

Following is a summary of important business news published in the leading daily newspapers of Bangladesh. For the complete news, please follow the online link given below each news. Please note that the news summary doesn't reflect the opinion of BRAC EPL Stock Brokerage Limited.

Banks agree to cut industrial loan rate to single-digit soon

- Top managements of the country's banks have agreed to bring down their industrial lending rate to single-digit and lessen the amount of classified loans shortly. The consensus came in a meeting of the chairmen and managing directors of both public and private sector banks with the Finance Minister. The finance minister, flanked by Prime Minister's Private Industry and Investment Adviser and the Bangladesh Bank (BB) Governor, expressed hope that the amount of classified loans in banking sector will come down by December 31.
- Meanwhile, hours after the meeting, the central bank formed a seven-member high-powered committee, headed by its deputy governor, to find out ways for bringing down the industrial lending rate to single-digit shortly. Representatives from the stakeholders concerned, including the BB as well as the public and private sector banks, will be included in the committee.
- Regarding the amount of non-performing loans (NPLs), the minister expected that it will decrease by the end of December following implementation of the BB's recent circular relating to special policy on loan rescheduling and one-time exit. On May 16, the central bank offered a special facility to loan defaulters, allowing them to reschedule their loans for a maximum period of 10 years by paying 2.0% down-payment. The minister also said the single-digit interest rate on lending will also help bring down the amount of NPLs. The volume of default loans jumped by nearly 24% to BDT 1,162.88 billion, as on September 30, from BDT 939.11 billion, as on December 31, 2018, despite the BB's close monitoring.

<https://today.thefinancialexpress.com.bd/first-page/banks-agree-to-cut-industrial-loan-rate-to-single-digit-soon-1575221951>

<http://www.newagebd.net/article/92400/bangladesh-bank-appoints-committee-to-reduce-interest-rate-at-single-digit>

<https://www.thedailystar.net/frontpage/bangladesh-bank-may-cap-industrial-loans-interest-rates-1834498>

<https://www.dhakatribune.com/business/2019/12/01/bb-forms-body-on-reducing-npls>

Remittance soars 22.5% in July-Nov on incentive

- Remittance inflow rose by 22.54% year-on-year in July-November of this fiscal year of 2019-2020 amid a sharp growth in remittance receipts in last three months due to disbursement of incentive against remittance and appreciation of the dollar against the taka. In the five months of FY20, the country received USD 7.71 billion in remittance, up USD 1.42 billion on USD 6.29 billion in the same period of the previous fiscal year.
- Bangladesh Bank officials said that the inflow of remittance had witnessed a significant growth recently amid the government's move to issue 2% cash incentive against the inward remittances. The government's move has prompted many expatriates to send money through the banking channel instead of sending through the illegal channel known as 'hundi', increasing the volume significantly in last couple of months, they said. Apart from the incentive factor, depreciation of the local currency taka has become another incentive for the expatriates. The interbank exchange rate of a US dollar increased to BDT 84.90 on Sunday from BDT 83.9 at the beginning of January this year.

<http://www.newagebd.net/article/92371/remittance-soars-225pc-in-july-nov-on-incentive>

Economic woes grow as private sector credit growth hits fresh 9 year low

- The private sector credit growth hit a fresh nine-year low of 10.04% in October this fiscal year (2019-2020), reflecting a gloomy state of the country's economy. Besides, a sharp rise in the government's borrowing from the banking system and sluggish business activities in the country were other reasons for the plunge in credit flow to the private sector. The private sector credit growth in October was the lowest since the 6.09-per cent growth in September of the fiscal year of 2010-2011. As per the Bangladesh Bank data, the amount of credit to the private sector stood at BDT 10.26 trillion in October this year against BDT 9.32 trillion in October last year.
- Like the other indicators, the private sector credit growth is showing the same downward trend, and it only reconfirms that the economy has weakened and continues weakening, Policy Research Institute executive director said. The country's export earnings in the first four months (July-October) of FY20 posted a negative growth, while import payments also dipped in the first quarter (July-September) while tax revenue collection also languished in the first quarter. As of now, there is no sign of reversal, he said, adding that the economy still continued declining in terms of private sector credit growth and the situation could not be good for investment, private sector development and employment generation. As the government continues borrowing from the banking system, the outlook for the private sector credit appears grim, he added.

<http://www.newagebd.net/article/92369/economic-woes-grow-as-private-sector-credit-growth-hits-fresh-9-yr-low>

Cement sector in trouble: Manufacturers blame non-adjustable advance income tax, source tax

- The cement sector has fallen into deep trouble for a “non-adjustable” clause incorporated on a 5% advance income tax (AIT) and 3% source tax, say Bangladesh Cement Manufacturers Association (BCMA). The AIT is basically tax calculated on income but paid in advance instead of at a year’s end. Cement manufacturers previously could adjust the figure later on based on the final tally of their income. They pay the AIT during import of raw materials and source tax during local sales of the product.
- The National Board of Revenue has proposed making the two forms of taxes non-adjustable from the current fiscal year considering those to be the minimum tax that the makers have to pay. The sum has turned into a reason for losses for the cement industry, said BCMA President.
- The manufacturers also pay a 5% customs duty and 15% value added tax. According to the BCMA, the industry sold 26.2 million tonnes of cement from January to October in 2018, which was 15.69% growth year-on-year. In comparison, there has been a 6.38% drop this year with 27.87 million tonnes being sold.
- There are 37 active cement factories in Bangladesh with a combined production capacity of 58 million tonnes per year against a demand for 33 million tonnes, meaning the capacity exceeds the demand by about 43%. According to him, the sector’s annual sales are worth around USD 3 billion, or BDT 255 billion. Of the consumption, individuals account for 25%, real estate companies and developers 30% and the government 45%.

<https://www.thedailystar.net/business/news/cement-sector-trouble-1834522>

Economic slowdown in India to impact Bangladesh: Former Finance Minister

- A former finance minister has said Bangladesh's economic growth might be impacted by the slowing down of neighboring India's economy. He opined that Bangladesh should be worried about the falling trend of Indian economy as it is the largest trade partner of Bangladesh. He, however, said Bangladesh's economy may remain buoyant in the next 2-3 years.
- The Indian GDP has been continuing its downward spiral for the seventh consecutive quarter, falling to 4.5% in the second quarter (July-September) of the fiscal year (FY) 2019-20. The GDP growth of last quarter, ending in September, was the slowest in more than six years. Indian economy previously achieved a 4.3% GDP growth in the final quarter (January-March) of FY 2012-13.

<https://today.thefinancialexpress.com.bd/first-page/economic-slowdown-in-india-to-impact-bd-fears-muhith-1575221899>

Chamber judge freezes LR Global stay order

- An Appellate Division chamber judge has frozen a stay order till Thursday on a replacement appeal by two mutual funds to change their asset manager, LR Global Bangladesh. The lawyer of IDLC Asset Management Ltd, a unitholder of the mutual funds, said that the seven institutional investors holding units in the Green Delta Mutual Fund and the DBH First Mutual Fund had filed the petition against the High Court Division stay order. So the Bangladesh Securities and Exchange Commission (BSEC) has no bar to changing the asset manager of both funds as per the unitholders’ wish, he said.

<https://www.dhakatribune.com/business/2019/12/01/chamber-judge-freezes-lr-global-stay-order>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$56.09	+0.92	+1.67%
Crude Oil (Brent)*	\$61.29	+0.80	+1.32%
Gold Spot*	\$1,459.20	-4.78	-0.33%
DSEX	4,758.81	+27.37	+0.58%
Dow Jones Industrial Average	28,051.41	-112.59	-0.40%
FTSE 100	7,346.53	-69.90	-0.94%
Nikkei 225	23,551.88	+257.97	+1.11%
BSE SENSEX	41,072.94	+279.13	+0.68%

Exchange Rates**USD 1 = BDT 84.81*****GBP 1 = BDT 109.52*****EUR 1 = BDT 93.45*****INR 1 = BDT 1.18***

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

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