

Capital Market Overview

The market closed in green this week. The benchmark index DSEX (+0.53%) gained 24.77 points and closed the week at 4,731.44 points. The blue-chip index DS30 (-0.18%) lost 2.92 points and stood at 1,647.71 points. The Shariah-based index DSES (+0.04%) gained 0.39 points and stood at 1,082.16 points. DSEX, DS30 and DSES all posted negative YTD return of 12.15%, 12.39%, and 12.22% respectively.

Total Turnover During The Week (DSE): BDT 23.8 billion (USD 285.8 million)
Average Daily Turnover Value (ADTV): BDT 4.8 billion (Δ% Week: +19.9%)

Market P/E: 13.65x

Daily Index Movement during the Week:

The market performed five sessions during this week. Market opened this week with a negative movement of 0.39% in the first session. However, the market turned around from the second session and posted positive 0.11%, 0.61%, 0.17%, and 0.02% in the second, third, fourth, and fifth sessions, respectively.

Sectoral Performance:

- The financial sectors showed mixed performance during this week. NBFIs booked the highest gain of 4.42% followed by Banks (+0.37%) and Life Insurance (+0.21%). General Insurance experienced the highest loss of 3.85% followed by Mutual Funds (-0.90%).
- The non-financial sectors showed negative performance during this week except Engineering (+1.29%). Telecommunication experienced the highest loss of 3.33% followed by Pharmaceuticals (-1.67%), Power (-0.96%), and Food & Allied (-0.43%).

Macroeconomic arena:

- The volume of classified loans in the country's banking sector rose further to hit an all-time high at BDT 1.16 trillion at the end of the third quarter of current calendar year. The share of classified loans rose to 11.99% of the total outstanding loans in September from 10.30% nine months ago.
- Country's NBFIs witnessed fund withdrawal pressure in the April-June quarter of the year 2019 with the total deposits in the entities dropped by 5.7% or BDT 26.47 billion. Total deposits in the NBFIs dropped to BDT 437.76 billion at the end of June this year from BDT 464.23 billion three months ago. The defaulted loans in NBFIs increased to BDT 73.2 billion at the end of June this year, representing 11% of outstanding loans. The private sector credit through NBFIs dropped to an all-time low 4.1% in the fiscal year 2018-19.
- The tax authority faces a revenue shortfall of more than BDT 149 billion during the first quarter of fiscal year 2019-2020. During the period, the National Board of Revenue was able to collect BDT 473.88 billion as tax revenue against the target of BDT 622.94 billion. Customs wing posted a negative 1.34% growth while the VAT arm 0.86% in the Q1.
- The country's budget deficit widened to over BDT 1.1 trillion in the past fiscal year, highest in a decade. The imbalance stood at 5.1% of the GDP in fiscal year 2019. The total revenue mobilized in the year was BDT 2.5 trillion against target of BDT 3.4 trillion.
- The government's borrowing from banks has escalated alarmingly. Until November 17, the government already borrowed 92% of its full-year target from the banking sector: BDT 434.11 billion.
- The country's external debt payment reached a new high of nearly USD 500 million in Q1 of this fiscal year. The repayment rose by over 24% to USD 495.2 million over the year-earlier period. Volume of interest payment jumped by 35% to USD 143.6 million.

Stock Market arena:

- The High Court issued a rule asking BTRC to explain why it should not be directed to refrain from realizing BDT 8.67 billion from mobile company Robi. The HC bench of Justice fixed December 1 for further order in this regard.
- The Appellate Division of the Supreme Court on Sunday ordered the Grameenphone to pay BDT 20 billion to the Bangladesh Telecommunication Regulatory Commission out of its audit claim of BDT 125.79 billion in dues, within the next three months.

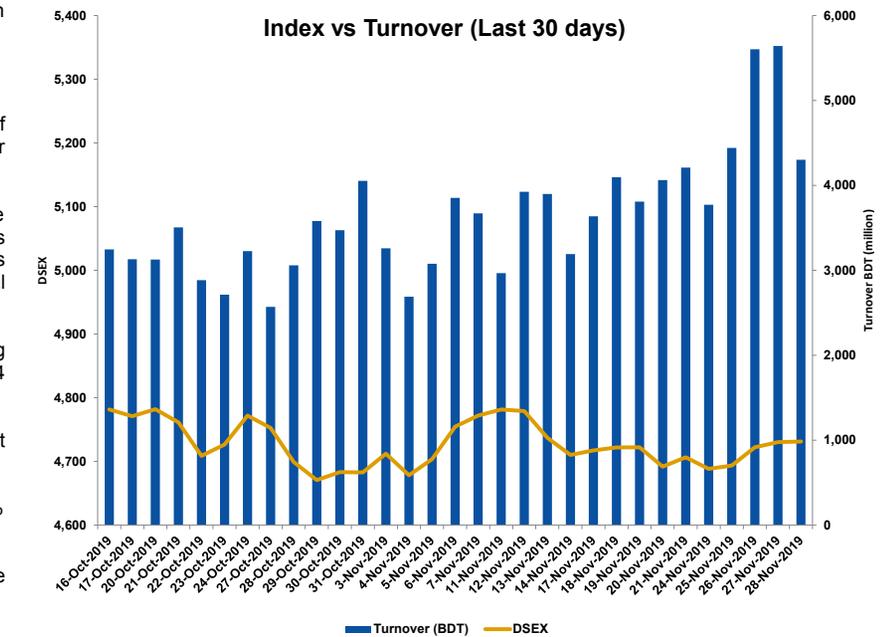
Table 1: Index

Index	Closing	Opening	Δ(Pts)	27-Dec-	Δ% Week	Δ%YTD
DSEX	4,731.44	4,706.67	24.77	5,385.64	0.53%	-12.15%
DS30	1,647.71	1,650.63	-2.92	1,880.78	-0.18%	-12.39%
DSES	1,082.16	1,081.77	0.39	1,232.82	0.04%	-12.22%

Table 2: Market Statistics

		This Week	Last Week	%Change
Mcap	Mn BDT	17,776,989.6	17,804,004.0	-0.2%
	Mn USD	213,845.7	214,170.6	
Turnover	Mn BDT	23,760.7	19,815.0	19.9%
	Mn USD	285.8	238.4	
Average Daily Turnover	Mn BDT	4,752.1	3,963.0	19.9%
	Mn USD	57.2	47.7	
Volume	Mn Shares	924.8	655.7	41.0%

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
Tosrifia Industries Limited	14.50	9.70	49.5%	961.7	37.73	NM	0.6x
Saiham Textile	39	28.30	36.7%	3,504.8	27.00	NM	2.0x
Zaheen Spinning Limited	8.00	5.90	35.6%	910.6	56.04	18.6x	0.7x
First Finance Limited	4.40	3.40	29.4%	511.4	.69	NM	0.8x
Progressive Life Ins	94.00	73.60	27.7%	1,209.4	20.58	NM	9.4x
Maksons Spinning Mills Limited	5.30	4.20	26.2%	1,262.6	34.64	747.1x	0.3x
Yeakin Polymer Limited	10.60	8.40	26.2%	781.2	48.74	50.2x	0.9x
R.N. Spinning Mills Limited	3.90	3.10	25.8%	1,530.9	19.48	NM	0.3x
Zahintex Industries Ltd	4.40	3.50	25.7%	360.0	1.66	NM	0.2x
New Line Clothings Limited	16.00	12.99	23.2%	1,196.7	106.46	15.3x	0.7x

Table 4: Top Ten Losers

Company Name	Close	Open	Δ%	Mcap (mn BDT)	Vol (mn BDT)	P/E	P/B
Safko Spinnings	9.30	11.70	-20.5%	278.8	11.86	NM	0.5x
M.L. Dyeing Limited	32.20	39.40	-18.3%	7,128.0	169.23	28.6x	1.8x
Legacy Footwear	73.10	84.60	-13.6%	956.1	129.16	35.3x	4.8x
Silco Pharmaceuticals Limited	30.10	34.80	-13.5%	3,124.6	91.19	14.5x	0.0x
National Tubes	138.30	159.10	-13.1%	4,815.9	463.74	229.8x	0.9x
Fortune Shoes Limited	26.80	30.60	-12.4%	3,850.5	483.12	14.6x	2.0x
Renwick Jaineswar	880.90	995.30	-11.5%	1,761.8	4.73	208.5x	NM
Shepherd Industries Limited	29.50	33.30	-11.4%	4,433.5	7.90	44.8x	1.7x
Rupali Life Insurance Co. Ltd.	50.00	55.70	-10.2%	1,442.4	158.26	NM	5.0x
Provati Insurance	29.20	32.00	-8.8%	867.3	91.45	15.7x	1.7x

Table 5: Top Ten Most Traded Shares

Company Name	Close	Open	Δ%	Mcap	Vol (mn)	P/E	P/B
LafargeHolcim Bangladesh Limited	38.50	31.60	21.8%	44,712.9	557.38	24.8x	2.9x
Sonar Bangla Ins	48.20	50.40	-4.4%	1,930.0	530.07	24.7x	3.1x
Square Pharmaceuticals	208.30	217.90	-4.4%	175,855.0	485.19	13.7x	2.7x
Fortune Shoes Limited	26.80	30.60	-12.4%	3,850.5	483.12	14.6x	2.0x
National Tubes	138.30	159.10	-13.1%	4,815.9	463.74	229.8x	0.9x
Beacon Pharmaceuticals Limited	35.40	34.10	3.8%	8,177.4	450.95	67.3x	2.8x
Lankabangla Finance	19.50	17.20	13.4%	10,007.0	423.54	17.6x	1.1x
Kattali Textile Limited	13.60	11.90	14.3%	1,464.6	411.77	6.0x	0.9x
BBS Cables Limited	67.60	63.82	5.9%	11,800.9	354.62	8.0x	3.4x
Grameenphone Ltd.	318.20	329.50	-3.4%	429,665.5	350.71	12.3x	10.1x

Table 8: Most Appreciated YTD in BRAC EPL Universe

Top 10 Most Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
Pragati Insurance	39.40	51.10%	2,584.3	12.4x
Marico Bangladesh Limited	1,702.20	41.83%	53,619.3	21.4x
The Premier Bank	13.10	29.32%	12,105.6	4.4x
Dutch-Bangla Bank	71.70	24.13%	35,850.0	7.3x
Pioneer Insurance	34.50	18.56%	2,414.3	7.7x
Glaxo Smithkline	1,716.60	18.37%	20,678.9	71.1x
Bank Asia Ltd.	19.30	14.49%	22,502.0	9.1x
Power Grid Co. of Bangladesh Ltd.	54.20	12.92%	24,981.5	6.2x
Linde Bangladesh Limited	1,300.50	8.52%	19,791.4	16.7x
IFIC Bank	9.70	7.68%	15,712.8	5.1x

Table 6: Sector Indices

Sector Name	Week Close	Week Open	Year Open	%Δ Week	%Δ YTD
Banks	1344.35	1339.35	1428.63	0.37%	-5.90%
NBFIs	1676.53	1605.62	2087.55	4.42%	-19.69%
Mutual Funds	599.05	604.49	644.52	-0.90%	-7.05%
General Insurance	1945.82	2023.66	1488.77	-3.85%	30.70%
Life Insurance	2111.16	2106.77	2251.96	0.21%	-6.25%
Telecommunication	4447.92	4601.04	5088.05	-3.33%	-12.58%
Pharmaceuticals	2670.39	2715.74	2698.49	-1.67%	-1.04%
Fuel & Power	1643.84	1659.78	1745.15	-0.96%	-5.81%
Cement	1258.07	1127.37	1676.63	11.59%	-24.96%
Services & Real Estate	930.26	918.22	1017.99	1.31%	-8.62%
Engineering	2452.92	2421.63	2933.11	1.29%	-16.37%
Food & Allied	13395.65	13454.11	15034.05	-0.43%	-10.90%
IT	1692.18	1663.42	1545.46	1.73%	9.49%
Textiles	1105.09	1030.07	1461.18	7.28%	-24.37%
Paper & Printing	5420.06	4960.28	9105.21	9.27%	-40.47%
Tannery	1848.48	1845.43	2560.38	0.17%	-27.80%
Jute	12319.66	12663.06	21417.92	-2.71%	-42.48%
Ceramics	488.92	491.49	579.64	-0.52%	-15.65%
Miscellaneous	1816.56	1814.85	1943.42	0.09%	-6.53%

Table 7: Sector Trading Matrix

Sector Name	Daily average this Week	Daily average last week	% Change	% of Total Turnover	P/E	P/B
Banks	518.2	259.1	100.01%	11.07%	7.2x	0.8x
NBFIs	223.1	143.1	55.99%	4.77%	81.5x	2.0x
Mutual Funds	71.2	276.2	-74.24%	1.52%	NM	0.5x
General Insurance	561.7	503.5	11.56%	12.00%	14.1x	1.3x
Life Insurance	74.3	47.8	55.40%	1.59%	NM	8.7x
Telecommunication	137.9	137.1	0.63%	2.95%	12.6x	9.2x
Pharmaceuticals	630.0	408.8	54.09%	13.46%	18.0x	2.4x
Fuel & Power	321.2	262.9	22.19%	6.86%	10.6x	1.9x
Cement	130.7	16.7	680.66%	2.79%	24.1x	2.3x
Services & Real Estate	65.8	34.0	93.92%	1.41%	112.3x	0.8x
Engineering	630.0	521.0	20.92%	13.46%	14.5x	1.4x
Food & Allied	157.4	92.3	70.41%	3.36%	25.6x	7.6x
IT	77.2	64.0	20.68%	1.65%	20.1x	2.5x
Textiles	641.2	284.1	125.68%	13.70%	NM	0.8x
Paper & Printing	20.9	10.9	91.31%	0.45%	306.4x	1.4x
Tannery	144.2	108.1	33.36%	3.08%	22.4x	2.0x
Jute	13.0	23.2	-43.72%	0.28%	NM	5.6x
Ceramics	64.7	147.6	-56.16%	1.38%	25.1x	1.8x
Miscellaneous	197.0	176.7	11.51%	4.21%	20.1x	1.0x

Table 9: Least Appreciated YTD in BRAC EPL Universe

Top 10 Least Appreciated Stocks	Close	Δ% YTD	Mcap (mn BDT)	P/E
IFAD Autos Limited	42.40	-60.89%	10,514.8	12.0x
International Leasing	5.70	-56.31%	1,264.3	32.0x
United Airways (BD) Ltd.	1.40	-51.72%	1,159.3	NM
Heidelberg Cement	167.20	-50.04%	9,447.4	59.6x
Aftab Automobiles Limited	26.30	-42.70%	2,517.8	26.0x
Bata Shoe	707.10	-36.66%	9,673.1	20.0x
AB Bank Limited	7.80	-35.00%	5,913.4	NM
Beximco Limited	15.40	-34.47%	13,495.3	9.9x
Prime Finance	6.50	-31.58%	1,774.0	3.3x
BSRM Steel	43.80	-26.88%	16,466.7	11.7x

Important News: Business & Economy

Volume of NPL up 24% in Q3

- The volume of classified loans in the country's banking sector rose further to hit an all-time high at BDT 1.16 trillion at the end of the third quarter of current calendar year despite close monitoring of the central bank. The amount of classified loans was BDT 993.71 billion a year ago.
- The amount of NPLs increased in the third quarter ending in September last as the regulator encouraged the practice of loan default through relaxation of its policies, a former deputy governor of the Bangladesh Bank (BB) said while explaining the rising trend of classified loans. Mentioning the global practices, the senior banker said the volume of default loans would decline in the event of punishment meted out to the defaulters. He also said the BB's existing policy support for loan defaulters might have encouraged some of the good borrowers to turn defaulters and avail such facilities.
- An executive director of BB said the amount of NPLs increased slightly in the Q3 compared with the preceding quarter in the current calendar year, because the central bank's instruction on policy support for loan defaulters and their one-time exit was yet to be fully implemented. He expected that the amount of classified loans would decrease in the final quarter of the year following full execution of the notification.
- The share of classified loans also rose to 11.99% of the total outstanding loans in September from 10.30% nine months ago. It was 11.69% on June 30, 2019.

<https://today.thefinancialexpress.com.bd/first-page/volume-of-npl-up-24pc-in-q3-1574877396>

<https://www.thedailystar.net/business/news/defaulted-loans-hit-all-time-high-1832884>

<http://www.newagebd.net/article/91964/default-loans-hit-BDT-116288cr>

<https://www.dhakatribune.com/business/2019/11/28/npls-rise-by-BDT3863-crore-in-3-months>

Revenue, job creation dismal despite high GDP growth: Government report

- Though the economy has been growing at a healthy pace in recent years, it has failed to raise revenue collection and private investment and create jobs as planned, according to a new government report. The report found three major disappointments in failure to increase the private sector investment as per target during the period, failure to increase the tax-to-GDP ratio, and slower pace of job creation. There was also inability to increase allocations for education, health and social protection for the poor and the vulnerable.
- In the first three years of the plan, the revenue had shown some significant gains, but the buoyancy in tax revenue disappeared thereafter and recorded a declining trend during the remaining years (FY13-FY17). By 2014-15, the tax-to-GDP ratio fell to 8.5%, which was well below the FY10 level. The report credited the initial progress to some minor reforms related to the VAT system and the widening of the base for withholding of VAT and direct taxes at sources.
- Nevertheless, a very large pool of educated youth remained unemployed primarily due to much slower than planned job creation in manufacturing and modern services. The

manufacturing sector expanded at double digit rates but job creation in the sector was not enough to allow more rapid intake from the growing labor force as well as from low-income agriculture and informal services. The report said the slowdown of employments in the garment sector since 2013 has been particularly problematic. The situation became more difficult because of the shortage of skilled workforce, adoption of labor-saving technologies and an inevitable consequence of widespread automation in industry.

- According to the report, rapid growth and progress in human development have allowed Bangladesh to sharply reduce poverty and secure the lower middle-income status in 2015. In 2018, Bangladesh met the thresholds to graduate from the least developed country status and is now on course to formally becoming a developing country by 2024.

<https://www.thedailystar.net/business/news/revenue-job-creation-dismal-despite-high-gdp-growth-1832881>

Unhealthy competition in loan takeover weakening banking sector: research

- Unhealthy competition among banks on loan takeover has resulted in vulnerability in the banking sector as most of the transferred loans became defaulted, according to a new research. Under the loan transferring system, widely known as loan takeover, a loan is taken over by another lender by paying off the old lender in full, after which the borrower starts paying instalments to the new lender. Due to the unhealthy competition among the banks on loan takeover, lenders provide money to borrowers beyond permissible limit, said the director general of the Bangladesh Institute of Bank Management (BIBM). He said assessors lack accountability for assessing the value of a collateral.
- He said financing large businesses by multiple banks leads to creation of excessive loans compared to requirements, giving scope to divert the excess funds to unspecified areas, mainly in speculative businesses. Under the circumstances, borrowers fail to generate cash flow from its operation to service the debt, which compels them either to become defaulted or repay loans of one bank by the fund borrowed from another bank, he said.
- Last year, only 20% banks disbursed loans to new sectors or industries, whereas 80% lenders were confined to old businesses, he said. Banks should explore new areas to disburse loans in the interest of the private sector, BB governor said.

<https://www.thedailystar.net/business/news/unhealthy-competition-loan-takeover-weakening-banking-sector-research-1832875>

<http://www.newagebd.net/article/91936/only-20pc-of-banks-issue-loans-to-new-sectors>

<https://www.dhakatribune.com/business/2019/11/28/above-two-thirds-of-banks-do-not-lend-to-new-industries-says-bb-governor>

Finance minister rules out trade war fallout

- The finance minister said on Wednesday Bangladesh's economy would not face any shock from the ongoing global trade war due to its strong base. He said development partners have already explained the reasons why Bangladesh's economy would not see slowdown. Referring to the IMF and the World Bank, he said developing countries such as Bangladesh will face difficulties only if these have higher debt in proportion to Gross

Domestic Product, GDP. Our loan is very small-some 33% of GDP. Nowhere in the world the ratio is so low. We have no problem at all, he said. The minister said countries having strong manufacturing sector, would not face difficulties. He insisted Bangladesh's main agenda is to keep the manufacturing sector strong by providing necessary assistance.

<https://today.thefinancialexpress.com.bd/first-page/finance-minister-rules-out-trade-war-fallout-1574877548>

Merge or divest State-owned Commercial Banks (SCBs) to bring down NPL: Asian Development Bank (ADB)

- The Asian Development Bank (ADB) strongly recommends merging or divesting the country's state-owned commercial banks (SCBs) in an effort to bring down the soaring non-performing loans in the banking sector. It also suggests not appointing bank directors on political considerations. To bar borrowers from taking loans from several banks using the same properties as collateral, the ADB in its policy recommendations suggests the government develop a data warehouse for collaterals. The ADB finds despite several measures, including loan classification and provisioning with international standard, the NPL in the banking system is still very high. At the end of June this year, of the total NPLs, defaulted loans of six state-owned commercial banks stood at BDT 537.45 billion or 31.58% of their total disbursed loans, according to BB data.

- The ADB also suggests establishing a state-run asset management company (AMC) to expedite NPL resolution process in the banking sector as other Asian countries have successfully implemented such framework. After taking over the NPLs and repacking those, the AMC can sell those in the market at more realistic price to encourage banks to expedite the reticulation process. ADB says it will consider financing such AMC, along with its ongoing technical assistant, if the government proposes so.

<https://www.dhakatribune.com/business/2019/11/26/merge-or-divest-scbs-to-bring-down-npl>

Government mulls asset management company to cut non-performing Loans

- The government is actively considering formation of an asset management company (AMC) to resolve a rise in non-performing loans (NPLs) in banks and financial institutions. Additional Secretary of the Financial Institutions Division said they have initiated to update laws and introduce new policies, including formation of an AMC. He hinted at visible results within the next two to three months. After taking over the NPLs and repacking those, AMC can sell those in the market at more realistic prices to encourage banks to expedite the reticulation process. Currently, the net NPL is 2.5% and the gross NPL is 11.69%. We have witnessed that NPL is SCBs is higher than private banks, the Bangladesh Bank Deputy Governor said.

<https://today.thefinancialexpress.com.bd/last-page/govt-mulls-amc-to-cut-npls-1574789253>
<https://www.thedailystar.net/business/news/adb-help-fight-bad-loans-1832335>
<http://www.newagebd.net/article/91841/formation-of-asset-mgmt-cos-planned-to-recover-bad-loan>

The Executive Committee of the National Economic Council (Ecne) clears six projects involving BDT 73.12 billion

- The Executive Committee of the National Economic Council (Ecne) on Tuesday approved six projects involving BDT 73.12 billion, including a BDT 59.50 billion scheme to expand Dhaka and Western Zone Transmission Grid to different upazilas in 17 districts of Dhaka, Khulna and Barishal divisions.

- Of the total cost, BDT 27.785 billion will come from government fund, while BDT 3.217 billion from the own fund of organization concerned (PGCB) and BDT 42.123 billion from foreign sources as project loan, the Planning Minister said. Among the approved projects, five are new and one is a revised one.

- According to the Planning Commission factsheet, the Dhaka and Western Zone Transmission Grid Expansion Project will be implemented by June 2024 for meeting the growing electricity demand through enhancing capacity and strengthening the existing transmission infrastructure. Power Grid Company of Bangladesh (PGCB) will implement the project with an estimated cost of BDT 59.499 billion. Of the cost, BDT 42.12 billion will come from the Asian Development Bank (ADB) and Asian Infrastructure Investment Bank (AIIB) as project loan, while BDT 14.16 billion from the national exchequer and BDT 3.21 billion from the own fund of PGCB.

- The rest four projects were placed for the clearance of Ecne to improve highways in four places.

<https://today.thefinancialexpress.com.bd/trade-market/ecne-clears-six-projects-involving-BDT-7312-billion-1574792173>

<https://www.thedailystar.net/business/news/ecne-okays-6-projects-worth-BDT-7312cr-1832305>

Deposits in non-bank financial institutions (NBFIs) drop by 5.7% in April-June

- Country's non-bank financial institutions witnessed fund withdrawal pressure in the April-June quarter of the year 2019 with the total deposits in the entities dropped by 5.7% or BDT 26.47 billion in the period amid growing public distrust of the entities. As per the Bangladesh Bank's latest report, the total deposits in the NBFIs dropped to BDT 437.76 billion at the end of June this year from BDT 464.23 billion three months ago.

- Due to corruption and huge irregularities in loan disbursement, the defaulted loans in NBFIs increased to BDT 73.2 billion at the end of June this year, representing 11% of outstanding loans in the sector, the BB data showed. The BB, however, calculated the defaulted loans in the NBFIs sector without taking BDT 7.48 billion defaulted loans of People's Leasing into consideration as the entity is under the liquidation process.

- Another BB report showed that only four out of 34 non-bank financial institutions were positioned in the green zone while 18 in the yellow zone and 11 including PLFS and Bangladesh Industrial Finance Company in the red zone.

- Due to the fall in deposits, the private sector credit through NBFIs dropped to an all-time

low 4.1% in the fiscal year 2018-2019. As per the BB data, fixed deposits, representing 96.17% of the deposits in the NBFIs, dropped by BDT 26.53 billion to BDT 421 billion at the end of June this year from BDT 447.52 billion three months ago. Special purpose deposits in NBFIs, however, increased by BDT 3.24 billion to BDT 7.09 billion at the end of June from BDT 3.85 billion three months ago.

- The amount of non-performing loans in the country's banking sector increased to BDT 2.2 trillion at the end of March this year. Of the amount, BDT 1.12 trillion was recoverable, while BDT 300 billion was not recoverable and the recovery of loans amounting to BDT 800 billion was stalled by courts.

<http://www.newagebd.net/article/91727/deposits-in-nbfis-drop-by-57pc-in-april-june>

Government plans to issue new telecom licenses for 5G

- The government is planning to issue new mobile phone licenses to roll out 5G technology as a number of foreign companies are keen to invest in the fast expanding telecommunication sector. Representatives of mobile companies from Japan, Korea and Saudi Arab recently held meetings with senior officials at the Ministry of Post and Telecommunication to discuss the matter, said officials. On October 17, Post and Telecommunication Minister Mustafa Jabbar announced that 5G technology would be launched across the country, a faster internet technology, by 2021.

- Bangladesh Telecommunication Regulatory Commission (BTRC) already started to formulate a guideline for the 5G roll-out, it was learnt. The BTRC plans to cover the entire country (up to upazila level, growth centres and railway stations) with 5G by 2026. The BTRC team was considering to introduce 5G in 2.6 and 3.5 Gigahertz band spectrum, said a commission's top official.

- In February last year, the government provided 4G license to four mobile phone companies through an spectrum auction and earned BDT 52.69 billion in revenue. Banglalink took 10.6 MHz spectrum from different two bands – 2100 and 1800, with a price of BDT 25.58 billion while Grameenphone took 5MHz from 1800 band with a price of BDT 12.84 billion. Robi did not buy any spectrum as it and Airtel merged while Teletalk has already enough spectrum to launch the 4G services.

<https://www.dhakatribune.com/business/2019/11/25/govt-plans-to-issue-new-telecom-licences-for-5g>

0.7 million new mobile subscribers added in October

- The country's mobile phone operators added 0.7 million new subscribers in October, taking the total number of mobile phone subscribers to 164.1 million, says the telecom regulator. BTRC data showed, leading mobile phone company Grameenphone (GP) added 0.3 million new subscribers in October, taking the company's total number of subscribers to 76.0 million. Robi, the second largest mobile phone operator, roped in 0.2 million new subscribers in the month, taking its total number of subscribers to 48.3 million. Banglalink's total number of subscribers stood at 35.0 million as the mobile telephone company added 0.1 million new subscribers over the month. Teletalk, the state -run mobile phone operator, added 0.18 million new subscribers over the one-month period, taking the company's total

number of subscriber to 4.71 million.

- According to the officials at the GP and Robi, the ongoing dispute of BTRC's audit claim of BDT 134.46 billion slowed down their subscribers growth. Besides, the officials said that the telecom regulator's move to withhold approvals for new package, and put bars on the import of network equipment further drag on their new subscribers. They said since July 22 of this year the BTRC had not been allowing the two mobile phone operators neither to offer new packages nor renew their exiting offers. Under these circumstances, GP and Robi had been more focused on customers' retention; rather than gaining new ones, the officials of the two companies added.

<https://www.dhakatribune.com/business/2019/11/25/seven-lakh-new-mobile-subscribers-added-in-october>

Policy panel worried as tax collection dips

- Falling revenue has worried top policymakers as a coordination council sat on Monday to take stock of the situation. The meeting weighed options, including widening the area of value added tax, VAT, net to help offset the revenue deficit. It also discussed the possibility of trimming the existing tax exemption facilities offered to different sectors. The tax authority faces a revenue shortfall of more than BDT 149 billion during the first quarter of fiscal year 2019-2020. During the period, the National Board of Revenue, NBR, was able to collect BDT 473.88 billion as tax revenue against the target of BDT 622.94 billion, according to official figures.

- The meeting discussed the key indicators of the macro-economy, including the exchange rate of the local currency against the US dollar and the government's bank borrowing, according to sources. Regarding the exchange rate, the meeting said the exchange of Bangladesh Taka will be adjusted in line with the market requirements, they added. The greenback was quoted at BDT 84.80 each in the inter-bank market on November 14 against BDT 83.90 on January 02 this calendar year. The latest depreciation came against the backdrop of falling trend in the export income during the first four months of the current fiscal.

- Meanwhile, the government's net bank borrowing stood at BDT 440.97 billion, which was more than 93% of the total target as of November 19 of FY '20, according to a the BB's confidential report. Of the total, the government borrowed BDT 373.74 billion from the banks using treasury bills and bonds, and the remaining BDT 67.23 billion from the central bank. A falling trend in sales of national savings certificates coupled with a shortfall in revenue collection has led to higher bank borrowing by the government during the first quarter, said banking sector insiders.

<https://today.thefinancialexpress.com.bd/first-page/policy-panel-worried-as-tax-collection-dips-1574703012>

Insurers can now invest in infrastructure bonds

- The government has created scope for life insurance companies to join hands with it in development work through investing in infrastructure bonds. Officials concerned said a new regulation to this end has also allowed the insurers to invest in immovable assets in city

corporation and municipal areas.

- The regulation stipulates that a life insurer must invest at least 30% of its assets in government securities to ensure its contribution to development. It also mandates that a company must invest assets, equivalent to its liabilities, in Bangladesh. A life firm would be able to invest its remaining assets outside Bangladesh with government approval.
- An insurer can invest 15% of its remaining assets in government's infrastructure and other bonds, 5.0% in debenture of any companies. It can also invest 10% in the Securities and Exchange Commission-issued debenture, 10% of its paid-up capital or 5.0% of total assets in bourse-listed shares. A company will be able to deposit the maximum 60% of its remaining assets in scheduled banks. As per the new regulations, a life insurer will be able to invest up to 20% of its assets in the mutual funds and unit funds. A company will be able to invest 10% of its assets in the fixed deposit schemes in the non-banking financial institutions under certain conditions. It can invest 20% of its assets in immovable assets in a city corporation or municipal area. An insurer will also be able to invest 10% of assets in its subsidiary companies.

<https://today.thefinancialexpress.com.bd/last-page/insurers-can-now-invest-in-infrastructure-bonds-1574617276>
<http://www.newagebd.net/article/91631/life-insurers-must-invest-30pc-assets-in-government-bonds>

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 Moheshkhali. 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>

Important News: Capital Market

Ring Shine to debut on Dhaka Stock Exchange (DSE) after record date

- The trading of shares of Ring Shine Textiles will likely to begin after the record date related with corporate disclosure to avoid possible conflict with securities rules as a recent BSEC directive has imposed circuit breaker on companies' shares from the first trading day. Ring Shine on November 21 declared 15% stock dividend for the year ended on June 30, 2019 for the first time after six years, as per available information in its IPO prospectus. It set December 11 for record date.

<http://www.newagebd.net/article/91940/ring-shine-to-debut-on-dse-after-record-date>

Bangladesh Securities and Exchange Commission (BSEC) approves BDT 6.0 billion Islami Bank bond

- The securities regulator has approved a mudaraba redeemable non-convertible subordinated bond worth BDT 6.0 billion in favor of Islami Bank Bangladesh. The tenure of the fully redeemable non-convertible, unsecured, non-listed subordinated bond will be seven years. The fund will be raised to strengthen the bank's Tier-2 capital base. The face value of each unit of the bond will be BDT 10 million. The units will be sold to the financial institutions, insurance companies, foreign development partners, corporate bodies through private placements. The trustee and mandated lead arranger of the bond are Green Delta Insurance and Standard Chartered Bank respectively.

- The BSEC also gave consent to the Power Grid Company's proposal to raise paid-up capital. As per the BSEC approval, the state-run company will issue more than 251.81 million ordinary shares, aiming to raise BDT 2.51 billion from the existing shareholders.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-approves-BDT-60b-islami-bank-bond-1574871915>

<https://www.thedailystar.net/business/news/islami-banks-BDT-600cr-bond-gets-nod-1832866>

<http://www.newagebd.net/article/91939/bsec-allows-pgcb-to-issue-25cr-shares-to-bpdb>

<https://www.dhakatribune.com/business/2019/11/28/bsec-to-amend-securities-rules-approves-islami-bank-s-BDT600-crore-bond-2>

High Court asks Bangladesh Telecommunication Regulatory Commission (BTRC) to explain its payment dispute with Robi

- The High Court on Monday issued a rule asking Bangladesh Telecommunication Regulatory Commission to explain why it should not be directed to refrain from realizing BDT 8.67 billion from mobile company Robi. Issuing the rule, the HC bench of Justice fixed December 1 for further order in this regard.
- On July 31, BTRC issued a letter to Robi demanding payment of BDT 8.67 billion.

<http://www.newagebd.net/article/91791/hc-asks-btrc-to-explain-its-payment-dispute-with-robi>

Confidence Power Bogra starts operation

- Confidence Power Bogra Ltd, a 99% subsidiary of Confidence Power Holdings Ltd, has started commercial operation upon successful testing and commissioning. The Confidence Power Holdings is an associate company of Confidence Cement Ltd. The Confidence Cement, a listed company, has 41% stake in Confidence Power Holdings, said an official disclosure on Monday. According to the disclosure, the Confidence Power Bogra has begun commercial operation of its heavy fuel oil (HFO)-based, net 113 MW power plant situated at Natore-Bogura Highway at Birgram, Bogura, consisting of Unit of MAN Diesel & Turbo SE (Engine) supplied by Germany, XD (Sub-station) by China, MAN (Turbine) and ME (Boiler) by India. The whole production of electricity will be sold to the Bangladesh Power Development Board (BPDB), said the disclosure.

- In January 2018, the board of directors of the Confidence Cement agreed to invest in the new power plant projects located at Bogra, Rangpur and Chittagong under Confidence Power Holdings. The Confidence Power Bogra Unit-2, a 99% subsidiary of Confidence Power Holdings, also started commercial operation on March 30, this year. Confidence Power Rangpur also started commercial operation on August 2 of this year.

<https://today.thefinancialexpress.com.bd/stock-corporate/confidence-power-bogra-starts-operation-1574704457>

Supreme Court orders GP to pay BDT 20 billion in three months

- The Appellate Division of the Supreme Court on Sunday ordered the Grameenphone (GP) to pay BDT 20 billion to the Bangladesh Telecommunication Regulatory Commission (BTRC), out of its audit claim of BDT 125.79 billion in dues, within the next three months. If the telecom operator fails to pay the amount within the stipulated time, the High Court

injunction against the realization of BDT 125.79 billion by BTRC would be vacated, the apex court added.

- In a statement following the court order, the Grameenphone has reaffirmed its commitment to resolving the audit issue amicably in a transparent manner. The telecom operator further said that the existing stay order remains effective and continues to restrain BTRC from taking actions based on the incorrect audit report. Therefore, they look forward to BTRC to immediately comply with the valid injunction order and not to obstruct Grameenphone from proceeding with its planned network expansion and offer products and services to its customers.

<https://today.thefinancialexpress.com.bd/first-page/sc-orders-gp-to-pay-BDT-20b-in-three-months-1574616846>
<https://www.thedailystar.net/frontpage/news/btrc-audit-claim-sc-asks-gp-pay-BDT-2000cr-1831585>
<http://www.newagebd.net/article/91596/appellate-division-asks-gp-to-pay-btrc-BDT-2000cr-in-3-months>
<https://www.dhakatribune.com/business/2019/11/24/sc-order-leads-to-gp-share-price-fall-by-5-58>

IFAD Autos to issue coupon bearing bond

- IFAD Autos Ltd, the automobile dealer, has decided to raise up to BDT 3.0 billion through coupon bearing non-convertible fully redeemable bond, said an official disclosure on Sunday. The name of the bond is "IFAD Autos Coupon Bearing Bond" which will be issued to a group of investors. The tenor of the bond will be five years, according to the disclosure. The bond issue is subject to the final approval of the Bangladesh Securities and Exchange Commission (BSEC), said the disclosure.

<https://today.thefinancialexpress.com.bd/stock-corporate/ifad-autos-to-issue-coupon-bearing-bond-1574612060>

Bank Asia to expand agent banking

- Bank Asia Limited has planned to expand its agent banking initiative in each village of Bangladesh within the next five years, the bank's top executive said on Sunday. The leading private commercial bank (PCB) has also decided to diversify its investment portfolios focusing retail and small and medium enterprises (SME) instead of corporate one in the next five years. Under the latest strategies, the investment in retail and SME will rise to 50% of its total loans and advances during the period under review from the existing level of 35% while the investment in corporate entities will come down to 50% from the existing level of 65%.

- In 2014, the Bank Asia introduced agent banking services for the first time in Bangladesh aiming to help minimize the social inequality through empowering particularly the small and vulnerable income groups across the country. Bank Asia has already collected more than BDT 12 billion so far as low-cost deposit mostly from rural people through setting up 3317 agent banking points across the country.

<https://today.thefinancialexpress.com.bd/stock-corporate/bank-asia-to-expand-agent->

[banking-1574611935](https://www.thedailystar.net/business/news/bank-asia-chalks-out-five-year-plan-reach-the-unbanked-1831474)
<https://www.thedailystar.net/business/news/bank-asia-chalks-out-five-year-plan-reach-the-unbanked-1831474>
<http://www.newagebd.net/article/91644/bank-asia-eyes-reaching-every-corner-of-country-in-5yrs>

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>