

Capital Market Overview

The market closed in red this week. The benchmark index DSEX (-5.87%) lost 261.90 points and closed the week at 4,197.39 points. The blue-chip index DS30 (-6.62%) lost 99.75 points and stood at 1,406.38 points. The Shariah-based index DSES (-6.29%) lost 63.50 points and stood at 945.92 points. The large cap index CDSET (-5.79%) lost 51.88 points and closed at 843.98 points. DSEX, DS30, DSES, and CDSET all posted negative YTD return of 5.74%, 7.07%, 5.39%, and 6.20%, respectively.

Total Turnover During The Week (DSE): BDT 15.8 billion (USD 189.7 million)
Average Daily Turnover Value (ADTV): BDT 3.2 billion ($\Delta\%$ Week: -3.2%)

Market P/E: 12.08x

Daily Index Movement during the Week:

The market performed five sessions during this week. Market opened this week with a negative movement of 1.33% in the first session, and continued the downward trend in the remaining sessions by 1.55%, 1.17%, 1.24%, and 0.73%, respectively.

Sectoral Performance:

- The financial sectors showed negative performance during this week. NBFIs experienced the highest loss of 7.96% followed by Life Insurance (-7.57%), Banks (-5.53%), General Insurance (-5.46%), and Mutual Funds (-3.53%).
- The non-financial sectors showed negative performance during this week. Telecommunication experienced the highest loss of 11.26% followed by Pharmaceuticals (-7.33%), Engineering (-5.92%), Food & Allied (-4.92%), and Power (-1.86%).

Macroeconomic arena:

- At the end of 2019, inflation stood at 5.59%, up from 5.55% a year earlier. Rural inflation went down from 6.01% in November to 5.76% in December. Urban inflation declined to 5.73% from 6.12% a month earlier.
- Trade deficit narrowed 79.5% in November to USD 1.1 billion from the previous month, and down 19.7% from a year earlier. Imports declined 17% from a month earlier to USD 4.1 billion and exports 1% to USD 3 billion. Deficit in current account decreased USD 1.1 billion in the first 5 months. Remittance inflows stood at USD 7.7 billion, up 22.7% from a year earlier.
- The aggregate tax payment by big banks was 13.5% more in the July-December period compared to the last fiscal. LTU collected BDT 82 billion in income tax. NBR logged BDT 837 billion in July-November. Tax receipt growth slowed by 5% y-o-y in from BDT 797 billion a year ago. Income tax collection grew 13% faster y-o-y to BDT 248 billion. Collection of VAT soared 4% y-o-y to BDT 328 billion. Import tariff collection remained flat at BDT 260 billion.
- Merchandise shipments fell by 5.8% during H1 of the current fiscal year. Export earnings reached USD 19.3 billion. The export earnings in December 2019 edged up by 2.8% to USD 3.5 billion. The country brought in USD 40.5 billion from goods exports.
- 12 banks suffered BDT 176.6 billion in capital shortfall as of September 30 in 2019. The CRAR in the banking sector dropped to 11.7% as of September 30 last year from 11.7% 3 months ago. The sector maintained BDT 142.5 billion in capital surplus.

Stock Market arena:

- BSEC approved bidding of Walton Hi-Tech Industries. It wants to raise BDT 1 billion to expand business and repay bank loans.
- The High Court ordered Robi Axiata Ltd. to pay BDT 1.4 billion to BTRC out of its claim of BDT 8.7 billion in 5 equal instalments in 5 months. The court also asked the mobile phone operator to pay the first instalment within January 30.
- The number of active BO accounts declined 7.3% in 2019 from the previous year. The number of active BO accounts stood at 2.6 million on December 30, 2019 whereas the number of accounts was 2.8 million at the end of 2018.
- Transaction on OTC market on the DSE slumped 68% y-o-y in 2019. Currently, 65 companies are listed on the OTC market. Between January 01 and December 30, 2019, about 15.4 million shares worth BDT 223 million had been traded in the OTC.

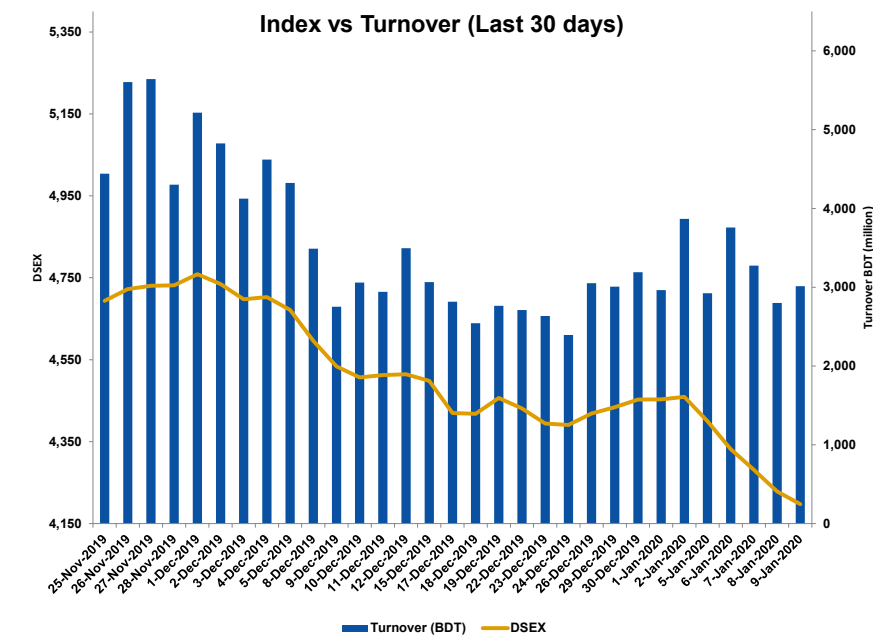
Table 1: Index

Index	Closing	Opening	Δ (Pts)	27-Dec-2018	$\Delta\%$ Week	$\Delta\%$ YTD
DSEX	4,197.39	4,459.29	-261.90	4,452.93	-5.87%	-5.74%
DS30	1,406.38	1,506.13	-99.75	1,513.35	-6.62%	-7.07%
DSES	945.92	1,009.41	-63.50	999.83	-6.29%	-5.39%
CDSET	843.98	895.86	-51.88	899.76	-5.79%	-6.20%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	16,520,811.4	13,593,002.9	21.5%
	Mn USD	198,734.6	163,515.0	
Turnover	Mn BDT	15,771.3	13,028.9	21.0%
	Mn USD	189.7	156.7	
Average Daily Turnover	Mn BDT	3,154.3	3,257.2	-3.2%
	Mn USD	37.9	39.2	
Volume	Mn Shares	551.5	477.4	15.5%

Figure 1: DSEX & Turnover in last four weeks



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Table 3: Top Ten Gainers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
ADN Telecom Limited	47.10	27.00	74.4%	3,045.1	748.09	22.7x	2.9x
Emerald Oil Industries Ltd.	17	13.60	27.2%	1,033.0	24.49	151.9x	1.1x
National Feed Mill Limited	10.60	8.50	24.7%	907.3	92.74	42.7x	0.8x
Mozaffar Hossain Spinning Mills Ltd.	11.10	9.00	23.3%	1,121.0	19.80	NM	0.7x
First Finance Limited	5.00	4.10	22.0%	581.1	1.94	NM	1.2x
Standard Insurance	43.70	36.40	20.1%	1,892.1	137.15	18.9x	2.9x
Khulna Power Company Limited	53.70	44.80	19.9%	21,341.1	784.91	16.7x	2.2x
LafargeHolcim Bangladesh Limited	40.50	33.90	19.5%	47,035.6	909.52	26.1x	3.1x
Western Marine Shipyard Limited	12.40	10.70	15.9%	2,845.4	190.61	4.4x	0.6x
Yeakin Polymer Limited	11.80	10.20	15.7%	869.6	39.86	55.9x	1.0x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Northern Jute	578.50	773.00	-25.2%	1,239.1	228.40	20.4x	10.1x
Sinobangla Industries	66.70	84.10	-20.7%	1,333.8	192.45	38.4x	3.0x
SEML FBLSL Growth Fund	8.80	11.00	-20.0%	641.9	36.49	NM	0.9x
Sonargaon Textiles	26.70	32.70	-18.3%	706.7	5.35	20.0x	1.0x
City Bank	17.20	21.00	-18.1%	17,481.9	264.62	6.7x	0.7x
BRAC Bank	46.50	56.60	-17.8%	57,352.0	587.08	11.2x	1.5x
Ring Shine Textiles Limited	9.00	10.90	-17.4%	391.5	197.84	0.8x	0.1x
Mercantile Insurance	28.40	34.30	-17.2%	1,223.9	13.67	37.0x	1.7x
Confidence Cement	89.70	106.20	-15.5%	6,683.5	33.48	14.7x	1.9x
National Housing Fin. and Inv. Ltd.	27.10	32.00	-15.3%	3,171.5	42.95	11.3x	1.7x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
LafargeHolcim Bangladesh Limited	40.50	33.90	19.5%	47,035.6	909.52	26.1x	3.1x
Khulna Power Company Limited	53.70	44.80	19.9%	21,341.1	784.91	16.7x	2.2x
ADN Telecom Limited	47.10	27.00	74.4%	3,045.1	748.09	22.7x	2.9x
BRAC Bank	46.50	56.60	-17.8%	57,352.0	587.08	11.2x	1.5x
Standard Ceramic	712.90	636.00	12.1%	4,605.8	414.63	NM	56.2x
Beacon Pharmaceuticals Limited	45.80	42.40	8.0%	10,579.8	340.50	87.1x	3.6x
Square Pharmaceuticals	170.60	188.30	-9.4%	144,027.2	311.39	11.2x	2.2x
Pioneer Insurance	37.50	34.20	9.6%	2,624.3	283.54	8.4x	1.9x
City Bank	17.20	21.00	-18.1%	17,481.9	264.62	6.7x	0.7x
National Tubes	119.60	123.00	-2.8%	4,164.7	242.83	198.7x	0.7x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
LafargeHolcim Bangladesh Limited	40.50	20.54%	47,035.6	26.1x
Khulna Power Company Limited	53.70	14.99%	21,341.1	16.7x
United Power Generation & Distribution Company Ltd	255.60	4.20%	134,700.1	15.9x
Mutual Trust Bank	27.10	2.26%	17,247.3	9.6x
MJL Bangladesh Limited	64.60	2.05%	20,462.2	10.7x
Doreen Power Generations and Systems Limited	59.90	1.70%	7,862.5	7.3x
Summit Power	36.90	1.65%	39,404.7	7.6x
ACI Limited	182.90	0.77%	10,493.4	NM
Olympic Industries	165.00	0.00%	32,989.9	16.9x
GPH Ispat Limited	25.70	-0.77%	9,719.6	12.2x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1212.80	1283.80	1319.28	-5.53%	-8.07%
NBFIs	1449.52	1574.84	1565.13	-7.96%	-7.39%
Mutual Funds	572.63	593.61	591.17	-3.53%	-3.14%
General Insurance	1835.77	1941.71	1927.02	-5.46%	-4.74%
Life Insurance	2011.35	2176.15	2194.70	-7.57%	-8.35%
Telecommunication	3507.95	3952.99	3993.59	-11.26%	-12.16%
Pharmaceuticals	2311.75	2494.63	2492.51	-7.33%	-7.25%
Fuel & Power	1529.28	1558.19	1515.21	-1.86%	0.93%
Cement	1219.35	1191.53	1132.29	2.33%	7.69%
Services & Real Estate	874.50	909.25	886.70	-3.82%	-1.38%
Engineering	2188.70	2326.53	2257.22	-5.92%	-3.04%
Food & Allied	11710.03	12316.10	12121.49	-4.92%	-3.39%
IT	1981.74	1851.35	1823.13	7.04%	8.70%
Textiles	997.44	1066.41	1042.04	-6.47%	-4.28%
Paper & Printing	4926.77	5359.23	5233.20	-8.07%	-5.86%
Tannery	1755.46	1835.55	1826.45	-4.36%	-3.89%
Jute	10218.66	11693.85	11393.28	-12.62%	-10.31%
Ceramics	452.88	478.12	459.10	-5.28%	-1.35%
Miscellaneous	1673.65	1785.17	1745.96	-6.25%	-4.14%

Table 7: Sector Trading Matrix

Sector Name	Daily average this week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	408.4	323.8	26.11%	13.48%	6.5x	0.7x
NBFIs	79.1	178.8	-55.75%	2.61%	70.4x	2.0x
Mutual Funds	40.9	345.3	-88.15%	1.35%	NM	0.4x
General Insurance	287.7	629.4	-54.30%	9.50%	13.2x	1.2x
Life Insurance	54.8	59.7	-8.22%	1.81%	NM	8.3x
Telecommunication	54.3	171.3	-68.32%	1.79%	9.9x	7.3x
Pharmaceuticals	288.0	511.0	-43.65%	9.51%	15.8x	2.0x
Fuel & Power	261.4	328.6	-20.46%	8.63%	9.8x	1.8x
Cement	190.5	20.9	810.27%	6.29%	23.4x	2.3x
Services & Real Estate	19.8	42.4	-53.46%	0.65%	107.5x	0.7x
Engineering	410.9	651.3	-36.90%	13.56%	12.9x	1.3x
Food & Allied	98.2	115.4	-14.93%	3.24%	22.4x	6.7x
IT	244.4	80.0	205.62%	8.07%	20.5x	2.6x
Textiles	256.4	355.2	-27.81%	8.46%	NM	0.7x
Paper & Printing	10.0	13.7	-26.99%	0.33%	278.5x	1.3x
Tannery	36.5	135.1	-72.97%	1.21%	21.2x	1.9x
Jute	48.2	28.9	66.53%	1.59%	NM	4.7x
Ceramics	98.8	184.5	-46.45%	3.26%	23.3x	1.7x
Miscellaneous	141.1	220.8	-36.09%	4.66%	18.7x	1.0x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
BRAC Bank	46.50	-18.56%	57,352.0	11.2x
City Bank	17.20	-18.48%	17,481.9	6.7x
Confidence Cement	89.70	-15.46%	6,683.5	14.7x
Dutch-Bangla Bank	62.50	-12.34%	31,250.0	6.4x
Grameenphone Ltd.	250.80	-12.25%	338,655.2	9.7x
Singer Bangladesh	158.50	-12.14%	15,802.9	15.3x
Heidelberg Cement	145.90	-11.47%	8,243.9	52.0x
Beximco Pharmaceuticals	61.80	-10.95%	25,063.4	8.0x
Envoy Textiles Limited	22.20	-10.84%	3,723.7	7.8x
Square Pharmaceuticals	170.60	-10.21%	144,027.2	11.2x

Important News: Business & Economy

The National Board of Revenue (NBR) relaxes VAT waiver terms for Active Pharmaceutical Ingredient (API) industries

• The National Board of Revenue (NBR) has relaxed conditions for availing VAT waiver by the active pharmaceutical ingredient (API) industries. From now on, the API industries will be able to avail the VAT benefit on import of raw materials by adding 20% value on their imported products. Also, the requirement of producing five molecules with imported raw materials has been reduced to two. The NBR issued a Statutory Regulatory Order (SRO), dated January 6, 2019, by relaxing the conditions that were tagged by issuing another SRO last year.

• API is the main raw material for all drugs. Bangladesh aims to exploit opportunities of the World Trade Organization (WTO) policy and the Trade-Related Aspects of Intellectual Property (TRIPs) agreement on relaxation from patent rights rules. The facility will remain unconditionally valid until 2027 and with some conditions until 2032. On May 07, 2019, the NBR issued a SRO, waiving 15% VAT on import of API raw materials and reagents by tagging some conditions. The VAT waiver has been offered until December 2025, although the API policy offered it until 2032.

• Bangladesh has exported API above USD 5.0 million to Egypt, Pakistan, Nepal, and Vietnam from 2015 to 2018. Global market size of API is USD 200 billion, which is mostly grabbed by China and India. Due to the WTO policy, the two countries have lost their access to global market, creating a great opportunity for Bangladesh.

<https://today.thefinancialexpress.com.bd/last-page/nbr-relaxes-vat-waiver-terms-for-api-industries-1578506994>

<https://www.newagebd.net/article/96013/nbr-eases-conditions-for-vat-waiver-for-api-makers-raw-material-import>

Only six China-funded projects roll so far

• After a lapse of three years into signing a deal with China for executing USD 20 billion worth of 27 projects, only six has got going as of December 2019. Even Bangladesh has received only USD 904.50 million out of USD 5,687 million for the ongoing schemes. Officials from both sides blamed the slow processing of project proposals and a snail's pace in approving loan documents for this poor progress. A senior Economic Relations Division official said that there are delays from both sides. In some cases, Bangladeshi ministries failed to submit the documents in time and in some cases, the Chinese side has made a delay in processing the loan. The highest disbursement was USD 533.58 million against Padma rail link project for which China pledged USD 2,667 million.

<https://today.thefinancialexpress.com.bd/first-page/only-six-china-funded-projects-roll-so-far-1578506413>

Account opening in 5 minutes soon: electronic Know Your Customer (eKYC) guideline rolled out

• Customers can now open bank accounts in just five minutes, a procedure that previously took two to four days, after Bangladesh Financial Intelligence Unit (BFIU) yesterday rolled out the electronic Know Your Customer (e-KYC). The new system will cut the existing KYC-related cost by as much as 80%. All banks and financial institutions will have to implement

the new system by this year. The agency has introduced two types of e-KYC: simplified and regular. Clients will open simplified e-KYC by submitting national identification cards. This will allow them to settle a limited transaction. The BFIU, the money laundering watchdog, piloted the e-KYC project in 52 places under 33 districts involving 19 banks, one non-bank financial institution and one mobile financial service provider. The World Bank provided technical assistance for the pilot.

<https://www.thedailystar.net/business/news/account-opening-5-minutes-soon-1851547>

<https://www.newagebd.net/article/96012/bfiu-issues-guidelines-on-e-kyc>

<https://www.dhakatribune.com/business/banks/2020/01/09/new-e-kyc-guideline-issued-for-speedy-account-opening>

84 Readymade Garment (RMG) units lose right to duty-free import of fabrics

• The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) yesterday cut the right of 84 garment factories to duty-free import of fabrics due to poor compliance and safety standards. The BGMEA suspended the units' Utilization Declaration (UD), which is a certification determining how much inputs and packaging materials will be used by a factory in manufacturing exportable products.

• There are another 35 factories which closed on failing to generate business, for which they need not face the suspension, she said. The BGMEA took the decisions on the 173 as per a January 5 recommendation of the Department of Inspection for Factories and Establishments (DIFE). Factories, which haven't been able to comply with the basic requirements even after six years of Rana Plaza tragedy, don't qualify to be reconsidered. Suspension of the UD is the first step, president of BGMEA told.

<https://www.thedailystar.net/business/news/84-rmg-units-lose-right-duty-free-import-fabrics-1851541>

Inflation crawling up

• Bangladesh's average inflation crept up four basis points in 2019, which saw fluctuations throughout the year and a skyrocketing of the price of onion, an essential cooking ingredient. At the end of 2019, inflation stood at 5.59%, up from 5.55% a year earlier, according to data released yesterday by the Bangladesh Bureau of Statistics (BBS). Full-year inflation averaged 5.7% in 2017 and 5.55% in 2016. While there have been fluctuations, overall 2019 has turned out to be a year of rising inflation driven both by rise in food and non-food inflation, said a former lead economist of the World Bank's Dhaka office.

• This happened despite bumper rice crops, accelerating GDP growth as reported officially and generally slow monetary and private sector credit growth. In December last year, general inflation fell 30 basis points to 5.75% on the back of a steep fall in food inflation. Non-food inflation edged up eight basis points to 5.55%, BBS data showed. Rural inflation went down from 6.01% in November to 5.76% in December. Urban inflation declined to 5.73% from 6.12% a month earlier. The cost of living rose 5.50% year-on-year and the prices of goods and service went up by 6.08% last year, the CAB said. The government has targeted a 5.5% inflation rate for this fiscal year. It was able to contain it at 5.48% in fiscal 2018-19, which is comfortably below the target of 5.6%.

<https://www.thedailystar.net/business/news/inflation-crawling-1851058>

<https://www.newagebd.net/article/95924/inflation-drops-to-575pc-in-dec>

<https://today.thefinancialexpress.com.bd/first-page/average-inflation-up-marginally-in-2019-1578419613>
<https://www.dhakatribune.com/business/economy/2020/01/07/inflation-eases-to-5-75-in-december>

Trade deficit tapering off

• Trade deficit narrowed 79.51% in November to USD 1.06 billion from the previous month on the back of sliding imports -- a worrying development as it suggests of sluggishness of the economy. November's figures were down 19.70% from a year earlier, according to data from the Bangladesh Bank. The decreasing trend of trade deficit is good for a strong economy but such a phenomenon is not a positive indicator at all for the growing economy like Bangladesh, experts said. During the period, imports declined 17% from a month earlier to USD 4.06 billion and exports nearly 1% to USD 3 billion.

• "Both falling exports and imports is a sign of an economic slowdown," said the executive director of the Centre for Policy Dialogue. Bangladesh's ranking in the World Bank's ease of doing business index is far from ideal and that has hit the confidence of businesses. On top of that, the government has recently taken a decision to fix the interest rate for lending at 9% from April 1 -- a move not welcomed by banks. Banks think that loan disbursement at that rate will not be viable for them in many cases. In November last year, private sector credit growth dropped to 9.87%, which is the lowest since 2008 at least. Bangladesh Bank's data goes as far back as 2008. They should give our all-out effort to bring back the confidence of businesspeople for the greater interest of the economy, said the managing director of Mutual Trust Bank.

• The overall trade deficit in the first five months of fiscal 2019-20, however, were higher by USD 28 million from a year earlier at USD 6.68 billion. But the upward trend will not be sustainable if imports maintain the declining stance, the executive director of the Centre for Policy Dialogue said. The deficit in current account balance, however, decreased more than half to USD 1.09 billion in the first five months of the fiscal year due to a remarkable growth in remittance. Between July and November this fiscal year, remittance inflows stood at USD 7.71 billion, up 22.71% from a year earlier. This has brought relief for the government in management of the external sector of the economy, said a central bank official.

<https://www.thedailystar.net/business/news/trade-deficit-tapering-1851055>
<https://www.newagebd.net/article/95923/trade-deficit-inches-up-in-july-nov>
<https://www.dhakatribune.com/business/2020/01/07/trade-deficit-widens-in-july-nov>

Annual Development Programme (ADP) execution 26% in H1

• The government agencies' execution of projects in the first half of this fiscal is poor as they spent only 26% of the annual development programme (ADP). They utilized 27% of the BDT 1.80-trillion ADP outlay in the corresponding period (July-December) in fiscal year (FY) 2018-19, according to officials. In the same period of FY '18 and FY '17, the ADP implementation rates were recorded at 27% each. The Implementation Monitoring and Evaluation Division (IMED) showed project implementers spent BDT 567.12 billion out of BDT 2.15-trillion ADP in H1 of FY '20. Of the total outlay, the government allocated BDT 1.31 trillion from internal resources and BDT 718 billion from external resources as project aid. The remaining BDT 123.93 billion came from funds of autonomous and semi-autonomous bodies.

• Of the highest 15 development budget holders, railway, health, industries and energy

ministries are the worst performers in the first five months of FY '20. The government ministries and agencies are implementing some 1,617 projects under the ongoing ADP.

• Meanwhile, the ECNEC approved on Tuesday seven projects-six new and a revised one-at a combined total of BDT 110.42 billion.

<https://today.thefinancialexpress.com.bd/last-page/adp-execution-26pc-in-h1-1578419951>
<https://www.newagebd.net/article/95926/adp-implementation-hits-four-year-low-in-h1>

Living in Dhaka became 6.5% dearer last year

• Living costs in Dhaka soared 6.5% in 2019 on the back of spiraling prices of essential commodities and services, said Consumers Association of Bangladesh (CAB) yesterday. CAB President cited the hike in prices of liquefied petroleum gas cylinder just on the first day of the 2020 and beginning of the process of hike in electricity tariff. The cost of goods and services edged up one percentage point year-on year to 6.08% last year from 2018, thanks to increasing prices of onions and other spices, vegetables, fish, meat, milk, tea, clothes, house rents and piped water. The only respite for people was the fall in overall prices of rice, pulse, edible oil, sugar and soap in 2019 from the previous year.

• The prices of vegetables soared 81.3% with pointed gourd rising the most. At the event, CAB Energy Adviser said that the prices of LPG cylinder were hiked again this month after increasing in November last year. And the government plans to revise the law pertaining to increasing the prices of electricity and energy: the prices can be hiked any time of the year from once a year. The CAB president also urged the government to take steps to improve the standard of medical care in Bangladesh by establishing a healthcare town and encouraging private and foreign investment there.

<https://www.thedailystar.net/business/news/living-dhaka-became-65pc-dearer-last-year-1851061>
<https://www.newagebd.net/article/95880/living-cost-up-by-65pc-cab>

H1 corporate taxes from large units miss target by BDT 5.67 billion

• At least five large commercial banks paid less in corporate tax in the last fiscal year than that of the previous year, thus, adding to the woes of the National Board of Revenue (NBR). The five were among the top nine highest corporate tax-paying banks in the country. The banks are Islami Bank, National Bank, Agrani Bank, BRAC Bank and Sonali Bank. This downtrend in tax payments was reflected in the tax returns submitted by banks within the deadline of September 15, 2019. However, tax payments by City Bank, Dutch-Bangla Bank, Hongkong and Shanghai Banking Corporation (HSBC) and Standard Chartered Bank in the FY '19 were more than that of the previous fiscal.

• Officials said the declining trend in tax payments by some top banks is also continuing this fiscal. Due to the decline in payment by top tax-paying banks, the LTU is lagging behind the target by BDT 5.67 billion set for the first half (H1) of this fiscal. However, the aggregate tax payment by big banks was 13.49% more in the July-December period compared to that in the corresponding period of the last fiscal.

• The unit collected BDT 82.0 billion in income tax in the first half of the current FY compared to that of BDT 72.25 billion in the corresponding period last year. A senior LTU official said the banking sector accounts for 35% of the aggregate tax collection of the NBR's income tax wing.

- Although tax payments by large commercial banks fell, officials said, overall collection from all 59 scheduled banks increased in H1. According to the LTU data, Islami Bank paid BDT 6.25 billion, down by BDT 2.6 million, in its tax return submitted for FY 2019-20. National Bank paid BDT 3.07 billion in tax against BDT 3.17 billion during the period under review. Agrani paid BDT 2.66 billion against BDT 3.08 billion followed by BRAC BDT 2.53 billion against BDT 2.84 billion and Sonali BDT 2.46 billion against BDT 2.73 billion. Tax payment by Standard Chartered Bank went up by BDT 1.0 billion as per its tax return. HSBC also paid higher amount of taxes worth BDT 3.32 billion against BDT 3.05 billion in the same period. City Bank paid BDT 850 million more in taxes on their income in FY 2018-19.

<https://today.thefinancialexpress.com.bd/first-page/h1-corporate-taxes-from-large-units-miss-target-by-BDT-567b-1578419500>
<https://www.newagebd.net/article/95928/corporate-tax-receipt-grows-by-135pc-in-h1>

Bangladesh Bank supplements duty drawback with special cash incentive for apparel exporters

- The Bangladesh Bank declared that apparel and textile exporters, entitled to receive duty drawback facility or bonded warehouse facility, would also be eligible for one% special cash incentive, an extended benefit amid a fall in the country's export earnings. Exporters would be entitled to get the cash incentive against the readymade garment or textile items which were already shipped in the current fiscal year. In case of the expiry of the date for filing applications for getting the incentive, the entities would be able to file application in 45 days of the issuance of the BB circular.

- The country's export earnings in the first half of FY20 fell by 5.84% to USD 19.30 billion from USD 20.50 billion in the same period of FY19. RMG export earnings, which constitute more than 80% of the country's total export, also fell by 6.21% in the first half of FY20 to USD 16.02 billion from USD 17.08 billion in the same period of FY19.

- In FY20, the government allocated BDT 28.25 billion to provide 1% cash incentive for the apparel sector against their demand for 5% cash incentive.

<https://www.newagebd.net/article/95929/bb-supplements-duty-drawback-with-spl-cash-incentive-for-apparel-exporters>
<https://www.dhakatribune.com/business/banks/2020/01/07/bb-relaxes-cash-incentive-for-apparel-textile-exports>
<https://www.thedailystar.net/business/news/apparel-exports-finally-get-promised-cash-incentive-1851052>

Government sets target to export USD 50 billion Readymade Garment (RMG) in FY '21

- The government has set a target of exporting USD 50 billion readymade garment (RMG) in 2020-21 fiscal year (FY '21), Secretary of Ministry of Textiles and Jute said at a press conference in the capital on Tuesday, reports BSS. He said the USD 50 billion RMG export target has been set in line with the government's commitment to enhance earnings from this sector which is also manifested in the ruling party's election manifesto.

<https://today.thefinancialexpress.com.bd/stock-corporate/govt-sets-target-to-export-50b-rmg-in-fy-21-1578419308>

Integrated savings tools policy in the offing

- The government is close to formulating a new policy on national savings instruments with setting an investment ceiling of BDT 10 million on three schemes, according to Department of National Savings (DNS). The three schemes are: 5-year Bangladesh Sanchayapatra, 3-monthly profit-bearing Sanchayapatra and Poribar Sanchayapatra (Family Savings Certificate). However, the government has raised the ceiling on savings tools to BDT 15 million for its employees including pensioners, it said. Under the existing rules, an investor can invest up to BDT 16.5 million in three separate schemes-Bangladesh Sanchayapatra, 3-monthly profit-bearing Sanchayapatra and Poribar Sanchayapatra. But a government employee can invest maximum BDT 5.0 million in pensioners' scheme.

- The Director General (additional secretary) at DNS said that they've finalized the policy and are expecting to release it sometime in June next. She said an investor will be able to invest BDT 5.0 million singly and BDT 10 million jointly in three savings instruments--5-year Bangladesh Sanchayapatra, 3-monthly Sanchayapatra and Poribar Sanchayapatra.

<https://today.thefinancialexpress.com.bd/trade-market/integrated-savings-tools-policy-in-the-offing-1578418185>

Expiry of deadline: Half a million corporate SIM users risk losing connection

- Half a million corporate SIM users may face partial network suspension as the telecom regulator is going to take action against those who failed to update their information within the December 31 deadline. The Bangladesh Telecommunication Regulatory Commission (BTRC) said the mobile operators failed to update information regarding their corporate SIM users despite several extensions for the job. According to BTRC data, leading mobile phone operator Grameenphone submitted 8% of their corporate SIM users' updated information while Robi provided 10%, Banglalink 16% and state-run Teletalk 4.5%.

- The telecom regulator in early November issued a notice asking all four mobile phone carriers to provide information of all their corporate SIM users by November 30. Otherwise, it warned, the SIM connections would be terminated permanently. Later following the request from mobile phone companies, the BTRC extended the deadline until December 31.

<https://www.dhakatribune.com/business/2020/01/07/expiry-of-deadline-several-lakh-corporate-sim-users-risk-losing-connection>

Government starts working on bank commission

- The government has finally started working on forming a bank reform commission to review the sector's health and take necessary remedial measures, finance ministry officials said. Finance Minister has already talked to some former bankers, bureaucrats and economists, whom a ministry official believes are probable chairman and member candidates of the commission. According to the official, the commission is likely to be formed by this month if the members are finalized.

- Bangladesh's banking sector has been deteriorating for the last few years owing to increasing default loans and corruption. The sour loans average 10.69% of the total outstanding loans while, in case of state-run banks, over 25%. The actual size of bad loans is, however, more than double the officially recognized figure, according to a recent report of International Monetary Fund.

<https://www.thedailystar.net/business/news/govt-starts-working-bank-commission-1850611>

International Finance Corporation (IFC), Sustainable and Renewable Energy Development Authority (SREDA) sign deal to spur solar power generation in Bangladesh

- International Finance Corporation (IFC), a member of the World Bank Group, has signed an agreement with the Sustainable and Renewable Energy Development Authority (SREDA) of Bangladesh to support a solar power plant of 35-50 megawatt capacity in Kushtia district.
- At present, around 90% of Bangladeshis have access to electricity. In addition to increasing access, Bangladesh aims to boost the share of renewable sources in its energy mix from less than 3% to 10% of generation by 2021 and double that by 2030. Currently, over 90% of the power generation is dependent on fossil fuels.

<https://today.thefinancialexpress.com.bd/trade-market/ifc-sreda-sign-deal-to-spur-solar-power-generation-in-bd-1578332270>
<https://www.thedailystar.net/business/news/ifc-sreda-team-35-50mw-solar-plant-kushtia-1850599>
<https://www.newagebd.net/article/95826/ifc-sreda-sign-deal-to-spur-solar-power-generation>

Bangladesh Infrastructure Finance Fund Ltd (BIFFL) may partly finance Dhaka Bypass Expressway

- One China Bank and Bangladesh Infrastructure Finance Fund Ltd (BIFFL) will jointly finance 'Dhaka Bypass Expressway', country's first fully enclosed expressway that connects the four national highways. The financing process worth USD 412 million from the two financial institutions, one from China and another from Bangladesh is still in negotiation and once completed, the 48-kilometer Dhaka Bypass will play a significant role in the development of the much-needed infrastructure of the country, said a statement issued by Public-Private Partnership Authority (PPPA).

<https://today.thefinancialexpress.com.bd/stock-corporate/biffi-may-partly-finance-dhaka-bypass-expressway-1578331593>

Exports shrink by 6.0% in H1

- Merchandise shipments fell by 5.84% during the first half of the current fiscal year, as export earnings continue to witness downtrend in recent months. Total export earnings from July to December of FY 2019-20 reached USD 19.30 billion against USD 20.49 billion fetched during the same period of the last fiscal. The income also fell short of the target by 12.77% set for the period, according to the latest data of the state-run Export Promotion Bureau (EPB). The single-month export earnings in December 2019, however, edged up by 2.89% to USD 3.52 billion.
- Clothing sector is the country's top foreign-currency earner accounting more than 84% of total overseas sales. Overall export earnings from the garment items-both knitwear and woven apparels- fell by 6.21% in the first half of this fiscal. The apparel sector fetched nearly USD 16.02 billion during the July-December period of FY '20 against USD 17.08 billion during the same period a year earlier. Earnings from woven garments fell by 7.28%

to USD 7.81 billion in the first six months of this fiscal, the EPB figures show. Proceeds from knitwear exports during the period also fell by 5.16% to nearly USD 8.20 billion. Woven and knitwear brought in USD 8.43 billion and USD 8.65 billion respectively in July-December period of last fiscal.

- Earnings from other key sectors also fell during the first half of the fiscal, compared with the year-earlier period. The EPB data showed earnings from home textile stood at USD 370.1 million, down 9.5% from USD 408.94 million. Earnings from home textiles also fell short of the target by 14.59%.
- RMG exports grew by 15.66% during the first half of FY 2018-19 compared to the same period of 2017-18, she said, adding the growth is 6.21% negative in July-December of the current fiscal.
- According to the EPB data, earnings from leather and leather goods export fell by 10.61% to USD 475.83 million from USD 532.3 million. Jute and jute goods exports during the period, however, climbed by 21.55% to USD 511.73 million from USD 421.02 million. Agro-products like vegetables, fruits and spice exports stood at USD 523.90 million, recording a 1.21% growth. Pharmaceuticals exports grew by 5.71% to USD 73.69 million. Frozen and live fish exports hauled USD 290.5 million in the first six months of this fiscal, registering a 7.7% negative growth. Exports of engineering products fell by 2.35% to USD 168.04 million from USD 172.08 million.
- The country brought in USD 40.53 billion from goods exports during the last fiscal, of which some USD 34.13 billion came from textiles and clothing alone, the data shows.

<https://today.thefinancialexpress.com.bd/first-page/exports-shrink-by-60%-in-h1-1578245873>
<https://www.newagebd.net/article/95704/export-earnings-fall-by-584%-in-h1>

USD 10 million fund set up to boost exports

- A USD 10-million financial grant, Export Readiness Fund (ERF), was launched on Sunday to rev up export earnings of the country's four target sectors. The fund is rolling out under the Export Competitiveness for Jobs (EC4J) project implemented by the commerce ministry with support from World Bank Group. The sectors are leather and leather goods, footwear, plastics and light engineering products, said EC4J Project Director at the ERF launch. Commerce Secretary said the project worth BDT 840 million would be helpful for the select sectors to diversify products, thus enhancing their competitiveness globally and rising export earnings.

<https://today.thefinancialexpress.com.bd/last-page/10m-fund-set-up-to-boost-exports-1578246291>
<https://www.newagebd.net/article/95723/export-readiness-fund-to-support-four-sectors-launched>

Country likely to earn over USD 20 billion remittance this year

- The country is likely to earn more than USD 20 billion remittance in the current year thanks to cash incentive benefits provided by the government to migrant workers, according to the expatriates' welfare ministry. The number of overseas jobs will also increase this year, it projected.

• Secretary to the expatriates' welfare and overseas employment (EWOE) ministry, on Sunday said inward remittance stood at more than USD 18 billion in 2019 which was 16.2% higher than that of 2018. He said Bangladesh sent 701,000 workers abroad with jobs in 2019. Of them, 111,000 were women workers. Among the workers, 44% was skilled and 22% semi-skilled. Addressing the press briefing, Minister for EWOE, said they would be able to send more than 750,000 workers this year.

<https://today.thefinancialexpress.com.bd/trade-market/country-likely-to-earn-over-20b-remittance-this-year-1578240839>

Bangladesh exports earnings rise by 2.89%

• Bangladesh exports earnings have risen by 2.89% to USD 3.52 billion in last December, breaking the negative growth for the fourth consecutive months. According to Export Promotion Bureau data, Bangladesh earned USD 3.52 billion in December, 2019, up by 2.89%, which was USD 3.43 billion in December, 2018. In November, 2019, the country's export earnings have declined by 10.70% to USD 3.05 billion for the fourth consecutive month compared to the corresponding period of 2018.

<https://www.dhakatribune.com/business/2020/01/05/bangladesh-exports-earnings-rises-by-2-89>
<https://www.dhakatribune.com/business/2020/01/05/exports-break-losing-streak-in-december>

Widening revenue shortfall raises alarm

• Revenue collection deficit from target widened further in November despite the pace of overall collection growth last month compared with October, according to provisional data of the National Board of Revenue (NBR). The tax collector logged nearly BDT 837 billion in July-November of the current fiscal year, trailing the target by BDT 270 billion. Until October, the NBR was BDT 200 billion behind its target -- a situation that has already forced the government to depend more on bank borrowing, raising concerns of a credit crunch and slowdown in implementation of development projects.

• Overall, tax receipt growth slowed by 5% year-on-year in July-November of fiscal 2019-20 from BDT 797 billion in the same period a year ago. The NBR's collection had grown 7% in July-November of 2018-19. Executive Director of the Policy Research Institute of Bangladesh said the 5% revenue collection growth was not good enough to meet the country's huge demand for resources and for financing the budgetary plans. He said the trend of collection shows that the government was on track to a record fiscal deficit and its subsequent bank financing.

• During July-November of fiscal 2019-20, income tax collection grew 13% faster year-on-year to BDT 248 billion. Collection of VAT, the biggest source of revenue, soared 4% year-on-year to BDT 328 billion. Import tariff collection remained flat at BDT 260 billion on suffering a fall of imports.

<https://www.thedailystar.net/business/news/widening-revenue-shortfall-raises-alarm-1850101>
<https://www.newagebd.net/article/95706/nbrs-5-month-revenue-receipt-BDT-26876cr-short-of-target>

12 banks suffer BDT 176.58 billion capital shortfall till September-end

• The capital base of the country's banks deteriorated as 12 banks suffered BDT 176.58 billion in capital shortfall as of September 30 in 2019 thanks to soaring defaulted loans. At the end of April-June quarter last year, 11 banks suffered BDT 160.01 billion in capital shortfall. Apart from the increase in number of provision shortfall-hit banks, the overall capital-to-risk weighted assets ratio in the country's banking sector dropped to 11.65% as of September 30 last year from 11.74% three months ago. The sector's CRAR increased to 11.41% in March last year from 10.5% in December, 2018. The Bangladesh Bank has been pressing the banks to maintain CRAR at 12.5% as part of the implementation of Basel III in the country's banking sector.

• The 12 banks that faced capital shortfall in the July-September quarter are Community Bank of Bangladesh, Sonali Bank, ICB Islami Bank, Janata Bank, Agrani Bank, BKB, RAKUB, BCBL, AB Bank, BASIC Bank, Rupali Bank and National Bank of Pakistan. All the banks except Community Bank of Bangladesh were on the list in the previous quarter.

• As per the BB data, the amount of defaulted loans in the country banking sector increased by 23.83 % or BDT 223.77 billion in the first nine months of the year 2019, taking the NPL figure to BDT 1.16 trillion on September last year from BDT 939.11 billion in December, 2018.

• Of the 12 banks, capital shortfall in Bangladesh Krishi Bank was the highest, BDT 90.78 billion, against its risk weighted asset worth BDT 186.21 billion. Another state-owned bank Sonali suffered the second highest, BDT 20.56 billion, capital shortfall against its risk weighted asset worth BDT 568.65 billion. ICB Islami Bank suffered BDT 15.91 billion in capital shortfall against its risk weighted asset worth BDT 9.08 billion. Capital shortfall of Janata Bank stood at BDT 9.33 billion against RWA worth BDT 530.65 billion. Agrani suffered BDT 7.88 billion in capital shortfall whereas its RWA was worth BDT 396.78 billion. Against BDT 186.21 billion RWA, Rajshahi Krishi Unnayan Bank suffered BDT 7 billion in capital shortfall. Bangladesh Commerce Bank Limited, AB Bank, BASIC Bank and Rupali Bank suffered over BDT 5 billion in capital shortfall each, according to the BB statement. National Bank of Pakistan suffered BDT 587.1 million in capital shortfall. Newly launched Community Bank of Bangladesh suffered BDT 27 million in capital shortfall.

• Although the 12 banks suffered capital shortfall, the rest 46 banks managed to maintain adequate capital against their risk weighted assets as the banking sector maintained BDT 142.47 billion in capital surplus.

<https://www.newagebd.net/article/95707/12-banks-suffer-BDT-17658cr-capital-shortfall-till-sept-end>
<https://www.dhakatribune.com/business/2020/01/05/banking-sector-faces-BDT17-659cr-capital-shortfall>

Private sector to be allowed to set up finance companies

• The government is preparing a new law that will allow establishment of finance companies in the private sector in the country. Such finance companies will mainly focus on 'development financing' and 'securitisation'. Besides, they will finance industries, agriculture, infrastructure projects and venture capitals.

• The new act named 'Finance Company Act-2019' will replace the Financial Institutions Act -1993. The state-owned finance companies, however, will remain outside the purview of the

proposed act. According to the draft act, the finance companies will be able to collect deposits from people as per the guidelines of the central bank. But they will not be allowed to transact in gold and foreign exchanges.

<https://today.thefinancialexpress.com.bd/first-page/pvt-sector-to-be-allowed-to-set-up-finance-cos-1578246007>

Lending, deposit interest rates: Bangladesh Bank asks committee for fresh report

• A central bank committee has been reassigned to prepare a fresh report on single-digit interest rates on both lending and deposit after reviewing the overall banking situation. It has also been asked to submit the report to the governor within 10 working days from the date of reassignment, officials said. On December 31, 2019, the committee was asked to prepare the report applying their knowhow, practical knowledge and ability within the timeframe.

<https://today.thefinancialexpress.com.bd/first-page/bb-asks-committee-for-fresh-report-1578246170>

Bottled Liquefied Petroleum Gas (LPG) prices go up 20% abruptly

• Retail prices of liquefied petroleum gas, or LPG, shot up by 20% this week, the highest level in years. Privately-owned LPG importers and marketers increased the price as energy prices surged in the global market in the wake of killing of top Iranian General in Iraq on Friday, a senior official of an LPG firm told on Sunday. He feared that the LPG price in the domestic market would spiral further with the uptrend in oil, gas and other energy prices in the international market.

• Currently over 1.0 million tonnes of LPG are consumed annually, which was around 250,000 tonnes in 2015. Bangladesh consumed around 650,000 tonnes of LPG in 2017, up from around 400,000 tonnes in 2016, market players said. A senior official of energy and mineral resources division under the ministry of power, energy and mineral resources said Bangladesh's actual demand for LPG would be around 2.0 million tonnes, double the current consumption, where consumers are still using kerosene and wood as alternatives to LPG due to the lack of availability. Currently, some two dozens of LPG operators are actively involved in trading in the country, which was just six in 2015. Some 60 firms have obtained licences from the ministry to run LPG business, said the energy ministry official. Bangladesh's LPG market is import-dominated as more than 60% of cylinders and 95% of the country's total requirement are met with imports, he added.

<https://today.thefinancialexpress.com.bd/first-page/bottled-lpg-prices-go-up-20%-abruptly-1578246056>

Bangladesh economy to be 25th largest in 15 years: Centre for Economics and Business Research (CEBR)

• Bangladesh's economy will make one of the biggest jumps between 2020 and 2034 on the back of demographic dividend and rising per capita income, according to the World Economic League Table 2020. Bangladesh ranks 40th among 193 countries this year and will rise to 25th in 2034, a spot currently held by Belgium, showed the latest edition of the WELT, produced by London-based Centre for Economics and Business Research (CEBR), an international economic forecaster. In the long run, the report said, many Asian

economies will rise through the ranks of the WELT as these countries cash in on their demographic dividends.

• With a purchasing power parity adjusted GDP per capita of USD 5,028 in 2019, Bangladesh is a lower middle-income country. The economy performed well in 2019, expanding by an impressive 7.8%. This is, however, below the 7.9% GDP growth rate recorded in 2018. In Bangladesh, the population has risen at a rate of just 1% per year since 2014. This has meant that per capita incomes have grown considerably in recent years.

• Government debt as a share of GDP rose to 34.6% last year, up from 34% in 2018. Despite the increase, the public sector finances remain in good shape. The relatively low debt burden has provided the government with the fiscal headroom to operate a budget deficit of 4.8% in 2019. The annual rate of GDP growth is forecast to slow to an average of 7.3% between 2020 and 2025.

<https://www.newagebd.net/article/95484/bangladesh-economy-to-outshine-malaysia-singapore-hong-kong-by-2024-cebr>
<https://www.thedailystar.net/business/film-to-be-made-on-prominent-singer-james-rock-song-didimoni-URL-1849591>
<https://today.thefinancialexpress.com.bd/public/last-page/country-to-outshine-malaysia-spore-hk-by-2024-1578073411>

Private credit unlikely to grow: Bankers

• Private credit growth is unlikely to pick up in the near future as most of the banks are reluctant to provide fresh loans after the move to enforce a single-digit interest rate. The government and the top bankers last week agreed to bring down both lending and deposit rates to a single-digit from April 01 next. The sector's credit growth came down to 9.87% in November 2019 on a year-on-year basis from 14.01% a year ago, according to the Bangladesh Bank's latest statistics.

• The bankers predicted that the 'wait-and-see' policy being followed by most private banks are unlikely to help lift the private sector credit growth. Deposit growth in the banking sector may also decrease in near future after the government's fresh move to fix the interest rates of lending and deposits at 9.0% and 6.0% respectively from April 01, they said. The senior banker also said trade financing witnessed a falling trend because of lower growth in foreign trade that includes both export and import.

• On September 17 last year, the central bank announced that the ADR would remain unchanged at 85% for all conventional banks and at 90% for the Shariah-based Islamic banks. The central bank had earlier re-fixed the ADR at 83.50% and 89% for the conventional banks and the Islamic banks respectively. These rates were scheduled to come into effect from September 30. Meanwhile, outstanding loans with the private sector rose to BDT 10,358.15 billion in November from BDT 9,427.93 billion a year ago. It was BDT 10,259.58 billion in October 2019.

<https://today.thefinancialexpress.com.bd/public/first-page/pvt-credit-unlikely-to-grow-bankers-1578072816>

Container handling by Chattogram port: Growth slowest in seven years

• Chittagong port posted a 3.32% growth in container handling in 2019, the slowest in

seven years, pointing to a slowdown in economic activities. Port users have blamed Bangladesh's foreign trade being sluggish for the lower growth in the port's annual container throughput.

- This is not surprising at all, said a former Lead Economist of the World Bank's Dhaka office. Exports and imports have both declined. These are the fundamentals which drive the growth of container handling. There is indeed a slowdown in the economy. The country's major export-earner readymade garment sector has been experiencing negative growth in the last few months and it was also reflected in the port's annual container throughput, said the Chairman of the standing committee on port and shipping of the Bangladesh Garment Manufacturers and Exporters Association.

- Overall earnings from the merchandise exports between July and November fell 7.59% to USD 15.77 billion. Lower shipment of apparel items, which accounted for more than 80% of the national exports, contributed to the decline. Between July and November, garment exports declined 7.74% to USD 13.08 billion, data from the Export Promotion Bureau showed. Earnings from the merchandise exports rose only 2% in the first 11 months of 2019, according to data from the central bank. Imports fell less than 1% between January and September.

<https://www.thedailystar.net/business/news/growth-slowest-seven-years-1848826>

Readymade garments (RMG) value addition drops by 3.31% in July-September

- Value addition in the country's readymade garments sector dropped by 3.31 percentage points in the July-September quarter of this fiscal year of 2019-20 compared with that in last fiscal year as the country's exporters were losing competitive edge due to overvalued local currency and increasing cost of doing business. According to a Bangladesh Bank review on the RMG sector, the value addition in the sector dropped to 61.01% in July-September of FY20 from 64.32% in FY19. The sector's value addition, however, was 60.44% in July-September of FY19.

- The country's RMG manufacturers imported raw materials worth USD 3.14 billion in July-September of FY20 against export of USD 8.06 billion in the period. The import of raw materials represents 38.99% of the country's export value. In FY19, the country's export earnings of the RMG sector were USD 34.13 billion. For the production of the export items, the sector imported raw materials worth USD 12.18 billion, representing 35.68% of the RMG export value. In July-November of FY20, the country's export earnings fell by 7.59% to USD 15.77 billion from USD 17.07 billion in the same period of FY19. Of the total export earnings, volume of RMG exports fell by 7.74% to USD 13.09 billion from USD 14.18 billion in the same period of FY19.

<https://www.newagebd.net/article/95498/rmg-value-addition-drops-by-331pts-in-july-sept>

New VAT (Value Added Tax) law: Achieving key goal faraway

- The new VAT (Value Added Tax) law has mostly been transformed into its 1991 version because of myriad changes made during the past six months, critics have said. Economists said while the online-based VAT and Supplementary Duty Act-2012 was introduced on July 1, 2019 after a delay of seven years, it is unlikely to achieve its key objective of overhauling the tax administration. Already, VAT collection has fallen short of the target by BDT 82.58 billion, highest deficit among the three wings, in the first four months of the current fiscal

year. The receipt recorded a mere 1.79% growth over the previous fiscal year.

- After the budget, the provisions of the VAT law, passed by the parliament through Finance Bill-2019, saw a number of amends. For example, while the main concept of the new law was to introduce a single and uniform rate of VAT in all stages, the authorities opted for multiple rates yielding to the pressure from the business community. This means the main goal of the new VAT law will not be achieved unless the government automates the VAT administration, a senior VAT official said. The slow pace of VAT Online project implementation and the poor capacity of the Vietnamese contractor are among the major barriers to achieving the goal, said the official. Even though the project is scheduled to expire on June 30, 2020, people familiar with the situation said more than 60% work will remain pending due to the lack of the required capacity of the contractor.

<https://today.thefinancialexpress.com.bd/first-page/achieving-key-goal-faraway-1578158860>

<https://www.newagebd.net/article/95602/new-vat-law-sees-little-success-due-to-frequent-changes>

Telecom service quality drops: Bangladesh Telecommunication Regulatory Commission (BTRC)

- The overall service quality of mobile phone operators worsened last year compared to the previous years, the telecom regulator said yesterday, blaming the carriers' poor performance and unwillingness to buy sufficient spectrum due to higher prices. The telecom regulator carried out various tests and, based on the findings, asked mobile operators to improve service quality. But after July the scenario changed as audit issues, which pit the BTRC against Grameenphone and Robi, dominated the sector.

- The regulator has also halted issuing no-objection certificates (NOC) to the top two operators and this also contributed to the deterioration of the quality of service, Director General for Engineering and Operation of the Bangladesh Telecommunication Regulatory Commission (BTRC) said. The operators are serving a huge number of customers with low spectrum, thus resulting in low service quality, BTRC Chairman said. BTRC chairman said that spectrum fees for mobile operators are high but they cannot cut the charge now against the telcos' demand for a reduction. The Bangladesh Telecommunication Regulatory Commission (BTRC) chair said the regulator cannot reduce spectrum fees as they require finance ministry's approval. Replying to another query, he said the BTRC did not submit any proposal to the ministry to reduce the fees. He said the regulator will move for a reduction in fees if operators place any formal proposal.

- According to figures released yesterday, mobile phone subscribers in the country went up by 8.6 million to 165.5 million last year and tele-density widened by 2.84 percentage points to 99.2%. Internet subscribers were up by 7.8 million to 99.1 million and 4G internet users rose by 15.4 million to 27.1 million.

<https://www.thedailystar.net/business/news/telecom-service-quality-drops-btrc-1848829>
<https://today.thefinancialexpress.com.bd/public/first-page/btrc-wont-cut-spectrum-fees-1577982478>

Banks forfeit BDT 8.58 billion in interest

- Interest waiver against bad loans more than doubled to BDT 8.58 billion in the first nine months of 2019 -- an indication of the desperation of banks to bring down their default loans

by any means. The exemption of interest has a direct negative impact on banks' profitability. Strangely, most of the banks logged a hefty amount of profit last year, a former Deputy Governor of the central bank said, adding that some of the banks might have imposed hidden service charges on customers to ensure profits.

- Private banks waived interest amounting to BDT 6.39 billion between January and September, up from BDT 1.31 billion a year earlier, according to data from the Bangladesh Bank. Interest waived by six state banks -- Sonali, Janata, Agrani, Rupali, BASIC and Bangladesh Development -- increased 20% year-on-year to BDT 1.31 billion. Foreign banks waived BDT 230 million in the first nine months of last year, up BDT 93.6 million from a year earlier. In January-September of 2018, banks had waived BDT 4.21 billion.

<https://www.thedailystar.net/business/news/banks-forfeit-BDT-858cr-interest-1848817>

Important News: Capital Market

Grameenphone's new run-in with Bangladesh Telecommunication Regulatory Commission (BTRC)

- Grameenphone has taken delivery of huge volumes of network equipment without obtaining the approval of the telecom regulator -- a move that has run into a grey area on the legal front. Subsequently, the telecom watchdog slapped the operator with a show cause notice last week.
- The BTRC gave Grameenphone seven days to reply to the show cause notice. Today is the last day for replying. Grameenphone has used a trick of the legal situation and released the equipment from the customs department, chairman of the Bangladesh Telecommunication Regulatory Commission (BTRC) said, adding that the country's leading mobile carrier did apply before the commission for the no-objection certificate (NoC), which the BTRC never gave.
- As per the available documents of the commission, Grameenphone has imported five lots of equipment between May and June last year after taking prior permission from the regulator. After the equipment arrived in Bangladesh, the BTRC's regulatory bar halted the import procedure, said a top official of the regulator. Meanwhile, the carrier on August 5 and August 27 applied before the commission and asked them to release their equipment considering customer service. Besides, the apparatus was imported before the bar was issued, it said.

<https://www.thedailystar.net/business/news/grameenphones-new-run-btrc-1851562>

Walton's Initial Public Offering (IPO) bidding approved

- Bangladesh Securities and Exchange Commission approved bidding for discovering cut-off price of Walton Hi-Tech Industries. When a company seeks a premium over its face value to go for initial public offering, institutional investors bid for discovering a price for them. General investors buy the shares at 10% lower than the price. Walton wants to raise BDT 1 billion to expand business and repay bank loans.
- Walton Hi-Tech Industries is the manufacturer of multi-staged refrigerator, freezer, air conditioner, television and motorcycles. As per the financial statement for the year ended on June 30, 2019 the company's net asset value (NAV) with revaluation reserve is BDT

243.16 per share, while the NAV without revaluation reserve stood at BDT 138.53 per share. For same period, the company's earnings per share (EPS) is BDT 28.42 as per weighted average calculated after tax.

<https://www.thedailystar.net/business/news/waltons-ipo-bidding-approved-1851040>
<https://today.thefinancialexpress.com.bd/stock-corporate/walton-to-raise-BDT-10-billion-under-book-building-method-1578419098>
<https://www.newagebd.net/article/95925/bsec-allows-walton-hi-tech-to-discover-ipo-price>
<https://www.dhakatribune.com/business/2020/01/07/walton-gets-bsec-nod-to-discover-ipo-cut-off-price>

Islamic Finance's BDT 3.00 billion bond gets nod

- The stock market regulator has approved a proposal of Islamic Finance and Investment Ltd to raise BDT 3.00 billion by issuing Mudaraba redeemable non-convertible subordinated bonds. Banks, corporates, insurance companies, non-bank financial institutions and any eligible investors would be allowed to buy the bond through private placement. The bond will have a tenure of seven years and the proceeds will be used for business expansion, loan repayment and other purposes. The offer price will be BDT 2.5 million per unit.

<https://www.thedailystar.net/business/news/islamic-finances-BDT-300cr-bond-gets-nod-1851043>

Bangladesh Telecommunication Regulatory Commission (BTRC) invites fresh bids for Banglalink auditor appointment

- The Bangladesh Telecommunication Regulatory Commission (BTRC) will conduct an information system audit or complete inspection in Banglalink to scrutinize all types of relevant records of the company. The audit will assess legal, financial and technical compliance of the mobile operator with provisions of the Telecommunication Act 2001 and its amendments, licensing obligations, and the rules, regulations, directives, orders, and decisions etc. of the government and the commission since its inception in November 1996 until December 2019.
- Banglalink is a fully-owned company by Telecom Ventures Limited of Malta. The operator's ownership went through multiple share transfers since its inception. Its subscriber base is approximately 35.049 million as of October 2019, according to the regulator.

<https://today.thefinancialexpress.com.bd/trade-market/btrc-seeks-eoi-to-hire-auditor-for-banglalink-1578332171>
<https://www.thedailystar.net/business/news/btrcs-third-attempt-audit-banglalink-1850620>
<https://www.newagebd.net/article/95820/btrc-invites-fresh-bids-for-bl-auditor-appointment>

Investment Corporation of Bangladesh (ICB) caving in under burden to prop up stocks

- Investment Corporation of Bangladesh is metamorphosing into a loss-making concern for making supporting the stock market its chief objective rather than making money, fattening the list of unprofitable state-owned enterprises. In the first quarter of fiscal 2019-20 the listed investment bank incurred losses of BDT 1.34 billion, when it had not seen losses in the last 12 years at least, as per its available annual reports.

- The problem started from the last fiscal year, when its profits plunged to a 12-year-low of BDT 601.3 million due to a big blow from capital gain, its biggest income source. Capital gain, which refers to the profit earned by selling shares at a price higher than their buying price, had dropped about 42% year-on-year to BDT 4.63 billion.

- ICB's portfolio value stood at BDT 126.25 billion at the end of fiscal 2018-19. Had the company sold off its holdings on June 30 last year it would have garnered losses of about BDT 10.18 billion. Even after the market crash of 2010 ICB logged in more than BDT 3 billion profits in every year until fiscal 2018-19.

<https://www.thedailystar.net/business/news/icb-caving-under-burden-prop-stocks-1850110>

High Court asks Robi: Pay Bangladesh Telecommunication Regulatory Commission (BTRC) BDT 1.38 billion in five months

- The High Court on Sunday ordered the Robi Axiata Limited to pay BDT 1.38 billion to Bangladesh Telecommunication Regulatory Commission's (BTRC) out of its claim of BDT 8.67 billion in five equal instalments in five months. The court also asked the mobile phone operator to pay the first instalment within January 30.

- The Barrister who appeared for Robi said, the HC has issued an injunction upon the BTRC initiatives to realize the money of its audit claim of BDT 8.67 billion from Robi subject to payment of BDT 1.38 billion to BTRC in five equal instalments in five months. It also ordered the BTRC to give NOC to Robi immediately for buying its equipments. The lawyer also said if Robi fail to pay the instalments the HC order would be vacated automatically.

<https://today.thefinancialexpress.com.bd/last-page/pay-btrc-BDT-138b-in-five-months-1578246505>

<https://www.thedailystar.net/frontpage/news/pay-BDT-138cr-5-months-1849966>

<https://www.thedailystar.net/business/news/hc-asks-robi-pay-btrc-BDT-138cr-1850098>

<https://www.newagebd.net/article/95705/high-court-directs-robi-to-pay-BDT-138cr-to-btrc>

<https://www.newagebd.net/article/95685/pay-btrc-BDT-138-cr-in-5-months-hc-asks-robi>

<https://www.dhakatribune.com/bangladesh/court/2020/01/05/hc-asks-robi-to-settle-BDT138cr-of-btrc-audit-claim>

Square Pharma stock price sinks for no reason

- Despite logging in double-digit growth year after year, Square Pharmaceutical's stock price is tanking for the last few months. So much that it hit a six-year low of BDT 182 last week, according to data from the Dhaka Stock Exchange (DSE). The plunge is not based on Square Pharma's performance, said Chief Executive Officer of Amarstock, a website that provides technical analysis on the market movements.

- Today, it has 858 products, with 16 of them amongst the top 50 pharma brands in Bangladesh. Seclo, a tablet for gastric ulcer, is its most popular product. In 1987 it pioneered export of medicines from Bangladesh. And today, its products are shipped to 42 countries. In the last financial year, exports brought home BDT 1.49 billion, up 2.76% year-on-year. It logged in 10.85% higher consolidated turnover and 9.01% upper profits in the 2018-19 financial year. The company has no long-term loans outstanding; it operates with its own long-term sources and shareholders' equity. For the last five years at least, it has been providing more than 42% dividend.

- The drug maker is setting up a unit in Kenya for USD 21 million to manufacture and sell generic pharmaceutical medicines in Kenya and in the East African Community (EAC). The plant, whose working capital requirement is USD 4 million, will have the capacity to manufacture 2 billion tablets and capsules and 30 million bottles of liquid formulation each year. The project is expected to be complete this year, with trial and commercial production to commence in June and September respectively.

- The domestic pharmaceutical market size stood at BDT 223.52 billion with a 16.71% compound annual growth rate in the last five years. The pharmaceuticals sector providing about 98% of the total medicine requirement of the domestic market and exports to more than 147 countries. The local companies control 90% of the market and multinationals 10%. The country's pharma sector has the potential to grow at 15% for the next five years, riding on the expanded domestic market as well as new export frontiers.

<https://www.thedailystar.net/business/news/square-pharma-stock-price-sinks-no-reason-1848832>

Involve Non-Resident Bangladeshis (NRBs), give fiscal support for bond market development

- A tripartite committee formed to facilitate trading of government securities on the stock exchange has suggested that the government provide policy support to engage non-resident Bangladeshis in the country's bond market and give fiscal support for the investors for the development of the secondary bond market.

- The committee suggested that the government provide fiscal support and tax incentive to the investors, at individual and institutional levels, to develop the bond market. The committee also said that a policy framework must be designed effectively to enable NRBs to invest in the Bangladesh bond market. Besides, international road-shows should be organized to attract investment from the NRBs as well from the foreigners.

- To attract more investors, the committee proposed reducing face value of government securities to BDT 50,000 from existing BDT 0.1 million. Transaction charge should be BDT 100 per order where member dealer will get 25%, stock exchange 35%, BB 15% and brokerage house 25%. Currently, the BB is not charging any fee. Besides, all fees related to listing, relisting, delisting and continued listing were proposed to be waived for trading of government securities by the BSEC.

<https://www.newagebd.net/article/95507/involve-nrbs-give-fiscal-support-for-bond-market-development>

Active BO (beneficiary owner's) accounts down 7.25% in 2019

- The number of active BO (beneficiary owner's) accounts declined 7.25% in the just concluded calendar year from the number of accounts observed at the end of previous year. The officials familiar with the matter said a good number of BO accounts were closed in 2019 due to non-payment of maintenance fees and a regulatory move taken to ensure compliances. The number of active BO accounts stood at 2.57 million on December 30, 2019 whereas the number of accounts was 2.78 million at the end of 2018.

- Currently, an investor has to pay BDT 450 per annum to keep his/her BO account active. Of BDT 450, BDT 200 goes to the public exchequer, BDT 100 to depository participants (DPs), BDT 100 to the CDBL and the remaining BDT 50 to the BSEC.

<https://today.thefinancialexpress.com.bd/stock-corporate/active-bo-accounts-down-725pc-in-2019-1578152348>

Turnover on over-the-counter (OTC) market hits two-year low

- Transaction on over-the-counter (OTC) market on the Dhaka Stock Exchange (DSE) slumped 68% year-on-year in 2019, hitting two-year low amid gloomy market outlook. The shares of the companies, which were de-listed from the main trading floor, are traded on the OTC market. The Bangladesh Securities and Exchange Commission (BSEC) formally launched the OTC market on September 06, 2009 in an effort to facilitate the trading of de-listed companies. Market operators said OTC market of the DSE remained almost inoperative since its launching 10 years back, causing only sufferings to some investors rather than relieving them.
- Currently, 65 companies are listed on the OTC market which started with 51 companies in 2009. Between January 01 and December 30, 2019, about 15.37 million shares worth BDT 223 million had been traded in the OTC market. In 2018, about 21.68 million shares worth above BDT 703 million had been traded in the OTC market.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/turnover-on-otc-market-hits-two-year-low-1578067134>