

## Weekly Market Update

### Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+0.38%) gained 19.81 points and closed the week at 5,250.60 points. The blue-chip index DS30 (+0.80%) gained 14.61 points and stood at 1,832.82 points. The shariah based index DSES (-0.39%) lost 4.66 points and stood at 1,192.90 points. DSEX, DS30, DSES all posted negative YTD return of -2.51%, -2.55% and -3.24% respectively.

**Total Turnover During The Week (DSE):** BDT 17.9 billion (USD 215.7 million)  
**Average Daily Turnover Value (ADTV):** BDT 3.6 billion ( $\Delta\%$  Week: +22.7%)

### Daily Index Movement during the Week:

The market performed five sessions during this week. Market opened this week with a positive movement of 2.01% in the first session and turned negative into the second session by 1.12%. Market continued to be negative in the third session by 0.74%. However, market rebounded in the fourth session by 0.27%. In the last session, market and closed in negative territory by 0.01%.

### Sectoral Performance:

- All the financial sectors showed positive performance this week. General Insurance posted the highest gain of 4.86% followed by NBFIs (+2.23%), Life Insurance (+1.33%), Mutual Funds (+1.06%) and Banks (+0.40%).
- The non-financial sectors registered mixed performance this week. Engineering sector posted the highest gain of 6.02% followed by Power (+0.86%) and Food & Allied (+0.07%) whereas Telecommunication sector experienced the highest loss of 1.99% followed by Pharmaceuticals (-0.13%).

### Macroeconomic arena:

- The High Court stayed Tuesday a special policy guideline of Bangladesh Bank, which offered loan rescheduling and "one-time exit" facilities to defaulters, until June 23 next. The central bank issued the guideline on May 16, allowing the borrowers to re-schedule their defaulted loans making a 2.0% down payment for a maximum of 10 years.
- The central bank issued a circular on Sunday, enhancing daily cash-in limit of the MFS to BDT 30,000 from BDT 15,000 and daily cash-out limit to BDT 25,000 from BDT 10,000. The MFS users, from now on, can enjoy the cash-in or cash-out facility with maximum five attempts a day. The central bank also instructed the agent account holders to collect information, like - national identity card (NID) number and official card, of the people who will cash-in or cash-out BDT 5,000 or more.
- Japanese automaker giant Mitsubishi has decided to invest USD 100 million in Bangladesh to assemble its branded vehicles. The company will gradually upgrade the assembly plant to a full car manufacturing plant at the zone. Now 70 cars hit the streets every day and the number will double by 2021, as per a recent market analysis of Subaru Bangladesh.
- The central bank has doubled the deferred payment period for import of raw materials only for the power generating enterprises to help ease the pressure on foreign exchange market. Under the relaxation, importers are now allowed up to 360 days instead of 180 days to settle the deferred payment for import of raw materials for power generation.
- Total deposit in agent banking accounts increased to BDT 37.34 billion at the end of March this year from BDT 31.12 billion at the end of December last year. Customers can get services like cash deposits, withdrawals, remittance disbursement along with cash payments though agent banking window.

### Stock Market arena:

- Bangladesh Bank on Wednesday injected BDT 8.56 billion in the state-run Investment Corporation of Bangladesh (ICB) with flexible terms to revive the moribund stock market. Amid the continuous fall of stock indices that shed more than 700 points in the last three months, the Ministry of Finance has recently asked the central bank for the emergency fund to shore up the market.
- The capital market stakeholders will urge the securities regulator to take necessary measures against the sponsor-directors of the listed companies, who sold their shares without declaration and by evading tax. To implement the decision, the premier bourse authority has been given the responsibility of preparing the list of sponsor-directors, who sold shares without declarations. The sponsor-directors are subject to payment of 5.0% tax on sales of their shares, following giving the declaration of selling shares within 30 days.
- Runner Automobiles, which started its journey in 2000, is engaged in manufacturing two-wheelers in Bangladesh. It also started exporting motorcycles to Nepal in January 2017. Runner Automobiles, a flagship company of Runner Group, raised a fund worth

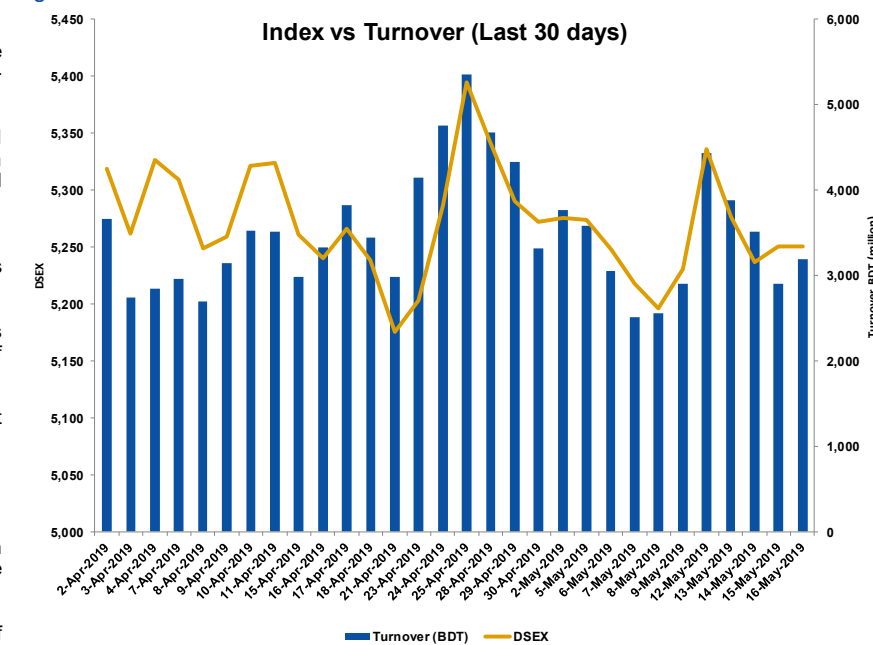
Table 1: Index

Index	Closing	Opening	$\Delta$ (Pts)	27-Dec-2018	$\Delta\%$ Week	$\Delta\%$ YTD
DSEX	5,250.60	5,230.79	19.81	5,385.64	0.38%	-2.51%
DS30	1,832.82	1,818.21	14.61	1,880.78	0.80%	-2.55%
DSES	1,192.90	1,197.56	-4.66	1,232.82	-0.39%	-3.24%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	19,354,407.2	19,277,042.0	0.4%
	Mn USD	232,821.0	231,890.3	
Turnover	Mn BDT	17,930.2	14,615.2	22.7%
	Mn USD	215.7	175.8	
Average Daily Turnover	Mn BDT	3,586.0	2,923.0	22.7%
	Mn USD	43.1	35.2	
Volume	Mn Shares	620.8	516.7	20.2%

Figure 1: DSEX & Turnover in last four weeks



Associate:  
**Md. Rafiqul Islam**  
[mrafiqulislam@bracepl.com](mailto:mrafiqulislam@bracepl.com)

Associate:  
**Md. Mahirul Quddus**  
[mmahirul.quddus@bracepl.com](mailto:mmahirul.quddus@bracepl.com)

**Table 3: Top Ten Gainers**

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Global Insurance Ltd.	18.40	12.90	42.6%	676.8	102.97	37.4x	1.6x
Emerald Oil Industries Ltd.	19	15.50	21.9%	1,128.6	18.64	166.0x	1.2x
Eastern Cables	353.70	296.40	19.3%	8,488.8	300.36	NM	11.6x
City General Insurance	15.70	13.20	18.9%	1,070.2	37.96	38.1x	1.2x
Runner Automobiles Limited	88.90	75.00	18.5%	9,613.0	545.44	20.8x	1.4x
Janata Insurance	17.30	14.80	16.9%	696.7	54.73	30.6x	1.5x
Premier Leasing	9.20	7.90	16.5%	1,165.1	21.98	17.1x	0.6x
Imam Button	32.20	27.90	15.4%	247.9	7.70	NM	5.8x
SK Trims & Industries Limited	50.40	44.00	14.5%	3,880.8	557.99	45.0x	4.3x
Islami Insurance	21.40	18.70	14.4%	762.7	37.58	14.4x	1.6x

**Table 4: Top Ten Losers**

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Rupali Life Insurance Co. Ltd.	71.80	89.00	-19.3%	2,071.3	100.37	NM	7.2x
United Commercial Bank Limited	16.70	19.70	-15.2%	19,364.4	134.31	9.8x	0.6x
Al-Arafah Islami Bank	18.90	21.60	-12.5%	20,126.7	34.93	9.5x	0.9x
National Feed Mill Limited	11.10	12.60	-11.9%	940.6	97.16	102.5x	0.9x
Standard Insurance	30.30	34.00	-10.9%	1,311.9	51.49	17.5x	2.0x
Social Islami Bank	14.50	16.00	-9.4%	12,953.4	44.17	9.1x	0.7x
Daffodil Computers Ltd.	45.10	49.10	-8.1%	2,251.0	48.11	26.8x	3.3x
Dutch-Bangla Bank	68.50	74.50	-8.1%	34,250.0	139.26	11.2x	0.6x
ICB AMCL 2nd MF	7.40	8.00	-7.5%	370.0	5.87	NM	0.5x
EXIM Bank	11.30	12.10	-6.6%	15,958.4	194.54	9.4x	0.6x

**Table 5: Top Ten Most Traded Shares**

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
BRAC Bank	60.80	56.30	8.0%	74,989.2	786.34	13.4x	1.8x
Fortune Shoes Limited	37.80	37.80	0.0%	4,722.6	701.28	19.4x	2.8x
SK Trims & Industries Limited	50.40	44.00	14.5%	3,880.8	557.99	45.0x	4.3x
Runner Automobiles Limited	88.90	75.00	18.5%	9,613.0	545.44	20.8x	1.4x
United Power Generation & Distribution Company Ltd	327.60	317.30	3.2%	156,948.9	337.81	25.8x	11.0x
IFIC Bank	11.80	11.90	-0.8%	15,797.1	322.10	8.7x	0.7x
Eastern Cables	353.70	296.40	19.3%	8,488.8	300.36	NM	11.6x
Monno Ceramic	235.60	230.50	2.2%	7,695.1	293.79	35.8x	3.3x
Doreen Power Generations and Systems Limited	81.60	83.60	-2.4%	9,478.7	279.96	11.3x	2.4x
Power Grid Co. of Bangladesh Ltd.	61.20	61.10	0.2%	28,207.9	259.04	10.1x	2.6x

**Table 8: Most Appreciated YTD in BRAC EPL Universe**

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Power Grid Co. of Bangladesh Ltd.	61.20	27.50%	28,207.9	10.1x
The Premier Bank	12.30	21.42%	11,366.4	5.7x
Bank Asia Ltd.	20.00	18.64%	23,318.1	8.6x
Dutch-Bangla Bank	68.50	18.59%	34,250.0	11.2x
Pragati Insurance	30.70	17.74%	2,013.6	9.6x
Marico Bangladesh Limited	1,396.90	16.39%	44,002.4	23.2x
Prime Finance	11.00	15.79%	3,002.1	NM
DESCO	46.30	14.60%	18,407.5	21.4x
BATBC	1,334.90	13.07%	240,282.0	25.8x
Berger Paints	1,518.80	13.00%	70,438.7	37.1x

**Table 6: Sector Indices**

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1442.27	1436.51	1848.21	0.40%	-21.96%
NBFIs	1971.58	1928.54	2714.85	2.23%	-27.38%
Mutual Funds	658.06	651.17	788.81	1.06%	-16.58%
General Insurance	1780.83	1698.35	1592.30	4.86%	11.84%
Life Insurance	1954.95	1929.35	1834.85	1.33%	6.55%
Telecommunication	4767.06	4863.85	6494.31	-1.99%	-26.60%
Pharmaceuticals	2645.98	2649.40	2821.05	-0.13%	-6.21%
Fuel & Power	1811.11	1795.58	1527.27	0.86%	18.58%
Cement	1479.13	1499.32	2280.58	-1.35%	-35.14%
Services & Real Estate	960.36	960.73	1224.11	-0.04%	-21.55%
Engineering	3054.59	2881.09	3166.83	6.02%	-3.54%
Food & Allied	16615.17	16604.04	15304.34	0.07%	8.57%
IT	1784.29	1812.77	1484.41	-1.57%	20.20%
Textiles	1373.05	1375.27	1222.72	-0.16%	12.29%
Paper & Printing	7085.28	7161.30	1013.11	-1.06%	599.36%
Tannery	2360.68	2347.26	2642.41	0.57%	-10.66%
Jute	17066.63	17399.69	8867.22	-1.91%	92.47%
Ceramics	526.50	528.30	597.46	-0.34%	-11.88%
Miscellaneous	2086.36	2135.35	1725.62	-2.29%	20.91%

**Table 7: Sector Trading Matrix**

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	682.5	559.9	21.91%	21.18%	9.5x	0.8x
NBFIs	189.2	87.0	117.48%	5.87%	74.1x	2.0x
Mutual Funds	16.4	23.6	-30.65%	0.51%	NM	0.5x
General Insurance	238.7	95.2	150.86%	7.41%	13.5x	1.2x
Life Insurance	51.0	22.4	127.65%	1.58%	NM	8.1x
Telecommunication	76.2	78.9	-3.47%	2.36%	12.6x	9.9x
Pharmaceuticals	280.4	263.9	6.25%	8.70%	18.4x	2.4x
Fuel & Power	278.6	280.1	-0.54%	8.65%	12.5x	2.1x
Cement	29.1	53.5	-45.63%	0.90%	30.2x	2.7x
Services & Real Estate	19.8	26.4	-25.24%	0.61%	NM	0.8x
Engineering	447.2	361.9	23.55%	13.88%	15.5x	1.8x
Food & Allied	88.5	80.9	9.40%	2.75%	28.9x	9.7x
IT	72.3	93.2	-22.43%	2.24%	22.3x	2.8x
Textiles	233.9	306.4	-23.65%	7.26%	18.6x	1.1x
Paper & Printing	8.7	11.6	-25.12%	0.27%	22.3x	1.8x
Tannery	176.2	194.4	-9.38%	5.47%	19.7x	2.6x
Jute	5.5	3.7	49.31%	0.17%	NM	7.8x
Ceramics	76.4	84.4	-9.43%	2.37%	20.3x	2.0x
Miscellaneous	251.3	179.6	39.87%	7.80%	27.5x	1.2x

**Table 9: Least Appreciated YTD in BRAC EPL Universe**

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Heidelberg Cement	236.40	-29.37%	13,357.4	19.1x
IFAD Autos Limited	79.50	-26.66%	19,715.3	14.0x
ACI Limited	248.60	-23.79%	12,402.4	80.5x
International Leasing	10.80	-21.17%	2,281.5	5.5x
Aftab Automobiles	36.60	-20.26%	3,503.8	18.4x
RAK Ceramics Limited	32.00	-17.95%	12,450.0	14.5x
Bata Shoe	948.30	-15.06%	12,972.7	14.6x
Delta Life Insurance	95.20	-13.30%	11,781.0	NM
AB Bank	10.50	-12.50%	7,960.4	NM
IDLC Finance Ltd.	61.20	-12.20%	23,075.5	10.1x

## Important News: Business & Economy

### Bangladesh Bank (BB) doubles deferred payment period for power companies

- The central bank has doubled the deferred payment period for import of raw materials only for the power generating enterprises to help ease the pressure on foreign exchange market. Under the relaxation, importers are now allowed up to 360 days instead of 180 days to settle the deferred payment for import of raw materials for power generation. To facilitate power sector industry, it has now been decided to enhance usance period up to 360 days from 180 days for import of raw materials in the case of power generating enterprises only, said a notification issued by the Bangladesh Bank (BB) on Wednesday.
- The central bank earlier permitted the import of industrial raw materials on deferred payment basis up to 180 days by industrial importers for their own use. They've relaxed the regulations for the benefit of power producers, particularly for those in the private sector," a senior BB official said. It will also help reduce pressure on the country's foreign exchange market, he added.
- Deferred payment arrangements are often used in retail settings where a person buys and receives an item with a commitment to start making payments at a future date. The latest move of the BB came against the backdrop of higher import of fuel oils, particularly for power generation, that created extra pressure on the country's foreign exchange market in recent months. During the period from January 03 to May 06, the Bangladesh taka (BDT ) depreciated by 60 poisha against the US currency in the inter-bank forex market.
- The greenback was quoted at BDT 84.50 each in the market on May 06 as against BDT 83.90 on January 02 this year, according to the market operators. On Wednesday, the USD was quoted at BDT 84.50 each in the inter-bank foreign exchange market, remaining unchanged from the previous level, they added. The BB officials, however, said high sulfur fuel oil (HSFO), generally known as furnace oil, is being imported under the category of petroleum products as raw material for power generations, which also put pressure on the foreign exchange reserve.
- Foreign exchange pressure may ease now for the time being, a senior treasury official of a leading private commercial bank (PCB). Ultimately, accumulative payment pressure may go up for such relaxation, the private banker added. Meanwhile, higher import of fuel oils pushed up the overall import expenses during the July-March period of the current fiscal year (FY), 2018-19.

<http://today.thefinancialexpress.com.bd/first-page/bb-doubles-deferred-payment-period-for-power-companies-1558547989>  
<http://www.newagebd.net/article/73246/power-cos-get-extended-deferred-payment-facility>

### Government's bank borrowing hits six-year high

- The government has all on a sudden stepped up its borrowing from the banking system from this month as its revenue collection fell short of expectations, sending the cash-strapped banks into a state of panic. Until the end of April, the government did not borrow from banks; rather, it paid back BDT 10.83 billion, according to data from the Bangladesh Bank. But from this month it started borrowing; as of May 15, it has taken BDT 79.98 billion, which is the highest in six years. The government had earlier targeted to borrow BDT 27.25 billion from commercial banks in May. But in the second week of this month, it has revised the amount to BDT 67.25 billion.

- The change in stance comes as revenue collection is poised to fall short of target by a big margin in this fiscal year, with receipts growing the lowest in five years in the first nine months due to sluggish collection of customs tariff and value-added tax. Between July last year and March this year, the National Board of Revenue managed about BDT 1.53 trillion in collections, up 7% from a year earlier, as per its provisional data. The amount missed the periodic target by nearly BDT 505.00 billion.
- The government has assigned the NBR to collect BDT 2.96 trillion in fiscal 2018-19, meaning the revenue authorities will have to collect more than BDT 1.42 trillion in the remaining three months to meet the target, which seems highly improbable. Amidst this, the government's need for funds has now gone up. The government will have to pay festival bonus before Eid-ul-Fitr, scheduled for the first week of the next month, to its thousands of employees and also release funds for development projects, the implementation of which accelerates towards the end of a fiscal year.
- So, it has now turned to the banking system. That has triggered panic amongst banks, said executive director of the Policy Research Institute. The government though has set a borrowing target of BDT 420.29 billion from the banking sector this fiscal year. But a little borrowing has left banks on edge as they are struggling to attract deposits, said a BB official. Savers continue to park their funds in national savings instruments for their higher returns. In the first nine months of the fiscal year, the government sold savings certificates amounting to BDT 397.33 billion, which is 66% higher than its full-year target.

<https://www.thedailystar.net/business/banking/news/govts-bank-borrowing-hits-six-year-high-1747558>

### Agent banking deposit grows by 20% in January-March

- Deposit in the agent banking accounts rose by 20% or BDT 6.22 billion in January-March 2019 amid banks' increased focus to the system. Customers can get services like cash deposits, withdrawals, remittance disbursement along with cash payments though agent banking window. Bangladesh Bank's latest quarterly report on agent banking released on Wednesday showed that total deposit in agent banking accounts increased to BDT 37.34 billion at the end of March this year from BDT 31.12 billion at the end of December last year.
- Of the 19 banks which have agent banking operation, deposits in Al-Arafah Islami Bank's agent banking accounts was the highest, BDT 10.24 billion at the end of March this year, up by 10% from BDT 9.28 billion at the December this year. Deposits in Dutch-Bangla Bank through its agent banking wing was BDT 9.55 billion, representing 26% of total deposits in the agent banks, and the figure was BDT 7.53 billion in the Bank Asia's agent banking wing, representing 20% of total deposits.
- Bangladesh Bank has so far licensed 21 entities to run the service under the agent banking guidelines in 2013. The entities, however, gradually started to function from 2016. Central bank officials said that the deposit growth in the agent banking accounts was mainly because of expansion of the service in the rural areas where people are deprived of banking service. The central bank data showed that the number of accounts with agents increased to 2.9 million at the end of March this year from 2.4 million in 2018. The figure was 1.2 million in 2017.

- Of the accounts, 2.5 million accounts were opened with the agents in the rural areas and the rest 0.3 million accounts were opened in the urban areas. At the end of March, the number of agents increased to 4,866 from 4,493 three months ago and the number of bank agent outlets also increased to 7,838 from 6,933 in the same period. Officials of the banks said that the agent banking have been moving fast across the country since the banks are providing all sorts of efforts to bring the grassroots people under the banking services.

<http://www.newagebd.net/article/73241/agent-banking-deposit-grows-by-20pc-in-jan-mar>

### **Bangladesh Bank asks banks to take step regarding High Court order**

- Bangladesh Bank on Wednesday asked all scheduled banks for taking necessary action in connection with the High Court order halting till June 24 a circular that granted huge waivers to loan defaulters. On Wednesday, the central bank issued a circular in this regard to the managing directors and CEOs of the banks. The central bank in a circular on May 16 offered the waivers to the loan defaulters. Experts criticized heavily the latest Bangladesh Bank policy allowing defaulters to reschedule loans by paying 2.0% down-payment for a maximum period of 10 years.

- They think that offering such a benefit will increase the number of wilful defaulters and discourage good borrowers from repaying loans. On Tuesday, a writ was filed on behalf of a human rights organization, Human Rights and Peace for Bangladesh, seeking suspension of the circular. In response, the High Court on the day ordered a halt till June 24 to the Bangladesh Bank circular.

<https://www.thedailystar.net/business/news/two-operators-fail-deliver-promised-4g-speed-1747096>

<http://www.newagebd.net/article/73131/bl-teletalks-4g-service-below-standard-in-dhaka-btrc-study>

### **Bangladesh Telecommunication Regulatory Commission (BTRC) holds up audits into Banglalink, Airtel**

- The telecom regulator is yet to appoint auditors to conduct financial and technical inspection of Banglalink and Airtel's system even though the formal process has started more than a year and a half ago due to irregularities within the institution itself. The Bangladesh Telecommunication Regulatory Commission (BTRC) had invited expression of interest (EOI) on December 2017 and a total of five companies -- one for Banglalink and four for Airtel -- put forward their proposals in January last year.

- The telecom watchdog wants to comb through Banglalink's books from the operator's inception in 1996 until 2017 and Airtel's from its start in 2006 until its merger with Robi in November 2016. After evaluating the audit firms' proposals, a section of the regulatory commission now wants to repeal the process and start afresh, said BTRC officials on condition of anonymity due to sensitivity of the matter. The bidders too have raised questions about the telecom watchdog's selection process, they said.

- The BTRC was supposed to first assess whether the bidders have the technical know-how to run the audit and then look at how much they were quoting for the job. But the process happened in reverse: it looked at the bidders' financial proposals and is yet to look at their technical capacity. Furthermore, the telecom authority included in the evaluation committee an individual who previously worked with one of the auditors that looked into the books of the other two operators, BTRC official said.

- BTRC Chairman acknowledged the delay and even expressed his frustration about it. He also found the process to be moving very slowly. And after noticing the issue recently He directed the responsible officials to complete the process as early as possible. After completing the audits into two mobile operators' books the telecom regulator is now confident about the process. The audits into Grameenphone and Robi's accounts were received by the BTRC in February last year and it has already made its claims to the two operators.

- Grameenphone's audit, which covered the years from its inception in 1996 through to 2015, initially found financial discrepancies of about BDT 115.30 billion and after a revision the amount claimed went up to BDT 125.79 billion. The other audit into Robi saw the BTRC claim BDT 8.67 billion as missed or under payments from the mobile operator over a 19-year period until 2015. Once Banglalink and Airtel's audits are done, the telecom watchdog would move to state-owned Teletalk and out-of-operation Citycell, BTRC Chairman said.

<https://www.thedailystar.net/business/telecom/news/btrc-holds-audits-banglalink-airtel-1747534>

### **Government endorses BDT 2.02 trillion Annual Development Programme (ADP) for FY 20**

- The government has approved a BDT 2.02-trillion Annual Development Programme (ADP) for the next fiscal year (FY), 2019-20, which is 21% higher than the allocation for the current FY. The size of the revised ADP is BDT 1.67 trillion in the current FY, 2018-19. According to the proposal, the government agencies under different ministries and divisions will receive the funds for implementing some 1,475 projects across the country.

- The transport sector has received the highest allocation of BDT 528.06 billion or 26.05% of the total BDT 2.02 trillion ADP outlay for next FY. The power sector has got the second highest, BDT 260.17 billion or 12.83%, of the total outlay for FY 20.

- Of the total 1,475 projects, the government allocated BDT 451.40 billion to 14 mega projects for quick completion. The estimated cost of the 14 projects is BDT 3.34 trillion, of which BDT 671.11 billion has already been used. Of the mega projects, the Rooppur Nuclear Power Plant was given the highest allocation of BDT 149.80 billion. The project's total cost has been estimated to be BDT 1.13 trillion and until February BDT 166.65 billion has been spent, according to planning ministry documents. It was followed by the Dhaka Metro Rail project, which got BDT 72.12 billion in the new ADP. Of the total project cost of BDT 219.85 billion BDT 58.60 billion has been utilized until February. The government allocated BDT 53.70 billion in another high-priority mega project: the Padma Bridge. The Payra deep sea port got BDT 7.13 billion in the upcoming fiscal year, the Hazrat Shahjalal International Airport expansion project BDT 27.50 billion and the Dhaka Elevated expressway BDT 13.49 billion.

- In the next fiscal year, foreign aid utilization will get a big boost: it has been fixed at USD 8.5 billion, which is 40.78% higher than the current year's. As of November last year, the amount of foreign aid in the pipeline stood at USD 48.75 billion. Conversely, the government's own fund allocation has not increased much: it has been set at BDT 1.31 trillion, up 12.86% year-on-year.

<http://today.thefinancialexpress.com.bd/first-page/govt-endorses-BDT-202t-adp-for-fy-20-1558461265>

<https://www.thedailystar.net/business/news/14-mega-projects-get-BDT-45140cr-new-dev-budget-1747111>

### High Court stays special privileges to bank loan defaulters

- The High Court stayed Tuesday a special policy guideline of Bangladesh Bank, which offered loan rescheduling and "one time exit" facilities to defaulters, until June 23 next. The central bank issued the guideline on May 16, allowing the borrowers to reschedule their defaulted loans making a 2.0% down payment for a maximum of 10 years. The errant borrowers also got the opportunity to avail "one time exit" facility by clearing all dues within 360 days provided the banks concerned approved this. The decision to offer privileges to bad borrowers drew criticism from economists and bankers who warned of a possible disastrous outcome. A High Court bench put on hold the effect of the guideline until June 23, after a writ petition filed by Human Rights and Peace for Bangladesh.
- The volume of soured loans jumped by over 26% or BDT 196.08 billion to BDT 939.11 billion at the end of December 2018, up from BDT 743.03 billion over the same period a year earlier, according to available statistics.

<http://today.thefinancialexpress.com.bd/first-page/hc-stays-spl-privileges-to-bank-loan-defaulters-1558461095>  
<https://www.thedailystar.net/business/banking/loan-defaulters-in-bangladesh-hc-halts-privilege-1746766>

### Finance ministry strong-arms banks

- The finance ministry has instructed government agencies not to keep any deposit with banks at 6% that fails to lend at 9%, creating further chaos in to the banking system that is already reeling from a liquidity crisis. Deposits from the government and autonomous institutions account for 15-20% of the deposits in the banking system, according to the Association of Bankers, Bangladesh, a platform of private banks' chief executives. At present, none of the banks are able to offer the interest rates stipulated by the finance ministry, so its missive on Monday has been viewed by analysts and bankers as the ministry trying to strong-arm banks.
- The move not only ignored the central bank's regulatory power but also contradicts the open market system that determines the interest rate on deposits and lending, according an executive director of the Policy research institute. The ministry even should not impose such a decision on the state banks even though it enjoys their ownership, he said.

<https://www.thedailystar.net/business/news/finance-ministry-strong-arms-banks-1747090>

### Japanese Economic Zone: Deal to be signed on May 26

- Japanese trading giant Sumitomo Corporation and Bangladesh Economic Zones Authority (BEZA) are going to enter into a joint venture agreement on May 26 on developing a special economic zone for 200 investors from Japan, says a top BEZA official. BEZA has acquired 500 acres of land for the zone and another 500 acres is in the process of being acquired to set up the economic zone at Araihasar upazila in Narayanganj.
- BEZA and Sumitomo will spend around USD 66 million to develop the zone, the former providing USD 16 million and the latter the rest. Besides, Japan International Cooperation

Agency, the Japanese government's development arm, will lend about BDT 10 billion to Bangladesh at a concessional interest rate to establish the zone, according to BEZA officials. BEZA is expecting USD 20 billion in foreign direct investment (FDI) from Japan once the zone was established. The BEZA executive chairman hopes for the factories to be set up in early 2022.

- According to a latest study of Japan External Trade Organisation (JETRO), the investment of Japanese companies in Bangladesh had been increasing steadily at a rate of 16-17% for the last couple of years with a majority of investors showing growing interest to expand their business. The Jetro study shows that 70% of Japanese companies expressed interest to expand their presence in Bangladesh within a year and around 60% in the next two to three years. The number of Japanese companies operating in the country was 183 in 2014 and it went up to 223 in 2015, 245 in 2016, 260 in 2017 and 269 in 2018, according to the survey.

<https://www.thedailystar.net/business/news/deal-be-signed-may-26-1747102>

### Banglalink and Teletalk's 4G service below standard in Dhaka: Bangladesh Telecommunication Regulatory Commission (BTRC) study

- Banglalink and state-run Teletalk's 4G service fell short of meeting the internet speed in the capital, according to a survey of the regulator. The required speed for 4G downlink is at least 7 megabytes per second but for Banglalink and Teletalk, it is 6.49 Mbps and 4.85 Mbps respectively. For Grameenphone and Robi, it is 10.07 Mbps and 10.32 Mbps respectively.
- Banglalink and Teletalk, however, fared well in the uploading category, showed the quality measuring survey report of the commission. Grameenphone and Robi have also improved their service in recent times compared to their performance shown during the regulator's first and second drive tests

<https://www.thedailystar.net/business/news/two-operators-fail-deliver-promised-4g-speed-1747096>  
<http://www.newagebd.net/article/73131/bl-teletalks-4g-service-below-standard-in-dhaka-btrc-study>

### Bankers in fear of huge pressure on call money market ahead of Eid

- Bankers are in fear of more pressure on call money market ahead of Eid-ul-Fitr amid persisting liquidity crisis in banks, which has reduced investment funds and increased the tendency to borrow from the call money market. Most of the banks are facing cash crisis due to slow deposits growth and lacklustre loans recovery. The demand for cash will increase during the upcoming Eid-al-Fitr as people make a lot of purchases during the period and many organizations pay salaries and allowances ahead of Eid, Pubali Bank Managing Director and CEO said.
- Southeast Bank Managing Director has said that there is already a lot of pressure on the call money market due to liquidity crisis and it will increase in the coming days ahead of Eid. According to Bangladesh Bank data, inter-bank call money rate was 4.56% (weighted average) on 19 May, with the rate remaining above 4% for the last few days.
- Just ahead of Eid, there will be pressure on the call money market. But this pressure will not be bigger than before. Besides the call money market, the commercial banks are borrowing from Bangladesh Bank through repo, said the chairman of Association of

Bankers, Bangladesh (ABB) and managing director of Dhaka Bank. Repo is a short-term fund that the central bank gives to commercial banks in case of cash shortfall at the current rate of 6%, while reverse repo is excess money that banks keep with the central bank.

- On liquidity crisis of banks, he again said that the crisis was leading to shortage of greenbacks to meet import payments. On the other hand, individual deposits are being diverted to the government schemes mainly due to higher interest rates on public savings instruments than deposit rates offered by the commercial banks, he added. He said all banks had put in a strong effort on fund hunting resulting in a surge in interest rates on deposits.

- Currently, most of the banks are facing fund crisis due to huge amount of defaulted loans. Unsatisfactory recovery from borrowers is also a big reason. At the end of 2018, the total non-performing loans stood at BDT 939.11 billion from BDT 743.03 billion a year earlier, according to data from the central bank.

<https://www.dhakatribune.com/business/banks/2019/05/20/bankers-in-fear-of-huge-pressure-on-call-money-market-ahead-of-eid>

### **LOAN RESCHEDULING: New policy to cheer up defaulters: Workers Party of Bangladesh President**

- Workers Party of Bangladesh President has demanded that the Bangladesh Bank's recent loan rescheduling policy be suspended for it acted as an encouragement for defaulters. The policy was issued without any prior discussion and was based on the finance ministry's order," he said. It is unknown why the BB complied with the order, he added.

- Issued last week, the new facilities give loan defaulters a lifeline, allowing to regularise loans with a down payment of only 2% instead of the existing 10-50%. Moreover, a maximum 9% interest will be charged on the rescheduled loans. The existing rate is 12-16%. The new policy drew immense criticism, mounting fears of further deterioration of the banking sector's financial health.

- He also said three to four banks including Islami Bank, Union Bank and First Security Islami Bank remained under the grip of one person. Word gets around that one day that person fell sick and went to Singapore for treatment, creating apprehension in the central bank that disaster will strike the banking sector should an accident befall that person, he added. He said the Bank Company Act was amended just to allow more family members of bank owners into the board.

- The family members are not the owners -- they are only sponsor directors. General people are the original owner and the amendment came about without their consent, he added. The share market was not allowed to develop and some fake companies have been allowed to raise capital through initial public offerings, he again said. He said the government was allowing rice import despite surplus production at home, resulting in farmers not getting fair prices. Rice imports are not being restricted to promote money laundering through under- and over-invoicing, he claimed.

<https://www.thedailystar.net/business/news/loan-rescheduling-new-policy-cheer-defaulters-menon-1746673>

### **Government cuts tax collection target by BDT 161.38 billion for FY19**

- The government has cut tax-revenue collection target by only BDT 161.38 billion or 5.45% of the original target set for the current fiscal year of 2018-2019. National Board of Revenue officials said that it would be tough for NBR to achieve the revised target also as the shortfall in collection in the first nine months (July-March) of the fiscal year stood more than BDT 500.00 billion with a slower growth in tax receipt. NBR earlier requested the government to cut the target by BDT 500.00 billion for the year.

- NBR will now have to collect BDT 2.80 trillion in FY19 instead of BDT 2.96 trillion, the original collection target. Revenue collection should grow by around 36% compared with the revenue collection (BDT 2.06 trillion) in FY18 to achieve the revised target. Statistics wing of NBR has already redistributed the targeted amount among customs, value-added tax and income tax wings. Tax officials termed the revised target also an ambitious one compared with the growth at 7.11% NBR achieved in the first nine months of FY19.

- They said that income tax, value-added tax and customs wings managed to collect only BDT 1.53 trillion in July-March of FY19 against the target of BDT 2.04 trillion set for the period, widening the deficit to BDT 502.45 billion as per the original target. As per the revised target, tax officials will have to collect BDT 1.27 trillion in the remaining three months of the fiscal year meaning that they would have to collect BDT 422.14 billion each month. Though revenue collection grows significantly in last two months — May and June, there was no previous instances of collecting revenue at such a rate, they said.

- NBR collected BDT 182.38 billion and BDT 269.35 billion in May and June respectively in FY18, according to NBR data. In March 2019, the revenue mobilisation stood at BDT 199.58 billion, the data showed. As per the revised target, the VAT wing will have to collect the highest — BDT 1.04 trillion — with 32% growth rate while the income tax wing will have to collect BDT 966.32 billion with 47% growth compared with the collection in FY18.

<http://www.newagebd.net/article/73042/govt-cuts-tax-collection-target-by-BDT-16138cr-for-fy19>

### **NEC set to endorse today BDT 2.02 trillion ADP for FY '20**

- The government is going to approve today (Tuesday) a BDT 2.02-trillion Annual Development Programme (ADP) for the next fiscal year (FY), 2019-20, allocating the highest fund to the transport sector. The proposed BDT 2.02-trillion ADP outlay is 21.38% higher than the allocation of BDT 1.67 trillion for the ongoing FY, 2018-19.

- Meanwhile, the Planning Commission (PC) is also likely to approve another development programme for the state-run autonomous and semi-autonomous bodies, involving BDT 123.93 billion, for the upcoming FY. On May 08, the PC at a meeting finalised the draft development budget outlay for FY 20, keeping aside 26.05% or BDT 528.05 billion funds for the transport sector alone.

- The PC officials said they have proposed BDT 1.31 trillion funds or 65% of the total BDT 2.02 trillion outlay from internal income in the next development budget. They have shown the remaining BDT 718 billion or 35% of the total from external sources as project aid in the proposed ADP for the next FY, they added.

- Meanwhile, the government revised the present ADP outlay in the third quarter of current FY, trimming down the allocation to BDT 1.67 trillion from the original BDT 1.73 trillion due to poor performance of the project implementing agencies. The government until March of FY 19 implemented 47% of the revised ADP. According to the PC's proposal, the power

sector is going to receive the second highest allocation of BDT 260.17 billion or 12.86% of the total outlay, proposed for the next ADP.

[http://today.thefinancialexpress.com.bd/first-page/nec-set-to-endorse-today-BDT\\_-202t-adp-for-fy-20-1558373179](http://today.thefinancialexpress.com.bd/first-page/nec-set-to-endorse-today-BDT_-202t-adp-for-fy-20-1558373179)

<http://www.newagebd.net/article/73041/nec-to-consider-BDT>

### **Bangladesh Bank ups limits on Mobile Financial Services (MFS) transaction**

- The Bangladesh Bank (BB) has significantly increased the transaction limits of the mobile financial services (MFS) following growing use of the services across the country. The central bank issued a circular in this regard on Sunday, enhancing daily cash-in limit of the MFS to BDT 30,000 from BDT 15,000 and daily cash-out limit to BDT 25,000 from BDT 10,000. The MFS users, from now on, can enjoy the cash-in or cash-out facility with maximum five attempts a day. In line with the adjustment, monthly cash-in and cash-out limits have been revised up to BDT 0.2 million and BDT 0.15 million respectively, while daily transaction limit through person to person (P2P) has been raised to BDT 25,000. According to the circular, MFS users can keep maximum balance of BDT 0.3 million in their account.

- The central bank also instructed the agent account holders to collect information, like - national identity card (NID) number and official card, of the people who will cash-in or cash-out BDT 5,000 or more. However, the BB circular imposed an embargo on operating several accounts with a particular MFS provider. If several accounts are found against a single NID, the subscriber would have to choose one account and close others. Besides, cash-in, cash-out and P2P have been restricted from one agent account to another.

- The BB's circular came in the wake of demand from the private MFS providers due to higher transaction limit enjoyed by another MFS 'Nagad' belonging to the Bangladesh Post Office (BPO). 'Nagad' users can make daily transactions worth BDT 0.25 million and single transaction limit is BDT 50,000.

- There are a total of 16 MFS operators and the daily transactions through the services are estimated at BDT 11.0 billion. bKash alone accounts for over 50% or around BDT 6.0 billion out of the total.

<http://today.thefinancialexpress.com.bd/first-page/bb-ups-limits-on-mfs-transaction-1558287546>

<https://www.thedailystar.net/business/news/mfs-limits-jacked-1746178>

<http://www.newagebd.net/article/72949/limit-on-transaction-thru-bank-backed-mfs-raised>

<https://www.dhakatribune.com/business/banks/2019/05/19/bb-increases-mobile-banking-transaction-limit-2>

### **Bangladesh Telecommunication Regulatory Commission (BTRC) moves to partially stall NOC issuance to GP, Robi**

- Bangladesh Telecommunication Regulatory Commission has taken steps to stop partially issuing no-objection certificates to Grameenphone and Robi in connection with the operators' non-payment of audit claims of the telecom regulator, said BTRC officials. BTRC officials told New Age that the commission for now refrained from issuing NOCs only for issues related to engineering and operation. Under the move, BTRC has already started the process of stalling NOCs for network transmission expansion by GP and Robi, equipment imports and financing clearances, they said.

- BTRC officials said that the commission refrained from issuing any NOC to Robi since May 12 for Robi's non-payment of audit claim. They said that similar move was also taken against GP in last few days. A GP official, however, said that they had no knowledge about any BTRC move regarding NOC suspension as the commission had not informed them about such move. Robi officials said that the operator was facing difficulty in keeping their network smoothly functional at several areas due to non-issuance of NOCs by the commission.

<http://www.newagebd.net/article/72950/btrc-moves-to-partially-stall-noc-issuance-to-gp-robi>

### **Asian Development Bank (ADB) pushes for policy actions**

- The ADB has attached some conditions, including the approval of the proposed organogram of the securities regulator, to the release of the second tranche of USD 170 million for the Third Capital Market Development Programme (CMDP3). Several pending policy actions under the CMDP3 have to be implemented by May 31 to receive the second tranche of the capital market reform funding, it said. The policy actions are the approval of the organogram of the Bangladesh Securities and Exchange Commission (BSEC), issuance of risk-based capital rules for intermediaries (including capital restructuring plan), Sukuk rules and derivative rules, issuance of rules for short-selling, installation of a new information and communications technology (ICT) procurement plan and endorsement of the draft asset investment rules for life and non-life insurance companies.

<http://today.thefinancialexpress.com.bd/first-page/adb-pushes-for-policy-actions-1558287708>

### **Banks asked to postpone crop loan recovery for one year**

- Bangladesh Bank on Sunday asked commercial banks to postpone recovery of agricultural loans for one year as part of agricultural sector rehabilitation in the wake of cyclone Fani. The circular also give directives so that the farmers get loan rescheduling without down payment and agricultural loan disbursement be enhanced in the affected areas. It directs waiver for the affected farmers. The directives will be effective immediately.

<https://www.dhakatribune.com/business/banks/2019/05/19/banks-asked-to-postpone-crop-loan-recovery-for-one-year>

<http://www.newagebd.net/article/72953/bb-asks-banks-to-disburse-agri-loan-among-fani-victims>

### **Export to India soars 53% to USD 1.07 billion**

- The country's overall export to India reached USD 1.07 billion during July-April period of the current fiscal (FY), 2018-19, marking a robust 53% growth. Bangladesh earned USD 701.56 million during the corresponding period of last FY, according to the state-owned Export Promotion Bureau (EPB) data. The other non-traditional destinations where local export during the period under review witnessed double-digit growth included Japan USD 1.17 billion with 22.57% growth, and China USD 709.06 million with 26.14% growth.

- Besides, export to Australia rose 13.63% and reached USD 688.89 million, Russia 12.83% to USD 446.94 million, and Korea 48.05% to USD 317.72 million, the EPB data showed. Ready-made garment (RMG) items are the major local goods shipped to India along with other products like raw jute and jute goods, fish and crustaceans, plastic and leather items, sources said.

- The exporters and experts attributed the rise in export to growth in demand of these items among the Indian rising middle class. They opined that India is a potential market, not only for RMG but also for non-RMG products. Western retailers, having outlets in India, and Indian local brands also found sourcing their goods from Bangladesh competitive, they added. The acting president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said that the growing middle class in India is pushing up the demand for the locally-produced garment items there.

<http://today.thefinancialexpress.com.bd/public/first-page/export-to-india-soars-53pc-to-107b-1558113704>

<http://www.newagebd.net/article/72847/india-poland-become-new-billion-dollar-export-markets-for-bangladesh>

### Mitsubishi to invest USD 100 million to assemble cars in Bangladesh

- Japanese automaker giant Mitsubishi has decided to invest USD 100 million in Bangladesh to produce its branded vehicles. The company will invest the sum at the Mirsarai Economic Zone in Chattogram, initially for assembling cars, the commerce ministry said in a statement. The company will gradually upgrade the assembly plant to a full car manufacturing plant at the zone.

- The use of motor vehicles in Bangladesh has been growing fast with the pace of the country's steady economic growth and political stability. Now 70 cars hit the streets every day and the number will double by 2021, as per a recent market analysis of Subaru Bangladesh.

<https://www.thedailystar.net/business/news/mitsubishi-invest-100m-assemble-cars-bangladesh-1744684>

<https://www.dhakatribune.com/business/2019/05/17/mitsubishi-motors-keen-to-invest-in-bangladesh>

### Bangladesh Bank loosens the leash on banks' stock exposure

- The central bank has widened banks' scope to invest in the stock market and infrastructural fund as the government looks to put a pause on the longer than usual bear run. In a notice yesterday, the Bangladesh Bank informed that banks' investment in non-listed securities -- such as equity, non-convertible cumulative preference share, non-convertible bond, debenture and open-ended mutual funds -- would not be counted as their capital market exposure. In a separate notice, the BB also created a room for banks to invest in alternative investment funds, special purpose vehicles (SPV), or any other similar project-specific fund. SPV is a "bankruptcy-remote entity" since its operations are limited to the acquisition and financing of specific assets as a method of isolating risk, the notice said.

- In case of public infrastructure projects pertaining to power and fuel, roads and bridges, communication, tourism and digital sector, banks would be allowed to invest the lower of the two: BDT 7 billion or the single borrower exposure limit. If the projects are taken through public-private partnership (PPP), banks would be allowed to invest the lower of the two: BDT 6 billion or the single borrower exposure limit.

- Banks can purchase a non-listed company's equity instrument worth up to 10% of the company's paid-up capital. In case of private and PPP projects, the bond or debenture issuer should maintain a sinking fund that would be at least 10% of the issue. Every year,

the issuer should keep at least 3% of its yearly revenue in the fund.

<https://www.thedailystar.net/business/banking/bangladesh-bank-bb-loosens-the-leash-banks-stock-exposure-1744693>

<https://www.dhakatribune.com/business/banks/2019/05/16/new-exposure-for-banks-non-listed-securities-excluded-from-bank-investment-portfolios>

### Bangladesh Bank (BB) offers special facility to loan defaulters

- The central bank offered a special facility to loan defaulters on Thursday, allowing them to reschedule loans by paying 2.0% down payment for a maximum period of 10 years. Economist and bankers, however, criticised the decision, saying that offering such a benefit to defaulters will discourage good borrowers from repaying loans and will create an increased number of wilful defaulter.

- Besides, the borrowers will also be able to avail 'One Time Exit' facility by clearing all dues by 360 days after approving such facility by the banks concerned, according to a notification. To get the special facilities the interested borrowers will have to apply to the banks concerned within 90 days from the date of issuing the notification for availing such, it added. To get the special facilities the interested borrowers will have to apply to the banks concerned within 90 days from the date of issuing the notification for availing such, it added.

- The interest rate on rescheduled loans will be 3.0% higher than the bank's cost of fund. But the interest rate will have to be kept within 9.0%. The interest will be imposed on the rescheduled loans from January 01, 2019. After rescheduling, if any borrower fails to repay six monthly instalments out of nine or two quarterly instalments out of three of their loans, such facility will be cancelled. All scheduled banks are eligible to take necessary measures after receiving applications for both the facilities on the basis of balance, calculated on December 31, 2018.

- Such facilities will help reduce the amount of non-performing loans (NPLs) in the country's banking system, said Banking Reforms Advisor of the Bangladesh Bank (BB). A former deputy governor of the BB, further said it will also help strengthen recovery of loans, particularly the bad, close to being written off ones. The BB's latest move came against the backdrop of a rising trend in the overall classified loans in the banking sector in 2018.

- The volume of classified loans jumped by over 26% or BDT 196.08 billion to BDT 939.11 billion as of December 31, 2018, from BDT 743.03 billion on the same day in 2017. The share of NPLs in the total outstanding loans came down to 10.30% as of December 31, 2018 from 11.45% three months back. It was 9.31% on December 31, 2017. A former deputy governor of the BB said that the latest rescheduling facility will put the default loans under cover, which will one day swallow the entire banking sector like a cancer.

<http://today.thefinancialexpress.com.bd/public/first-page/bb-offers-spl-facility-to-loan-defaulters-1558027155>

<https://www.thedailystar.net/business/banking/loan-scams-bangladesh-defaulters-have-the-last-laugh-1745554>

<https://www.dhakatribune.com/business/economy/2019/05/16/bangladesh-bank-offers-huge-waivers-to-loan-defaulters>

### Chinese firm to invest USD 33 million in agro-processing sector: Chinese envoy



• A Chinese company plans to invest USD 33 million in Bangladesh's agro-processing sector, Chinese Ambassador in Dhaka said yesterday. The Ambassador said the Chinese firm will set up three agricultural processing industries in Bangladesh. Praising Bangladesh for its development in health, education and economic sectors, he said China will import agricultural products from Bangladesh.

<https://www.thedailystar.net/business/news/chinese-firm-invest-33m-agro-processing-sector-envoy-1744582>

<https://www.dhakatribune.com/business/2019/05/16/chinese-firm-to-invest-33m-in-agro-processing-sector>

### Apparel export to US thrives on trade war

• Apparel exports to the US, Bangladesh's single largest export destination, jumped 15.57% to USD 1.63 billion in the first three months of the year, which the exporters and experts attributed to the ongoing trade war between the US and China. Apparel was not in the list of the items subjected to US President's retaliatory 25% duty last year, but in the updated list that came out recently garment was included. Garment shipment from Bangladesh to the US has been increasing over the last few months because of shifting of work orders from China to Bangladesh and other garment manufacturing countries, said the managing director of DBL Group, a leading local garment exporter.

<https://www.thedailystar.net/business/export/ready-made-garments-apparel-export-us-thrives-trade-war-1745449>

### July-March tax collection growth lowest in decade

• The overall tax collection fell short of the target by over half a trillion taka in the last three quarters of the current fiscal year. The total tax revenue collection, however, registered a 7.11% growth during the July-March period of FY 2018-19 over the same period of the last fiscal, according to provisional official figures. They largely blamed ambitious target, slow growth of import revenue, and ad-hoc tax exemptions for the deficit.

• Until March, the National Board of Revenue (NBR) collected BDT 1.53 trillion tax revenue against its target for BDT 2.03 trillion for the period. The total revenue collection target for the National Board of Revenue (NBR) has been set at BDT 2.96 trillion for FY 2018-19. To achieve the target, the tax authority will have to collect BDT 1.43 trillion more during the last quarter (April-June) of the fiscal.

• The executive director of the Policy Research Institute of Bangladesh (PRI), cited slowdown in import and lack of reform initiatives as the two reasons for the large revenue shortfall. According to Bangladesh Bank data, the country's overall import of consumer goods plummeted by 31.41% to USD 3.63 billion in the first eight months from USD 5.30 billion in the same period last year. Also, the import of capital machinery fell by more than 7.0% to USD 3.25 billion during the period.

• The central bank data said the opening of letters of credit (LCs), generally known as import orders, dropped by nearly 22% to USD 39.27 billion during the period, which was USD 50.20 billion in the same period last year. The executive director of PRI expressed his doubt over any positive outcome from implementation of the new VAT law as the government framed it in a "compromising manner. He said the ad-hoc intervention of the policy makers in offering tax exemptions worsened the revenue shortfall.

<http://today.thefinancialexpress.com.bd/first-page/july-march-tax-collection-growth-lowest-in-decade-1558197476>

<http://www.newagebd.net/article/72845/nbr-revenue-receipts-BDT-50425cr-short-of-july-march-target>

<https://www.thedailystar.net/business/tax-and-customs/tax-receipts-9-months-BDT-50500cr-short-target-1745452>

### 'Good' borrowers to get incentives

• The central bank has instructed the banks to follow the policy of selecting good borrowers and providing incentives in favour of them. According to the central bank order, a minimum 10% rebate facility has to be offered to good borrowers against their payment of interest/profit that banks realise after every year at the end of September. And the rebate has to be paid to them within the month of December when they are selected as good borrowers, it noted.

• The same facility will have to continue in the subsequent years once they are identified as good borrowers. However, good borrowers would not require applying for availing the rebate facility, rather the banks concerned would take necessary steps to make sure the facility to them on their own, according to the central bank directive. Borrowers will be considered "good" if all 12 installments in a year against their term-loans are repaid accordingly within the stipulated timeframe, according to the BB circular. In the past, this was applicable to those who had a good repayment track record for three consecutive years.

• As per the circular, banks have to make the guidelines regarding the payment of incentives to good borrowers upon the approval from their respective board of directors. These facilities will need to be displayed at every bank branches in visible places. Good borrowers, debit/credit card holders will have to be encouraged with some incentives like reward points, discount facility and special certificates. However, the borrowers, whose loans were rescheduled or restructured, will not be eligible for the incentive/rebate facility, it added. The central bank issued the circular as good borrowers were not getting such incentives in the light of previous circular.

<http://today.thefinancialexpress.com.bd/public/last-page/good-borrowers-to-get-incentives-1558027576>

### Govt's bank borrowing rises as tax receipt slow

• A sluggish growth in tax collection pushed the government to borrow from the country's banking system in March and April this year as half of the annual development programme is yet to be implemented with one and a half months of the current fiscal year (2018-19) remaining, officials said. The government's outstanding borrowing from the country's banks including Bangladesh Bank increased to BDT 888.23 billion in April this year from BDT 862.75 billion in February this year. The government's outstanding borrowing from the banking sector was BDT 882.57 billion at the end of June, 2018.

• As per the BB statistics, BDT 25.47 billion was borrowed from the banking sector in March and April with the net government borrowing from the banking sector reaching BDT 5.66 billion in FY19. The net government borrowing from the banking sector in July-April of FY18 was negative BDT 244.81 billion. As the government required funds for the implementation of around 50% of the annual development programme of FY19, its borrowing from the banks increased, BB officials said. They said that the government's borrowing would

increase in the coming days to meet the budgetary requirement with only one and a half months of FY19 remaining.

- Immediate past finance minister announced the BDT 4.64 trillion fiscal budget for 2018-2019, setting BDT 2.96 trillion as revenue collection target and 4.9% as deficit. The pace of revenue collection in July-March of FY19 was sluggish considering the government's budget projection. Income tax, value-added tax and customs wings of National Board of Revenue in the first nine months (July-March) of FY19 managed to collect BDT 1.53 trillion, which is only 51.79% of the annual revenue collection target.

- In the budget, it was projected that domestic interest payment would cost BDT 483.77 billion in FY19 while the figure was BDT 354.04 billion in FY18. BB officials cautioned that the governments net NSC sales might reach BDT 550.00 billion at the end of June this year.

<http://www.newagebd.net/article/72728/govts-bank-borrowing-rises-as-tax-receipt-slow>

### **Cash crisis grips most banks**

- Several managing directors of the banks have said the sector is passing the most difficult time, as neither substantial deposits are being made, nor loan collection is increased. A prevailing cash crisis in the country's banking sector is preventing many large and small-scale banks from providing loans. The reason for this, they mention, is the liquidity crisis of the bank sector, which has reduced investment funds and increased the tendency of borrowing from the call money market.

- According to the central bank, the growth in the private sector credit growth has been steadily decreasing. Loan growth was 12.42% in March this year, compared to the same period last year. In February, the growth was 12.55%, which was 13.2% in January. According to Bangladesh Bank data, deposits increased by 10.88% in the last one year, but loans increased by 12.98% during the same period.

<https://www.dhakatribune.com/business/banks/2019/05/17/cash-crisis-grips-most-banks>

### **High Court wants list of loan defaulters by June 24**

- The High Court today ordered Bangladesh Bank authorities to submit a list of borrowers with more than BDT 10 million in default loans by June 24. During hearing a writ petition, the court also asked the central bank governor to submit a report containing the details about laundering money to different countries and steps taken to recover the laundered money by this time. Following the same writ petition filed by Human Rights and Peace for Bangladesh, the HC bench on February 13 this year ordered the Bangladesh Bank to submit a list of borrowers with more than BDT 10 million in default loans as part of its efforts to salvage the banking sector from its current unstable situation.

<https://www.thedailystar.net/country/high-court-wants-list-bangladesh-bank-loan-defaulters-june-24-1744486>

### **Annual Development Programme (ADP) spend rises 17% in July-April**

- Development spending rose 17.47% year-on-year in the first 10 months of the current fiscal year as the government forked out much of its own fund in the election year. Between July and April, ministries and divisions expended BDT 970.30 billion, up from BDT 826,03

billion in the same period a year ago, according to data from the Implementation Monitoring and Evaluation Division. Spending from the government's own coffer grew 29.65% to BDT 602.61 billion during the period, while foreign fund utilization rose only 0.25% to BDT 318.62 billion. Expenses by the state-owned enterprises went up more than 13% year-on-year to BDT 49.02 billion.

- ADP spending was 54.94% of the total outlay in the first 10 months, lower from 52.42% in the same period a year ago. This left the government with a gigantic task: It will have to spend BDT 795.90 billion in May and June, or BDT 397.95 billion per month, if it wants to reach the revised ADP goal of BDT 1766.20 billion. Average monthly spending was BDT 97.03 billion between July and April. The top performer was the science and technology ministry, which spent 71.36% of its ADP allocation. The power division expended 69.79%, the primary and mass education ministry 68.53%, the Prime Minister's Office 61.99%, and the shipping ministry 60.78%.

<https://www.thedailystar.net/business/news/adp-spend-rises-17pc-jul-apr-1745446>

### **Important News: Capital Market**

#### **Bangladesh Bank injects BDT 8.56 billion refinancing fund to shore up stock market**

- In a frantic move to revive the moribund stock market, Bangladesh Bank on Wednesday injected BDT 8.56 billion in the state-run Investment Corporation of Bangladesh (ICB) with flexible terms and conditions, senior officials at the ICB have said. The liquidity has been injected under the capital market refinancing scheme. Bangladesh Securities and Exchange Commission (BSEC) Executive Director has said the BDT 8.56 billion has been sanctioned in favour of ICB to prop up the ailing capital market.

- Amid the continuous fall of stock indices that shed more than 700 points in the last three months, the Ministry of Finance has recently asked the central bank for the emergency fund to shore up the market. The fund involves only 4% interest, as both ICB and institutional investors will be eligible to invest the fund in the stock business. Initially the fund will be invested into the capital market through the ICB's own portfolio. The government on May 2 decided to sanction BDT 8.56 billion to the affected small stock investors through the ICB.

<https://www.dhakatribune.com/business/stock/2019/05/22/bangladesh-bank-injects-BDT-856cr-refinancing-fund-to-shore-up-stock-market>

#### **Stakeholders decide to give list to Bangladesh Securities and Exchange Commission (BSEC)**

- The capital market stakeholders will urge the securities regulator to take necessary measures against the sponsor-directors of the listed companies, who sold their shares without declaration and by evading tax. The decision of identifying such sponsor-directors was taken at a meeting, held at the Dhaka Stock Exchange (DSE) office on Wednesday.

- To implement the decision, the premier bourse authority has been given the responsibility of preparing the list of sponsor-directors, who sold shares without declarations. The decision of preparing the list of such sponsor-directors was taken unanimously. We will submit the list to the Bangladesh Securities and Exchange Commission (BSEC), seeking its

necessary measures, said a director of the DSE. He said the list of the sponsor-directors, who earlier sold shares without declaration, will also be sent to the National Board of Revenue (NBR), as they evaded tax.

- The sponsor-directors are subject to payment of 5.0% tax on sales of their shares, following giving the declaration of selling shares within 30 days. Meanwhile, the Central Depository Bangladesh Limited (CDBL) has introduced 'Block Module' to enforce mandatory declaration by the sponsor-directors for selling their shares. A former president of the DSE, said a 12-member body has also been formed to facilitate the reform initiatives, taken by the securities regulator.

<http://today.thefinancialexpress.com.bd/first-page/stakeholders-decide-to-give-list-to-bsec-1558548035>

<https://www.thedailystar.net/business/news/dse-hunt-down-sponsors-who-sell-shares-without-notice-1747516>

<http://www.newagebd.net/article/73242/dse-to-take-action-against-co-directors-who-sold-shares-secretly>

<https://www.dhakatribune.com/business/stock/2019/05/22/action-to-be-taken-against-companies-selling-share-secretly>

### **Sponsors, directors barred from selling shares if they fail to hold 30% stakes**

- According to BSEC decision, the listed companies will be allowed to declare stock dividend only for important purposes such as BMRE (Balancing, Modernisation, Rehabilitation and Expansion) and further qualitative development. While publishing the price sensitive information (PSI) regarding bonus declaration, the listed companies will have to mention the reason of issuing such kind of shares and the sector in which the fund will be utilised.

- According to another decision, the sponsors and directors, other than independent ones, of the listed companies will not be allowed to sell or transfer or keep mortgage their shares if they fail to hold 30% shares jointly. But, confiscation of the shares will be allowed if the shareholder is a loan defaulter. The share transmission will also be allowed after the death of a shareholder. The listed companies will not be allowed to raise capital through issuing rights shares or bonus shares or RPO (repeat public offer) or merger if the sponsor-directors fail to hold 30% shares jointly.

- The casual vacancy of a director created for not holding 2.0% shares individually will be fulfilled by another shareholder having 2.0% shares. The vacancy will have to be fulfilled within 30 days, according to the BSEC decision. Besides, both the stock exchanges will introduce a separate category for the companies whose sponsor-directors will fail to hold 30% shares jointly.

<http://today.thefinancialexpress.com.bd/stock-corporate/sponsors-directors-barred-from-selling-shares-if-they-fail-to-hold-30pc-stakes-1558460048>

<https://www.thedailystar.net/business/news/bsec-be-tough-about-minimum-shareholding-1747099>

<http://www.newagebd.net/article/73132/bonus-share-directors-shareholding-rules-tightened>

<https://www.dhakatribune.com/business/stock/2019/05/21/bsec-bars-non-compliant-companies-from-raising-fund>

### **Investment Corporation of Bangladesh (ICB) to receive BDT 7.60 billion from Bangladesh Bank today**

- The state-run Investment Corporation of Bangladesh (ICB) will receive BDT 7.60 billion today (Wednesday) from the central bank under the capital market refinancing scheme. The Managing Director of ICB said the government is providing the fund to support the country's capital market which recently has witnessed continuous price correction. The fund will be invested into the capital market through the ICB's own portfolio. ICB is expecting a positive of the fund on the capital market, he said.

- According to ICB's managing director, total re-financing fund, including the interest, will have to be repaid within three years. The government has approved the fund with an interest of 4.0%.

<http://today.thefinancialexpress.com.bd/stock-corporate/icb-to-receive-BDT-760b-from-bb-today-1558460538>

<https://www.thedailystar.net/business/news/bb-offers-BDT-761cr-revamp-stocks-1747093>

### **Petrobangla drops plan to launch bidding**

- State-owned Petrobangla has now shelved its plan to launch a bidding round for hydrocarbon exploration in the country's untapped offshore blocks. The oil and gas corporation has decided to defer the planned bidding round at least for a year. A multi-client seismic survey was supposed to be conducted by TGS-Schlumberger, the Norwegian-US joint venture (JV). Petrobangla has already finalized the draft model production sharing contract (PSC) for awarding offshore blocks to the selected international oil companies (IOCs).

- Officials said Petrobangla mulls a 7.5% raise in gas price for the international oil companies (IOCs) to lure global players into hydrocarbon exploration in the untapped offshore blocks. The selected bidders will also be able to export natural gas in any form -- piped or LNG -- in case Petrobangla refuses to take it first. Some 22 offshore blocks - eight in shallow water and 14 in deep water -- are up for the forthcoming bidding round. Bangladesh's natural gas production from local fields is hovering at around 2,700 mmcf, against the overall demand for around 4,000 mmcf, according to Petrobangla.

<http://today.thefinancialexpress.com.bd/first-page/petrobangla-drops-plan-to-launch-bidding-1558461177>

### **Investment Corporation of Bangladesh (ICB) to get lion's portion of the fund**

- The state-run Investment Corporation of Bangladesh (ICB) will get the lion's portion of the fund to be disbursed for the second time under the capital market refinancing scheme. The other stakeholders of the capital market will also avail the fund facility on first come, first served basis. The loan worth BDT 8.56 billion, which has been repaid under the capital market refinancing scheme, will further be disbursed to the stakeholders including the ICB as part of market supportive measure.

- The ICB is getting the major amount of the fund. The other stakeholders will also avail the facility on first served basis, said an executive director of the securities regulator. Following the recent declining trend of the capital market, the ICB urged the government to disburse the fund for the second time at a minimum rate of interest. The corporation has sought the fund to provide 'instant' support to the capital market which recently has witnessed continuous correction amid lack of confidence.

- Following the ICB's plea, the government has extended the tenure of the capital market refinancing scheme till December 31, 2022. Initially, merchant banks and brokerage firms disbursed the funds against the portfolios of affected investors at an interest of 9.0%. Later, the interest rate was reduced following the plea of merchant banks and brokerage firms. Finally, the borrowers received funds at an interest of 5.0% and they disbursed the fund against investors' portfolios at an interest of 7.0%.

<http://today.thefinancialexpress.com.bd/stock-corporate/icb-to-get-lions-portion-of-the-fund-1558371344>

### Runner Automobiles makes debut tomorrow

- Runner Automobiles, which started its journey in 2000, is engaged in manufacturing two-wheelers in Bangladesh. It also started exporting motorcycles to Nepal in January 2017.

- Runner Automobiles Ltd will make its share trading debut tomorrow (Tuesday) on the bourses under 'N' category, officials said. Runner Automobiles, a flagship company of Runner Group, raised a fund worth BDT 1.0 billion by floating 13.93 million shares from the capital market under the book-building method. Of 13.93 million shares, more than 8.33 million shares (60%) issued to the eligible institutional investors at the cut-off price of BDT 75 each. The remaining 5.60 million shares (40%) issued to general investors through IPO at BDT 67 each, after a 10% discount on the cut-off price.

<http://today.thefinancialexpress.com.bd/stock-corporate/runner-automobiles-makes-debut-tomorrow-1558285413>

### Investment ceiling for banks set

- The central bank has set the investment ceiling for banks under Bangladesh Securities and Exchange Commission-approved special purpose vehicle (SPV) or alternative investment fund for infrastructure projects. Banks can invest at the highest BDT 7.0 billion or single borrower exposure limit, whichever is lower, in the public-sector infrastructure projects. Such schemes include like power and energy, road and bridge projects, tourism infrastructure, digital infrastructure, according to the circular.

- The investment for a single bank will be limited to 25% of the paid-up capital of the fund in special cases, it mentioned. With regard to public-private partnership projects, a bank is allowed to invest at the highest BDT 6.0 billion or single borrower exposure limit, whichever is lower. According to the circular, the investment for a single bank will be limited to 22% of the paid-up capital of the fund in special cases. Banks can invest in the same types of private-sector infrastructure projects at the highest BDT 6.0 billion or single borrower exposure limit, whichever is lower.

- Again, the investment for a single bank will be limited to 20% of the paid-up capital in special cases for private-sector projects. However, the central bank issued a set of guidelines to avert investment risks in such funds. The trustee concerned of the fund has to have a SPV-trustee licence of the commission. The experience and good track record of managing SPV is an indicator of investment of such fund. Banks cannot invest a project-specific SPV if its external credit rating is less than those of the long-term credit rating-2 and short-term 2. They cannot purchase more than 10% share of the paid-up capital of the company in a non-listed firm while investing equity instrument, reads the circular.

<http://today.thefinancialexpress.com.bd/public/first-page/investment-ceiling-for-banks-set-1558027207>

### Launch of co to ensure easy settlement of equities soon

- The process of establishing a central counterparty clearing house (CCP) has been accelerated, as the authorities concerned are going to appoint its CEO and deploy necessary technologies. CCP is a separate institution, initiated by bourses and financial institutions for clearing of securities. Its operation makes the settlement of equities and derivatives easier. In most cases, CCP is jointly operated by stock exchanges and major banks to ensure efficiency and stability of the financial markets in which they operate.

- CCP also guarantees the settlement of trades and provides netting facility, which ease foreign investors' concerns. After the operations of the planned CCP, the present exchange-based settlement will no longer exist. The Central Counterparty Bangladesh Limited (CCPBL) -- was formed to this end after the Bangladesh Securities and Exchange Commission promulgated rules pertaining to it in 2017. The DSE MD also said the launch of the CCP is important for the country's capital market development, as the introduction of multiple-netting and derivatives is not possible without such a clearing house.

- The use of CCP will give trading firms the much-needed assurance that they are protected regardless of which counterparty the electronic trading system matched them with. Then the stock exchange will provide IT and regulatory platforms only. The global index provider - MSCI -- may upgrade Bangladesh's status from frontier to emerging market following the launch of the CCP, the CSE MD added. The BDT 3.0-billion worth CCP's main stakeholders are the DSE and the CSE, having 45% and 20% stakes respectively.

<http://today.thefinancialexpress.com.bd/public/first-page/launch-of-co-to-ensure-easy-settlement-of-equities-soon-1558113861>

### Bangladesh Securities and Exchange Commission (BSEC) moves to enforce minimum shareholding provision soon

- The securities regulator has taken an initiative to strictly enforce a provision that requires the sponsor-directors of the listed companies to hold a certain amount of shares. The Bangladesh Securities and Exchange Commission (BSEC) will also incorporate some new conditions into its notification regarding the minimum amount of shares to be held by the sponsor-directors. The BSEC will also amend the public issue rules soon to incorporate new provisions on capital raising issues.

- The securities regulator has given a briefing on the proposed amendments to the public issue rules. The amendments will be finalised soon, DBA Presiden informed. As per the proposed amendments, a listed company would be shifted to a new category if its sponsor-directors fail to hold the minimum amount of shares mentioned in the notification. The listed companies would also not be allowed to raise capital through bonus shares, rights shares, and RPO (repeat public offer) or go for merger if their sponsor-directors fail to hold the stipulated amount of shares.

- The meeting also discussed another condition that margin loans would not be provided against the shares of the companies of such sponsor-directors not complying with the notification. However, this condition is yet to be finalized, the DBA president said. As per the notification issued in 2011, the sponsor-directors of the listed companies must hold a minimum of 2.0% of shares individually. And the sponsor-directors jointly will hold a minimum of 30% of shares. Otherwise, the companies would not be allowed to issue rights shares.

- As per the decision taken on April 29, the non-listed companies will not require the regulatory approval to raise capital through private placement. And the minimum size of IPO will be BDT 500 million under the fixed-price method, while the IPO size will be BDT 1.0 billion under the book-building system. The listed companies would have to explain the reasons for raising capital through bonus shares after listing. The companies will also have to publish the necessity of issuing bonus shares as price sensitive information (PSI). The IPO quota for eligible investors (EIs) will be scrapped if they fail to conduct the regular functions, according to BSEC decision.

<http://today.thefinancialexpress.com.bd/public/stock-corporate/bsec-moves-to-enforce-minimum-shareholding-provision-soon-1558026596>

### **IFIC Bank to raise paid-up capital through rights shares**

- The board of directors of IFIC Bank Limited has decided to raise paid-up capital by issuing rights shares in order to meet the future capital requirement. The rights issue is an offer of new shares by a company to its existing shareholders in proportion to the shares they already own and usually at a discount to market price. The bank will issue rights shares after considering bonus shares for stock dividend, subject to the approval of the shareholders in the extraordinary general meeting (EGM), the Bangladesh Securities and Exchange Commission (BSEC) and other regulatory authorities.
- The board has decided to offer one rights share for existing one share with an issue price of BDT 10 per share, according to an official disclosure published on Thursday. The bank has also changed the date of its annual general meeting (AGM), which will now be held on July 4 instead of June 29. It has also decided to hold an extraordinary general meeting (EGM) to raise the authorised capital from BDT 20 billion to BDT 40 billion by way of making amendments in the relevant clauses of Memorandum and Articles of Association.
- As per un-audited financial statements, the bank's consolidated earnings per share (EPS) stood at BDT 0.47 for January-March 2019 as against BDT 0.27 for January-March 2018. The bank's paid-up capital is BDT 13.38 billion, authorised capital is BDT 20 billion and the total number of securities is 1.33 billion. The sponsor-directors own 8.33% stake in the company, while the government owns 32.75%, institutional investors 20.44%, foreign investors 1.85% and the general public 36.63% as of March 31, 2019.

<https://today.thefinancialexpress.com.bd/stock-corporate/ific-bank-to-raise-paid-up-capital-thru-rights-shares-1558026678>