

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.

Budget deficit hits 11-year high in FY'19

- The country's budget deficit widened to over BDT 1.1 trillion in the past fiscal year, highest in more than a decade. The imbalance stood at 5.1% of the gross domestic product, or GDP, in fiscal year 2019. The level first exceeded the benchmark 5.0% of the GDP and widened to 6.2% in 2007-08. The benchmark was set by the government in late 1990s. The revenue shortfall, however, is the key reason for the budget deficit, officials at the ministry of finance said. The total revenue mobilized in the year was BDT 2.5 trillion against target of BDT 3.4 trillion, according to a document.
- A former caretaker government finance adviser, said the government's increased borrowing would have adverse impacts on the economy, though not immediately. He said the crowding-out effect may work, forcing the private sector borrowers out of the banking system. Considering the present situation of the financial sector, he said the growing demand for money from the government side does not bode well for the economy.
- An executive director at the private think-tank, Policy Research Institute of Bangladesh (PRI) said maintaining the benchmark deficit of 5.0% of the GDP is important as it acts as an anchor to the economy. If the anchor does not work -- it means -- the macro-economic pillars have weakened, he said. He said under such a fiscal health, the government debt shoots up significantly, which again creates debt-servicing liabilities. He also said the government space to spend on people's welfare will shrink due to the higher deficit. But senior finance officials ruled out such possibilities, insisting the government outlays have boosted the GDP, despite a slowdown in business investment. The government has borrowed mostly from the domestic sources, they said. It borrowed BDT 844 billion from the domestic sources, including the banking and non-banking sectors.

<https://today.thefinancialexpress.com.bd/first-page/budget-deficit-hits-11-yr-high-in-fy-19-1574444250?date=23-11-2019>

Government's borrowing from banks spirals

- The government's borrowing from banks has escalated alarmingly on the back of a revenue shortfall, a development that is poised to aggravate the already tight liquidity condition in the sector. Until November 17, the government already borrowed 92% of its full-year target from the banking sector: BDT 434.11 billion, according to data from the central bank. The banking sector has been going through a liquidity crisis in recent months and the woe will further widen as a result of this, said executive director of the Policy Research Institute.
- And the trend will not reverse any time soon, he said, while tipping the government borrowing from banks to hit BDT 1.00 trillion at the end of fiscal 2019-20 -- more than double the target of BDT 473.64 billion for the year. It will prolong because of the government's imprudence in managing the macroeconomy and giving enough effort towards revenue collection, he said. Between July and September, the National Board of Revenue managed about BDT 473.88 billion in collections against the target of BDT 622.95 billion for the period.
- Against the backdrop, the private sector may face dire consequences if the government continues to borrow large amounts from banks, he added. Of the total amount, the government borrowed BDT 373.74 billion from banks and the rest from the central bank.

<https://www.thedailystar.net/business/news/govts-borrowing-banks-spirals-1830409>

Foreign debt payment shoots up in Q1

- The country's external debt payment reached a new high of nearly USD 500 million in the first quarter (Q1) of this fiscal year. The quarterly debt-servicing data released by the finance division showed the repayment rose by over 24% to USD 495.2 million over the year-earlier period. The volume of interest payment also jumped by 35% to USD 143.6 million during the period under review, according to a document.
- It has noted debt-servicing has shot up by the payment against mega projects such as Rooppur nuclear power plant, metro rail and Matarbari power plant at Moheshkhal. It has predicted that the volume of "flexible" loans and grants will come down in the coming days due to the country's graduation to a lower middle-income country status as per the measurement of the World Bank.
- A distinguished fellow at the Centre for Policy Dialogue (CPD) recently warned Bangladesh would face debt-servicing problem unless it proceeded with caution while securing foreign loans. There are many countries who took loans without considering the implications faced troubles later, he said.

<https://today.thefinancialexpress.com.bd/first-page/foreign-debt-payment-shoots-up-in-q1-1574529016>

Lower import of 10 major items, exemptions blamed for Tax shortfall in Q1 FY'20

- Revenue officials have delved into why tax shortfall has hit BDT 149.06 billion during the first quarter of the current fiscal year, missing the target. The downward trend of import of revenue-generating major 10 products, increase in the import of the zero and low-taxed items and a decline in revenue collection from the tobacco sector are among the reasons for the significant falloff.
- The two wings - customs and VAT - have recently submitted the paper to the chairman of the National Board of Revenue (NBR). In July-September period, revenue collection by both the wings posted a negative growth against the corresponding period of the last year. Customs wing posted a negative 1.34% growth while the VAT arm 0.86% in the Q1.
- An executive director of the Policy Research Institute of Bangladesh (PRI) said the shortfall in revenue collection and the decline in import of revenue-generating products reflect a depressed economy.

<https://today.thefinancialexpress.com.bd/first-page/lower-import-of-10-major-items-exemptions-blamed-1574529165>

Golden Harvest rights issue subscription begins Dec 8

- The subscription period for rights shares of Golden Harvest Agro Industries Ltd. is set to begin on December 08, as the company aims to raise a capital of BDT 899.32 million. The subscription period will end on December 30, officials said. On October 01, the Bangladesh Securities and Exchange Commission (BSEC) approved the company's application to raise the fund through issuance of 89.93 million rights shares. The Golden Harvest, a company in the 'Food & Allied' sector, will issue three rights shares against four existing shares (3R:4) at an offer price of BDT 10 each. The purposes of issuing rights shares are to increase paid-up capital for the expansion of existing production and distribution channels of the company and pay off bank loans.

<https://today.thefinancialexpress.com.bd/stock-corporate/golden-harvest-rights-issue-subscription-begins-dec-8-1574530652>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$57.77	-0.81	-1.38%
Crude Oil (Brent)*	\$63.39	-0.58	-0.91%
Gold Spot*	\$1,461.93	-2.48	-0.17%
DSEX	4,706.67	+14.73	+0.31%
Dow Jones Industrial Average	27,875.62	+109.33	+0.39%
FTSE 100	7,326.81	+88.26	+1.22%
Nikkei 225	23,112.88	+74.30	+0.32%
BSE SENSEX	40,359.41	-215.76	-0.53%

Exchange Rates

USD 1 = BDT 84.84*
GBP 1 = BDT 108.88*
EUR 1 = BDT 93.49*
INR 1 = BDT 1.18*

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

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