

*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.*

### **RMG exports again in positive territory**

- The country's ready-made garment (RMG) exports in August witnessed a robust 44.63% growth year-on-year. The positive development came after seven months of consecutive negative growth since January 2020. The industry people, however, are not in an upbeat mood as the most shipments, according to them, comprise orders that were put on hold or cancelled in the previous months following the outbreak of the Covid-19 pandemic. RMG exports last recorded a positive growth of 1.26% in December 2019, according to data.
- The garment export earnings in August stood at USD 3.24 billion, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) data. The BGMEA prepared the data from the National Board of Revenue (NBR) statistics on August 30. Bangladesh fetched USD 2.23 billion in August 2019. A former president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said the good thing is that the growth has returned to positive territory.
- Despite nearly one-week holiday due to the Eid-ul-Azha in August, goods amounting to over USD 3.0 billion were shipped in other days of the month, he added. Another former leader of the BGMEA, said that majority of the shipments, made in August, were previously withheld or cancelled orders. About new orders, he said that they are now receiving 15-20% lower orders compared to last year.

<https://today.thefinancialexpress.com.bd/first-page/rmg-exports-again-in-positive-territory-1598892290>  
<https://www.newagebd.net/article/114990/rmg-export-posts-45pc-growth>

### **Bank Asia to establish neobank**

- Bank Asia is set to form a neobank, a completely new concept for Bangladesh, within December, in a move that can change the face of banking in the country broadening the financial inclusion. According to a recent Dhaka Stock Exchange disclosure, the customers of the platform will settle all transactions by way of using apps and online modules to be installed by Bank Asia, a leading PCB in the country. A neobank is a kind of digital banking operation where no branch is required as the service would totally be delivered online.
- Neobanks can be called fintech firms that provide digital and mobile-first financial solutions payments and money transfers, lending and different other banking services. Under the neobank platform, accounts will not have any attachment to the branch. Bank Asia will hold 51% shares of the company and the rest will be controlled by the foreign companies. Small lending like retail and microcredit ones will be given out without any bureaucratic complexity when the platform will get a tempo.

<https://today.thefinancialexpress.com.bd/stock-corporate/bank-asia-to-establish-neobank-1598886284>

### **Banks skimp on loans when retail needs boost**

- While governments across the world are focusing on stimulating consumption to speed up economic recovery from pandemic shocks by producing financial packages, banks in Bangladesh are walking a different path by skimping on retail loan disbursement. Two factors – lending rate cap and erosion of the economic capacity of customers – have driven banks away from the retail business, said industry insiders. The disbursement of retail loans, which consist of consumer and personal loans, dropped by more than 90% in the April-June quarter from that of the previous quarter of the current year, according to banks.
- Industry insiders said retail loan disbursement in the banking sector remained sluggish in July and August as well. However, according to the latest July data, private sector credit growth rebounded to 9.20%, backed by the implementation of the Covid-19 stimulus packages. Sources in banks say the implementation of the lending rate cap has forced the banks to be more careful in disbursing retail loans.

<https://tbsnews.net/economy/banking/banks-skimp-loans-when-retail-needs-boost-126577>

### **Central bank eases conditions for small loans under stimulus**

- The central bank of the country, the Bangladesh Bank, has relaxed its rules for banks and non-bank financial institutions (NBFIs) to issue loans to cottage, micro, small, and medium-sized enterprises from the government-announced BDT 200.00 billion stimulus package. Even though the central bank formed a BDT 100.00 billion refinance scheme to support the banks and NBFIs with liquidity, the disbursement of loans from the package remained low. So, this prompted the central bank to extend the loan disbursement deadline by two months to October.

- As per the new circular, banks and NBFIs were allowed to disburse 80% of their overall loans to the manufacturing and service sub-sectors. Earlier, the banks and NBFIs were allowed to disburse 50% and 30% of their total loans to the manufacturing and service sub-sectors, respectively. None of the manufacturing or service sector entities would be entitled to get loans exceeding 50% of their outstanding working capital loans as on December 31, 2019. The same loan ratio would be applicable for the new borrowers as well, it said, adding that the borrowers would get 50% of their entitled working capital loans as stimulus loans.

<https://tbsnews.net/economy/banking/central-bank-eases-conditions-small-loans-under-stimulus-126520>  
<https://www.newagebd.net/article/114994/bangladesh-bank-eases-cmsme-loan-rules-for-manufacturing-service-sub-sectors>  
<https://www.dhakatribune.com/business/banks/2020/08/31/bb-eases-rules-to-expedite-lending-for-manufacturing-service-sub-sectors>

### **Banks cannot raise interest after approving loan: Bangladesh Bank**

- Banks cannot charge more than 9% interest on any loan under the single-digit interest rate guideline effective from April 1. Earlier a Bangladesh Bank instruction – issued in May 2018 – said banks could raise interest rate after approving a loan, following certain conditions. The instruction created confusion. However, on Monday the Bangladesh Bank issued a circular stating to scrap the instruction that allowed the banks to raise the interest rate. Now the banks will have to lend at a maximum 9% interest and the rate cannot be raised within the loan tenure, a Bangladesh Bank official told The Business Standard.

<https://tbsnews.net/economy/banking/banks-cannot-raise-interest-after-approving-loan-bb-126595>

### **Elderly, disabled and widows to get safety net allowances through MFS**

- The government plans to disburse social safety net allowances among elderly, disabled and widows through mobile financial services -- a move that can help the country reach the targeted beneficiaries, ensure value for money and prevent misuse. Under the move, it would initiate a pilot involving 13,845 beneficiaries. Last week, it wrote to four top mobile financial service carriers to run the piloting in eight union parishads in eight divisions. Of the total, Nagad, a financial arm of the postal department, will run the piloting by disbursing safety net allocations among 4,114 beneficiaries -- the highest. bKash, the market leader, will disburse funds among 3,695 beneficiaries. SureCash will run the piloting among 3,331 beneficiaries and Rocket, a venture of Dutch-Bangla Bank, will disburse allowances among 2,705 beneficiaries.

- In April, the government allocated BDT 12.50 billion for the 5 million poor families whose breadwinners were rendered unemployed because of the coronavirus pandemic and most of them were disbursed through the four MFS carriers. The government distributed cash support among 3.5 million beneficiaries rendered poor. Nagad distributed BDT 3.25 billion among 1.3 million beneficiaries, while bKash channeled about BDT 2.34 billion among 0.93 million beneficiaries. Rocket disbursed BDT 1.8 billion among 0.71 million recipients and SureCash BDT 1.21 billion among 0.48 million beneficiaries, according to a finance ministry report.

<https://www.thedailystar.net/business/news/elderly-disabled-and-widows-get-safety-net-allowances-through-mfs-1953865>

### **Cars 'made in Bangladesh' on the way**

- Bangladesh is on its way to marking an epoch in history by manufacturing its own brand of automobiles with assistance from Japan. State-run Pragati Industries is set to accomplish the feat in close cooperation with Japanese automotive giant Mitsubishi Corporation. The government aims to kick off plans by finalising within a short time a 2020 Automobile Industry Development Policy, the draft of which has already been shared with stakeholders seeking their opinion.

- Currently, Pragati assembles cars designed by Mitsubishi Motors, while PHP Motors, a sister concern of the PHP Family based in Chattogram, manufactures cars made by Malaysia's PROTON. Besides, Indian automotive giants Tata Motors and Mahindra & Mahindra recently showed interest in setting up similar partnerships with local manufacturers to grab a bigger slice of the growing Bangladesh automobile pie.

- At present, about 63 vehicles are sold each day. In 2012, when the market had just started taking off, the daily figure was 29, according to the Bangladesh Reconditioned Vehicles Importers and Dealers Association (Barvida). In 2019, car sales amounted to BDT 50 billion, which was more or less the same as in the previous year. Bangladesh's thriving automobile sector has grown 8% on average every year since 2012, said various industry insiders.

<https://www.thedailystar.net/business/news/cars-made-bangladesh-the-way-1953853>

### DSE finds flaws in EGeneration's IPO prospectus

• A Dhaka Stock Exchange panel has detected a number of irregularities and non-compliance with securities rules in the prospectus of initial public offering of EGeneration Limited. Earlier on January 31 last year, the DSE sent 'no recommendation' about the IPO proposal of the company to market regulator Bangladesh Securities and Exchange Commission. EGeneration, however, resubmitted its IPO proposal on October 2 last year. The DSE IPO panel detected the irregularities and non-compliance in the resubmitted prospectus, DSE officials said. EGeneration offered only BDT 150 million to be raised through the IPO. It has raised its paid-up capital by BDT 595.8 million in between April 2, 2017 and June 26, 2018 through issuing placement shares.

<https://www.newagebd.net/article/114992/dse-finds-flaws-in-egenerations-ipo-prospectus>

### Single-day cash deposit to be doubled

• The securities regulator has assured stock brokers of doubling single-day cash deposit by investors to accelerate their participation in transactions. The official order is likely to be issued within this week, said the president of DSE Brokers Association (DBA). As per existing cash deposit limit, stock brokers are allowed to receive BDT 0.5 million from an investors per day for transaction purpose.

<https://today.thefinancialexpress.com.bd/stock-corporate/single-day-cash-deposit-to-be-doubled-1598886183>

### World Stock and Commodities\*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	\$42.93	(\$18.70)	-30.34%
Crude Oil (Brent)*	\$45.69	(\$22.75)	-33.24%
Gold Spot*	\$1,984.98	\$463.51	30.46%
DSEX	4,879.15	426.22	9.57%
S&P 500	3,500.31	269.53	8.34%
FTSE 100	5,963.57	(1,623.48)	-21.40%
BSE SENSEX	38,628.29	(3,013.85)	-7.24%
KSE-100	41,110.93	375.85	0.92%
CSEALL	5,329.33	(799.88)	-13.05%

### Exchange Rates

USD 1 = BDT 84.75\*

GBP 1 = BDT 113.64\*

EUR 1 = BDT 101.63\*

INR 1 = BDT 1.16\*

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

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