

*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.*

### **NPLs soar by over 20%**

- Despite close monitoring by the central bank, the amount of non-performing loans (NPLs) jumped by over 20% or BDT 150.37 billion at the end of June this year from December last year. The volume of NPLs rose to BDT 893.40 billion as of June 30, 2018 from BDT 743.03 billion as of December 31 last. The amount of NPLs was BDT 741.48 billion a year ago. The share of classified loans reached 10.41% of the total outstanding loans during the period under review than that of 9.31% six months back, according to the central bank's latest statistics.
- Lax loan recovery drive in the January-March (Q1) period of this calendar year along with turning of some rescheduled credits into classified loan again during the first six months to June this year have pushed up the overall volume of default loans, according to the senior bankers. Some fresh loans also became NPLs during the period under review, they added. The senior bankers, however, said the amount of NPLs might fall in the final quarter of this calendar year mainly due to the upcoming national election.
- Some banks have already instructed their divisional and branch offices across the country for taking preparations to recover default loans from possible candidates, they explained. An executive director of the central bank said that the banks will have to take effective measures to reduce classified loans through strengthening their recovery drives. Another BB official, however, said the amount of NPLs increased slightly in the second quarter (Q2), but the share of classified loans of the total outstanding credits dropped as of June 30.

<http://today.thefinancialexpress.com.bd/first-page/npls-soar-by-over-20pc-1536600818>  
<https://www.thedailystar.net/business/news/banks-toxic-loans-rise-20pc-six-months-1632280>  
<http://www.newagebd.net/article/50320/defaulted-bank-loans-near-BDT-90000cr>

### **India supplies 500MW additional electricity to Bangladesh**

- India has started supplying an additional 500MW of electricity to Bangladesh. The power transfer from the West Bengal's Baharampur grid to Kushtia's Bheramara was inaugurated by Bangladesh Prime Minister Dhaka and Indian Prime Minister videoconference on Monday. The two prime ministers officially inaugurated the newly-built 500MW High -Voltage DC Back-to-Back Station 2nd Block on the occasion. The two prime ministers also inaugurated construction work on the Bangladesh portion of the Akhaura-Agartala dual gauge rail line project and the Moulvibazar district Kulaura-Shahbazpur rail connection repair project.
- Currently, India exports 660MW of power to Bangladesh, 500MW of which are transferred through the Baharampur-Bheramara connection and 160MW from Tripura to the Cumilla power grid. BDT 6.78 billion will be spent to rebuild the 53km-long Kulaura-Shahbazpur rail connection, of which BDT 5.55 billion will be paid by an Indian LoC, while the Bangladesh government pays the remaining 1.23 billion. Meanwhile, Bangladesh Prime Minister said that the government has planned to import 9000 MW of electricity from neighbouring countries by 2041 to maintain the country's high economic growth.

<http://today.thefinancialexpress.com.bd/first-page/india-supplies-500mw-addl-electricity-to-bangladesh-1536600888>  
<https://www.thedailystar.net/country/hvdc-power-station-at-bheramara-in-kushtia-inaugurated-bangladesh-pm-sheikh-hasina-indian-pm-narendra-modi-mamata-banerjee-1631938>

### **Asian Development Bank (ADB) lending to cross USD 2 billion this year**

- Asian Development Bank's lending to Bangladesh is likely to exceed USD 2 billion this year. The ADB has already approved over USD 1.6 billion, of which USD 1,535 million is sovereign, USD 60 million non-sovereign and USD 8.7 million technical assistance. According to the country director of the ADB that more projects worth over USD 600 million are likely to be approved by year-end. He said that USD 988 million was approved for different projects since January, of which USD 586 million has been disbursed as of yesterday -- the amount being 46% higher compared to that in the same period in 2017.
- ADB and the ERD signed a loan agreements yesterday. The deals comprised USD 350 million in loan and USD 7.5 million in grant for a project to develop two power lines. According to the ADB, the project will get another USD 7 million as grant from the Japan Fund for the Joint Crediting Mechanism to finance new high-technology energy efficient conductors. Another USD 0.5 million grant from South Korea's e-Asia and Knowledge Partnership Fund will promote socially inclusive growth with gender equality.

<https://www.thedailystar.net/business/news/adb-lending-cross-2b-year-1632268>

### **Bangladesh Telecommunication Regulatory Commission (BTRC) likely to raise mobile number portability (MNP) fees as it amends guidelines**

- The government has withdrawn from MNP licensing guidelines the specification of BDT 30 as mobile number portability fee for the customers, widening the space for charging the subscriber a higher amount against the MNP service. Bangladesh Telecommunication Regulatory Commission has amended a provision of the mobile number portability licensing guidelines in this regard. Instead of specifying the charge in the guidelines, the revised guidelines allowed BTRC to set MNP charge that would be applicable on the subscribers to switch mobile network operator.
- The charge for changing mobile operator is expected to be set at BDT 50. MNP operator would get the fees from the mobile phone operators for the porting facility. On January 31, 2018, Telecom Regulatory Authority of India slashed charge against mobile number porting service to Rs 4 (equivalent to BDT 4.65) per successful porting from Rs 19 (equivalent to BDT 22.09) earlier.

<http://www.newagebd.net/article/50308/btrc-likely-to-raise-mnp-fees-as-it-amends-guidelines>

### **Tenure extension to dent investor confidence: experts**

- Experts have opposed the government's plan to extend the tenure of closed-end mutual funds by 10 years as the move may erode investors' confidence in the stock market. Closed-end mutual funds are investment funds that gather a fixed amount of money normally for a decade from a number of investors and re-invest them into stocks, bonds and other assets. The finance ministry has recently instructed Bangladesh Securities and Exchange Commission (BSEC) to rethink about extending the time for the funds that are going to be liquidated in the coming years.
- The president of the DSE Brokers' Association said that the extension will deepen the confidence crisis among investors. So, the extension should not be given. He added that fund managers are calling for the extension only to receive annual fee, but the regulator should think about the general investors. A stock market analyst, said that unsuccessful asset managers are lobbying with the government to have the tenure extended. The extension, if approved, will affect the investors as well as the mutual fund sector, he said.
- A former chairman of the economics department of Dhaka University, said that the regulator should think about the investors, not the bad performers. Proponents of the extension say if the funds are liquidated, the market may fall because of selling pressure. Market analysts have come up with proposals against the extension demand. The Dhaka University professor again added that one of the proposals is to allow floatation of new mutual funds, which will create demand and thus minimise the impact of the selling pressure of the old funds. In another suggestion, he said all the funds would not mature for liquidation within one or two months, so the market will have the time to absorb the selling pressure.
- The managing director of AIMS of Bangladesh, an asset management company, said asset managers set a tenure when they initiate a fund and investors put in their money after looking at the term. He also argued that the regulator should not interfere in the tenure issue. In June 2015, the regulator set the 10-year tenure for conversion or liquidation of closed-end mutual funds. Later, a writ petition was filed with the High Court challenging the BSEC's directive.

<https://www.thedailystar.net/business/news/tenure-extension-dent-investor-confidence-experts-1632265>

### **Bonanza for RMG makers: govt cuts export, corporate tax**

- The government has cut source tax on export earnings for readymade garment and other export-oriented sectors to 0.60% from 1% amid apparel makers' hectic lobbying for the reduction. Corporate tax rate for apparel makers and exporters has also been reduced to 12% from 15%. Internal Resources Division of the finance ministry on September 6 issued two separate statutory regulatory orders giving the benefits with retrospective effect from July this year. Reduction of export source tax, known as withholding tax, may narrow the government earnings from the sector by around BDT 16.00 billion, according to a National Board of Revenue estimate.
- NBR estimated revenue earnings worth around BDT 40.00 billion at the rate of 1% from the targeted export earnings in the fiscal year of 2018-2019. Now, its total revenue earnings will fall short of the target by around BDT 16.00 billion. The government set a target of earnings worth USD 39 billion from export of goods in the year. According to the SROs, the reduced tax rates will remain applicable only for the current fiscal year (2018-2019) which will end on June 30, 2019. Export tax rate was 0.70% in the FY 2017-2018.

<http://www.newagebd.net/article/50307/bonanza-for-rmg-makers-govt-cuts-export-corporate-tax>

### **Body formed to work on former mayor's proposal on city bus service**

- The government has constituted a 10-member committee, headed by Dhaka South City Corporation mayor, to work

on the introduction of a bus operating system under a limited number of companies in Dhaka city. A notification, signed by the President, was issued to this effect Sunday. Following meetings with stakeholders and transport experts, a draft was shared with the Prime Minister's Office (PMO) to operate and manage a modern bus system. According to the notification, the team will work on the introduction of a bus operating system under a limited number of companies. It will also work on the rationalisation of routes to bring discipline and reduce traffic jams in the city.

<http://today.thefinancialexpress.com.bd/first-page/body-formed-to-work-on-annisuls-proposal-on-city-bus-service-1536600948>

### Eligible Investors (EIs) start bidding to discover Runner Auto's IPO share price

- The bidding for IPO shares of Runner Automobiles by the eligible investors (EIs) started with BDT 81 each through the uniform and integrated electronic subscription system (ESS) at 5.00 pm on Monday. The price discovery of the initial public offering (IPO) through book building method will continue till 5.00 pm on September 13. Managing director of IDLC Investments, confirmed that the bidding of the company's shares started with BDT 81 each. Under the book building method, the EIs purchase shares of a company at a cut-off price determined through electronic bidding. And general investors get the shares at 10% discount on the cut-off price.
- The EIs are allowed to purchase 60% shares of a company under the method while the general investors would purchase remaining 40%. Runner Automobiles will utilise the IPO fund for research and development works, purchasing machinery, repaying bank loans and bearing the IPO expense. According to financial statements for the year ended on June 30, 2017, the company's net asset value (NAV) per share is BDT 55.70, with revaluation reserve. The value is BDT 41.94 without revaluation reserve.

<http://today.thefinancialexpress.com.bd/stock-corporate/eis-start-bidding-to-discover-runner-autos-ipo-share-price-1536596581>

### World Stock and Commodities\*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$68.09	+0.34	+0.50%
Crude Oil (Brent)*	\$77.27	+0.44	+0.57%
Gold Spot*	\$1,194.91	-2.02	-0.17%
DSEX	5549.78	-24.46	-0.44%
Dow Jones Industrial Average	25,916.54	-79.33	-0.31%
FTSE 100	7,277.70	-41.26	-0.56%
Nikkei 225	22,317.8	+10.79	+0.05%

### Exchange Rates

USD 1 = BDT 83.71\*  
 GBP 1 = BDT 108.18\*  
 EUR 1 = BDT 96.70\*  
 INR 1 = BDT 1.17\*

\*Currencies and Commodities are taken from Bloomberg.

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