

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.

Settle disputes with GP, Robi: Prime Minister's ICT Affairs Adviser

- Prime Minister's ICT Affairs Adviser yesterday asked the authorities concerned to settle the dispute over the telecom regulator's claim that Grameenphone and Robi owe the government BDT 134.46 billion. During a meeting with officials the ICT adviser said he would prefer an out-of-court settlement, said an official who attended the meeting. The meeting was attended by officials of the carriers, National Board of Revenue (NBR), and Bangladesh Telecommunication Regulatory Commission (BTRC). A number of options have been discussed to resolve the ongoing battle, but no decision was made, officials said.

- The Telecom Minister said the government has been trying to diffuse tension between the two companies and the telecom regulator. We will not do anything that may hurt foreign direct investment to the country, he said. In the next few days, representatives of the NBR, BTRC, and the two companies will hold several meetings and prepare a framework to solve the crisis, sources said. The ICT advisor is scheduled to meet officials of the telecom division today where he is likely to discuss the issue.

<https://www.thedailystar.net/frontpage/news/settle-disputes-gp-robi-1817053>
<http://www.newagebd.net/article/88361/govt-again-moves-to-resolve-audit-dispute-with-gp-robi-thru-talks>
<https://www.dhakatribune.com/business/2019/10/21/joy-moves-to-resolve-audit-dispute-with-gp-robi>

GP dues: hearing on Bangladesh Telecommunication Regulatory Commission (BTRC) plea October 24

- The Appellate Division of the Supreme Court on Monday fixed October 24 for hearing on a petition filed by Bangladesh Telecommunication Regulatory Commission (BTRC), seeking a stay on the High Court order. On October 17, the High Court issued an ad-interim injunction for two months against realization of BDT 125.79 billion from Grameenphone by BTRC. The High Court bench passed the order after admitting an appeal filed by GP, challenging a lower court order that rejected its application seeking a directive on BTRC, asking not to realize the demand and not to harass GP. The court also fixed November 05 for hearing the appeal filed by GP.

<https://today.thefinancialexpress.com.bd/last-page/hearing-on-btrc-plea-oct-24-1571681274>
<http://www.newagebd.net/article/88363/realising-audit-claim-from-gp-ad-to-hear-plea-against-hc-injunction-thursday>

Cost-to-Income ratio: Southeast, Bank Asia most efficient, profitable lenders

- Southeast Bank is the most profitable and efficient lender in Bangladesh followed by Bank Asia while Dutch-Bangla Bank is the least, according to an analysis of different banks' cost-to-income ratio. Last year, Southeast's cost-to-income ratio was less than 35%, meaning that it had to spend BDT 35 for BDT 100 operating revenues. Bank Asia had the next best ratio of 43%, followed by Eastern Bank at 45.63%.

- The cost-to-income ratio shows a bank's operating costs (administrative and fixed costs) in relation to its operating income. The higher ratio generally indicates lower efficiency, but a number of factors can affect the ratio, including a bank's business model, its size and the overall investment climate of a country, according to bankers. A general rule of thumb is that any figure above 50% refers to inefficiency. But almost all the banks in Bangladesh fall in this category.

- Dutch-Bangla Bank's ratio was the highest at 68%, followed by Brac Bank at 64% (consolidated).

- According to the S&P Global Market Intelligence report, Bangladeshi banks' average cost-to-income ratio was 55.25% in 2018, higher than those in China, Thailand, India and Vietnam.

- Managing Director of Mutual Trust Bank, which has lowered its cost-to-income ratio by four percentage points to 50% last year, said they have brought every expense under control except salary payments.

<https://www.thedailystar.net/business/news/southeast-bank-asia-most-efficient-profitable-lenders-1817104>

Source tax on exports cut to 0.25% for all sectors

- The government on Monday slashed the source tax on export proceeds for all sectors, including readymade garment, to 0.25% from 1% following exporters' demand for the cut to make the country's exports competitive in the international market. Income tax wing of the National Board of Revenue issued a statutory regulatory order in this connection, making the new tax rate effective from the day (October 21). The reduced tax rate will remain effective up to June 30, 2020, according to the SRO.

- Due to the reduction in the export tax, the revenue board will get at least BDT 20 billion less in tax from the apparel sector which accounts for more than 83% of the country's total export earnings, they said. NBR officials said that the NBR received BDT 18.02 billion from apparel exporters in last fiscal year FY 2018-19. In three months (July-September) of the current fiscal year 2019-20, source tax on export earnings at 1% stood at BDT 5.17 billion from the sector. The NBR reduced source tax on export earnings twice in last fiscal year — initially to 0.60% from 1% and finally to 0.25% — following demand from apparel makers.

- As per income tax law, the regular rate of source tax on export earnings is 1%, which was reinstated in the budget for the current fiscal year 2019-2020 after the expiry of the reduced tax rate facility on June 30. After reinstating the source tax at 1%, different trade bodies particularly BGMEA and Bangladesh Knitwear Manufacturers and Exporters Association demanded a cut in the source tax to facilitate exports.

<http://www.newagebd.net/article/88358/source-tax-on-exports-cut-to-025pc-for-all-sectors>
<https://www.thedailystar.net/business/news/source-tax-exports-slashed-025pc-1817089>

RMG export to major destinations witnesses negative growth in Q1

- The country's readymade garment (RMG) export to major destinations including European Union, Canada and some other non-traditional markets witnessed negative growth during the first quarter (Q1) of the current fiscal year (FY 2019-20). However, the export to the United States of America during the July-September period witnessed a meager growth of less than 1.0%, according to data. Apparel exporters attributed to a number of factors including sluggish EU economy, the trade tension between China and US and recent declining price trend of raw materials, especially cotton and yarn, for the poor performance of the RMG exports.

- Bangladesh fetched USD 4.94 billion from apparel exports to EU, marking a 3.21% negative growth compared to the earnings of USD 5.11 billion in the corresponding period of last FY. About 61.43% of the total RMG exports (USD 8.05 billion) shipped to EU during the period. US imports of apparel items from Bangladesh during the first quarter grew by 0.46% to USD 1.49 billion. US accounted for 18.50% of the country's total apparel exports. The country fetched USD 255.22 million from garment exports to Canada which is 1.55% lower than the shipment of the corresponding period of last fiscal.

- When asked, BGMEA president said the number of work orders had declined followed by global impacts like falling consumption, China and US trade tension, and devalued currencies in major competitor countries. The country is facing tough competition with Vietnam and Vietnam is getting a fair share of orders, she noted.

<https://today.thefinancialexpress.com.bd/trade-market/rmg-export-to-major-destinations-witnesses-negative-growth-in-q1-1571673915>
<http://www.newagebd.net/article/88360/q1-exports-drop-in-major-markets-grow-slightly-in-us>

Omera, JMI Hospital to go public

- Omera Petroleum, a subsidiary of Mobil Jamuna Bangladesh, plans to raise BDT 2.38 billion from the stock market to expand its liquefied petroleum gas (LPG) business.

- On the same day, JMI Hospital Requisite, a subsidiary of JMI Group, organized a road show at the Bangabandhu International Convention Centre to raise BDT 750 million under the book-building method. Managing Director of JMI Hospital Requisite, said the demand for medical devices in domestic and global markets are increasing rapidly. To meet the demand, JMI has taken the initiative to create new devices. It will increase the business in the sector, he said.

<https://www.thedailystar.net/business/news/omera-jmi-hospital-go-public-1817098>
<https://www.dhakatribune.com/business/2019/10/21/omera-holds-road-show-to-raise-BDT238cr>

Chinese firm to invest USD 2 million in Chattogram EPZ

- An agreement was signed between Bangladesh Export Processing Zones Authority (Bepza) and a Chinese company yesterday for implementing the latter's plan to invest USD 2 million to establish a factory inside Chattogram Export Processing Zone. Yifa Jute & Sisal Products plans to annually produce 1,000 tonnes of rope and 1,500 tonnes of twine alongside cloth from jute and sisal employing some 101 Bangladeshis. It also plans to make such products from Manila hemp and cotton.

<https://www.thedailystar.net/business/news/chinese-firm-invest-2m-ctg-epz-1817092>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$53.78	-0.15	-0.28%
Crude Oil (Brent)*	\$59.42	-0.49	-0.82%
Gold Spot*	\$1,490.05	-1.82	-0.12%
DSEX	4,771.00	-10.63	-0.22%
Dow Jones Industrial Average	26,770.20	-255.68	-0.95%
FTSE 100	7,150.57	-31.75	-0.44%
Nikkei 225	22,492.68	+40.82	+0.18%
BSE SENSEX	39,298.38	+246.32	+0.63%

Exchange Rates**USD 1 = BDT 84.74*****GBP 1 = BDT 109.92*****EUR 1 = BDT 94.66*****INR 1 = BDT 1.19***

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

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