bank said. Meanwhile, the Power Division has claimed that Bangladesh's access to electricity has now reached 93%. The WB report has used the data upto 2017. But until last month April 2019, the electricity coverage has increased to 93% of the total population, a senior Power Division official said.

<http://today.thefinancialexpress.com.bd/first-page/wb-heaps-praise-on-electricity-coverage-1558801616>

### **Securities regulator issues notification**

- The securities regulator has issued a notification on mandatory requirements to be fulfilled by the listed companies in case of issuing stock dividend. The notification was issued to ensure proper utilisation of the fund to be raised through bonus shares. As per the BSEC notification, no listed company shall be allowed to declare bonus shares without justified reasons including the BMRE (Balancing, Modernisation, Rehabilitation and Expansion) or any of its components.
- In case of declaration of bonus shares, the listed companies will have to disclose, among others, the price sensitive information (PSI) mentioning different contents. The contents will include the reasons for declaration of bonus shares and utilisation of such retained amount as capital. The companies will have to mention that the bonus shares are declared out of accumulated profit or share premium.
- The companies also will have to mention that the bonus shares are not declared from capital reserve or revaluation reserve or any unrealised gain or out of profit earned prior to incorporation of the company or through reducing paid-up capital or through doing anything so that the post-dividend retained earnings become negative or debit balance. The securities regulator approved the draft notification regarding the declaration of bonus shares on May 21 last to ensure qualitative development of operations and functions of the listed companies.

<http://today.thefinancialexpress.com.bd/stock-corporate/securities-regulator-issues-notification-1558798089>  
<http://www.newagebd.net/article/73395/no-bonus-shares-issuance-from-cos-capital-reserve>

### **Banks asked to implement order barring govt deposit to errant banks**

- The Bangladesh Bank on Thursday asked banks and non-bank financial institutions to comply with a finance ministry instruction barring government, autonomous and semi-autonomous bodies to keep deposits in banks and NBFIs that charge more than 9% interest on loans. Under the latest directive of the Financial Institutions Division issued on May 20, banks and non-bank financial institutions which failed to give loans at nine% interest rate as per their commitment to the government will not get funds as savings from the annual development programme.
- The errant banks and NBFIs will not also get as savings own funds of the autonomous and semi-autonomous entities of the government. The finance ministry came up with the instruction as most private banks and NBFIs are yet to implement the government decision of bringing down the lending rate to nine%. The government has long been trying to bring down the lending rate to single digit as the businesses complained that the double-digit interest rates were one of the major reasons for less-than-expected private investment.
- An FID official said that the private banks and NBFIs had committed to the government that they would implement the

decision on lending rate taken on May 2, 2018. Before making the commitment the owners of the private banks and NBFIs allegedly mounted pressure and successfully increased the amount of savings by the state-owned agencies in the private banks and NBFIs to 50% from 25% in April that year, he said.

- Besides, the mandatory cash reserve requirement of the commercial banks was reduced to 5.5% of their deposits from 6.5% for the benefit of the banking entities during the same period. The FID instruction also said, 'The banks and NBFIs who have failed to implement the decision as per the commitment made on May 2, 2018 will not get the ADP funds.'

<http://www.newagebd.net/article/73294/banks-asked-to-implement-order-barring-govt-deposit-to-errant-banks>

### **Farm loan release rises slightly in July-April**

- Disbursement of farm loans by the scheduled banks increased by 3.18% or BDT 5.72 billion in July-April this fiscal year (2018-19) compared with that in the same period amid banks' move to achieve the central bank set target ahead of year end. All the scheduled banks have disbursed BDT 185.26 billion in loans to the farmers in the July-April period of FY19 against the disbursement of BDT 179.53 billion during the same period of last fiscal year. In the ten months, the banks have achieved 84.97% of their overall BDT 218.00 billion annual farm loan disbursement target.

- The entities will have to disburse BDT 32.74 billion more to the farmers in May and June of FY19 to achieve the target. Although the banks were suffering from liquidity crisis, farm loan release by the banks increased in March mainly due to complying with the regulatory obligation, said officials of banks. The banks have to achieve the central bank-set targets regarding farm loan disbursement. If they fail, the banks are supposed to keep aside the undisbursed farm loan amounts and they are not allowed to use the funds for other purposes.

- According to Bangladesh Bank data, farm loan disbursement by the banks increased by 5.16% or BDT 1.11 billion to BDT 22.61 billion in April from BDT 21.50 billion in March. Officials of the central bank said that though the farm loan disbursement by the banks was slow during the first eight months of FY19, the entities were expediting disbursement in the remaining months to fulfil the target. In FY18, when the banks had adequate liquidity, they had disbursed BDT 213.93 billion in farm loans against the BDT 204.00 billion target.

- In July-February of FY19, farm loan disbursement was 2.81% or BDT 4.07 billion lower than the amount in the same period of FY18 due mainly to liquidity crisis in the country's banking sector. Considering the slow growth in loan disbursement, the central bank in December, 2018, extended policy support by allowing the banks to reschedule short-term farm loans even without any down payment. The policy relaxation was aimed at facilitating the farmers, who received rescheduling facility under the policy relaxation in 2015, but again became incapable of repaying loan installments on different grounds including natural disaster.

<http://www.newagebd.net/article/73396/farm-loan-release-rises-slightly-in-july-april>

### **Banks for independent source to verify foreign trade price: Survey**

- Banks want an independent source for price verification of imported and exported goods and services so that they can check mis-invoicing to prevent trade-based money laundering, a survey has found. According to the survey, 50% banks want an independent source for price verification and some 60% wants to establish a central price database to do so. The bankers gave their opinions on a range of issues in the survey related to trade-based money laundering, its risks and the way forward.

- They said the formulation of price range as per HS code might be a supportive measure for ensuring price competitiveness. Some 40% banks think expensive procurement of the infrastructure to prevent trade-based money laundering is a challenge for smaller banks. The other challenges identified by banks are: the absence of comprehensive guidelines (10%) on trade-based money laundering, insufficient skilled resources (26%) and inadequate support from board/senior management (15%).

- Some 45% banks think the absence of customers' updated database is the key concern for ensuring the customer-level risk assessment. The other challenges are the lack of cooperation from customers (20%), unhealthy competition in banks (10%), the lack of cooperation in relevant departments (5%), etc. Hundred% banks claimed they are well-equipped with three-level transaction processing and approval system in combating this type of money laundering. However, the study paper commented that practically most of the banks, except for a few foreign commercial banks, do not have such system in place.

- It identified the lack of awareness among bankers and clients as one of main reasons for the rise such money laundering. However, greater coordination of customs and central bank through online arrangement has brought positive changes in reporting suspicious transaction reporting. In fiscal year 2017-18, the Bangladesh Financial Intelligence Unit (BFIU) received a total of 3,878 suspicious transaction reports (STR) and suspicious activity reports (SAR) from reporting agencies, up 64.50% year-on-year, according to the BFIU's annual report. This was the highest ever receipt of such reports.

<http://today.thefinancialexpress.com.bd/public/first-page/banks-for-independent-source-to-verify-foreign-trade-price-1558719144>

### **Bangladesh Economic Association (BEA) for BDT 12.4 trillion budget**

- The Bangladesh Economic Association (BEA) yesterday placed an alternative budget of BDT 12.40 trillion for 2019-20, more than twice the size of the outlay Finance Minister is expected to unveil. He may propose a budget of BDT 5.25 trillion for the upcoming fiscal year in parliament on June 13. The BEA's proposed budget gave priority on development expenditure, instead of non-development spending.
- It favoured allocating 57% of the resources for development expenditure. To finance the alternative budget, the platform set a revenue target of BDT 10.02 trillion, with 69% coming from direct tax. The National Board of Revenue would contribute BDT 6.72 trillion. The association said the rich do not pay taxes properly. It recommended collecting more revenue from them through direct taxes instead of indirect ones.
- It said there are about 50,000 people in the country who have the ability to pay BDT 10 million in taxes every year, whereas only 100-150 people are paying such amount of tax at the moment. The BEA, the apex body of the country's economists, suggested identifying people with taxable income and collecting tax through running a tax census. The association identified 20 areas that usually do not generate revenue but have the potential to do so. It suggested increasing tax on foreigners, fees on foreign advisers, wealth tax, licence renewal fee for pharmaceuticals, and service delivery and tolls.

<https://www.thedailystar.net/business/news/bea-BDT-124-lakh-crore-budget-1749013>  
<http://www.newagebd.net/article/73505/bea-proposes-BDT-124-lakh-crore-alternative-budget>

### **Government to bring 30% ADP projects under Public-Private Partnership (PPP)**

- The government has planned to take 30% of the Annual Development Programme (ADP) projects under the Public-Private Partnership in the next fiscal to boost PPP growth for infrastructural development, reports UNB. Sources said various moves are being made to increase domestic and foreign investment.
- As part of the move, the government wants to implement rules for national priority projects, a series of training programmes for PPP, implementation of decisions taken in board of governors meetings, special project review meeting for executive board members, budget transfer in PPP Technical Assistance Fund and special incentive for PPP projects. Some 78 projects have been recommended for inclusion in the ADP to be implemented under the PPP for 2019-20 fiscal. The number is 37 in the revised ADP of the current fiscal.
- An inter-ministerial programming committee meeting on April 18-25 advised undertaking more projects. The same thing was stated in the ADP guidelines and Prime Minister's Office letter. Later, some 61 projects for PPP were found from various sectors while two of them were already approved. From the PPP Authority, some 47 approved PPP projects were found. Of them, 30 had already been included in the list that came from various sectors, the officials said. The projects include the construction of Dhaka-Chattogram Expressway, upgrading Dhaka-Mymensingh Highway, upgrading Dhaka circular road (second part), construction of satellite city in Mirpur-9 and upgrading Dhaka bypass road.

<http://today.thefinancialexpress.com.bd/public/trade-market/govt-to-bring-30pc-adp-projects-under-ppp-1558633554>

**World Stock and Commodities\***

<b>Index Name</b>	<b>Close Value</b>	<b>Value Change</b>	<b>% Change</b>
Crude Oil (WTI)*	\$58.63	+0.72	+1.24%
Crude Oil (Brent)*	\$68.69	+0.93	+1.37%
Gold Spot*	1,284.92	+1.47	+0.11%
DSEX	5,250.60	-0.35	-0.01%
Dow Jones Industrial Average	25,585.69	+95.22	+0.37%
FTSE 100	7,277.73	+46.69	+0.65%
Nikkei 225	21,117.22	-33.92	-0.16%

**Exchange Rates**

USD 1 = BDT 84.52\*

GBP 1 = BDT 107.44\*

EUR 1 = BDT 94.71\*

INR 1 = BDT 1.22\*

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

## IMPORTANT DISCLOSURES

**Analyst Certification:** Each research analyst and research associate who authored this document and whose name appears herein certifies that the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed therein that are within the coverage universe.

**Disclaimer:** Estimates and projections herein are our own and are based on assumptions that we believe to be reasonable. Information presented herein, while obtained from sources we believe to be reliable, is not guaranteed either as to accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation of the purchase or sale of any security. As it acts for public companies from time to time, BRAC-EPL may have a relationship with the above mentioned company(s). This report is intended for distribution in only those jurisdictions in which BRAC-EPL is registered and any distribution outside those jurisdictions is strictly prohibited.

**Compensation of Analysts:** The compensation of research analysts is intended to reflect the value of the services they provide to the clients of BRAC-EPL. As with most other employees, the compensation of research analysts is impacted by the overall profitability of the firm, which may include revenues from corporate finance activities of the firm's Corporate Finance department. However, Research analysts' compensation is not directly related to specific corporate finance transaction.

**General Risk Factors:** BRAC-EPL will conduct a comprehensive risk assessment for each company under coverage at the time of initiating research coverage and also revisit this assessment when subsequent update reports are published or material company events occur. Following are some general risks that can impact future operational and financial performance: (1) Industry fundamentals with respect to customer demand or product / service pricing could change expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes; (3) Unforeseen developments with respect to the management, financial condition or accounting policies alter the prospective valuation; or (4) Interest rates, currency or major segments of the economy could alter investor confidence and investment prospects.

### BRAC EPL Stock Brokerage Limited

#### Research

Ayaz Mahmud, CFA	Deputy Head of Research	<a href="mailto:ayaz.mahmud@bracepl.com">ayaz.mahmud@bracepl.com</a>	01708 805 221
Md. Sakib Chowdhury	Research Analyst	<a href="mailto:sakib.chowdhury@bracepl.com">sakib.chowdhury@bracepl.com</a>	01709 641 247
S. M. Samiuzzaman	Research Analyst	<a href="mailto:sm.samiuzzaman@bracepl.com">sm.samiuzzaman@bracepl.com</a>	01708 805 224
Sadman Sakib	Research Associate	<a href="mailto:sadman.sakib@bracepl.com">sadman.sakib@bracepl.com</a>	01730 727 939
Ahmed Zaki Khan	Research Associate	<a href="mailto:zaki.khan@bracepl.com">zaki.khan@bracepl.com</a>	01708 805 211
Md. Rafiqul Islam	Research Associate	<a href="mailto:mrafiquislam@bracepl.com">mrafiquislam@bracepl.com</a>	01708 805 229
Md. Mahirul Quddus	Research Associate	<a href="mailto:mmahirul.quddus@bracepl.com">mmahirul.quddus@bracepl.com</a>	01709 636 546

#### International Trade and Sales

Ahsanur Rahman Bappi	Head of International Trade & Sales	<a href="mailto:bappi@bracepl.com">bappi@bracepl.com</a>	01730 357 991
----------------------	-------------------------------------	----------------------------------------------------------	---------------

#### BRAC EPL Research [www.bracepl.com](http://www.bracepl.com)

121/B Gulshan Avenue  
Gulshan-2, Dhaka  
Phone: +880 2 881 9421-5  
Fax: +880 2 881 9426  
E-Mail: [research@bracepl.com](mailto:research@bracepl.com)