

*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.*

### **Bank debt tops BDT 500 billion**

- The government's net bank borrowing crossed BDT 500 billion until middle of this month, compelled by the need for meeting budget deficit, officials said. Falling trend in sales of national savings certificates coupled with a shortfall in revenue collection has led to higher debt from the banking sector during the period, they noted. Of the total, the government borrowed BDT 434.60 billion from the banks using treasury bills (T-bills) and bonds, and the remaining BDT 73.81 billion has been sourced from the central bank.
- Senior bankers, however, said liquidity pressure on the market is already in evidence after higher bank borrowing by the government. Bankers feared liquidity pressure on the market would intensify in the coming months, particularly from the final quarter of this fiscal when the pace of implementation of annual development programme, or ADP, gets expedited. Besides, the demand for credit may go up from April since the regulator instructed the banks to implement single-digit interest rates on both lending and deposits, the CEO of Mutual Trust Bank explained.
- A senior central banker dismissed such an apprehension, though. He insisted there will be no crowding-out effects on the private sector since the government and private expenditures are substitutive not complementary.

<https://today.thefinancialexpress.com.bd/public/first-page/bank-debt-tops-BDT-500-billion-1579802502>

### **Stingy listed companies sap investor spirit**

- Most of the listed companies are keeping the majority of their profits instead of sharing the spoils with their shareholders in the form of cash dividends -- in yet another reason for the currently low confidence in the stock market.
- Of the 359 listed companies, 309 logged in profits in their last financial year. The 309 companies' total profits stood at BDT 230.15 billion, but 53.85% was retained by them. This, arguably, does not look too bad - and Grameenphone is to thank for it. If Grameenphone's dividend amount is taken out, the percentage that the companies hold on to for themselves rises to about 68%.
- Some 80 companies did not pay anything to the shareholders despite recording profits, according to data from the Dhaka Stock Exchange. And most of the companies' directors hold less than 40% shares. However, 34 companies provided higher dividends than their profits. Of them, 17 are mutual funds and three are multinationals.

<https://www.thedailystar.net/business/news/stingy-listed-companies-sap-investor-spirit-1858999>

### **Budget deficit crosses 5% for first time in 11 years**

- Budget deficit went past the sensible limit of 5% last fiscal year, for the first time in 11 years, largely because of lower-than-expected revenue collection, official figures showed yesterday. The deficit, a situation when spending exceeds revenue, was 5.18% in 2018-19, 4.05% a year ago, according to the data released by the finance division. The last time the fiscal deficit went past 5% was in 2007-08 when it stood at 5.8%.
- The revised budget aimed to generate BDT 3.17 trillion in revenues in the last fiscal year, but the government managed to earn BDT 2.52 trillion at the end, down 20.44%. Collection by the National Board of Revenue (NBR) was BDT 2.19 trillion against the target of BDT 2.8 trillion. Although the spending was down 13% to BDT 3.85 trillion against the planned BDT 4.43 trillion, it was enough for the budget deficit to overshoot the target.
- Low-cost foreign borrowing to bankroll the deficit financing declined compared to the target, while borrowing from the costly domestic sources went up. The government had aimed to borrow BDT 433.96 billion from external sources in FY19, but it stood at BDT 266.85 billion in the end. Domestic borrowing was up 5.5% at BDT 998.93 billion.
- Revenue generation by the NBR rose only by 0.8% in the first quarter of FY20 against 13% in FY19. Non-tax revenue fell by 45% against a staggering 52% growth in the first quarter last fiscal year.

<https://www.thedailystar.net/business/news/budget-deficit-crosses-5pc-first-time-11-years-1858348>

### **Unpaid loans by bank directors hit BDT 1.73 trillion**

- The unpaid loans taken by the owners of Bangladesh's banks have topped BDT 1.73 trillion, which is more than 11% of the total credit disbursed by them. The bank directors have borrowed the money mostly from other banks, according to Bangladesh Bank accounts. They have taken over BDT 1.71 trillion from the other banks and more than BDT 16.15

billion from their own organization as of September, 2019.

- The finance minister said the default loans given by the banks and financial institutions to 8,238 firms totaled at BDT 969.86 billion. More than half of them, 4,198, have not repaid a single taka. The other companies have paid a total of BDT 258.36 billion.

<https://today.thefinancialexpress.com.bd/public/trade-market/unpaid-loans-by-bank-directors-hit-BDT-173tn-1579801608>

### Bangladesh Security and Exchange fails to rein in companies' bonus share issuance

- The Bangladesh Securities and Exchange Commission has failed to rein in bonus dividend declarations by the listed companies due to lack of financially sound companies on the market, monitoring and proper punitive action. According to the Dhaka Stock Exchange data, around 132 companies issued 3.42 billion bonus shares to raise BDT 34.19 billion in 2019. Of the 299 companies that declared dividends in the year 2019, 73 companies declared stock dividend along with cash dividend and 59 companies declared only stock dividend for the year 2019.

- The market regulator has been trying for years to control declaration of bonus dividend by the companies with imposing several restrictions on them. But the companies are still declaring bonus dividend indiscriminately, upsetting the investors mostly. The BSEC has been facing criticisms for approving many fundamentally weak companies in the market. Lack of monitoring and incapacity of the market regulator encouraged the companies to continue doing the ill practices through declaring stock dividends that swelled their paid-up capital and minimized the possibility of cash dividend in future.

<https://www.newagebd.net/article/97579/bsec-fails-to-rein-in-cos-bonus-share-issuance>

### Number of active beneficiary owners' (BO) accounts dips

- Some 234,503 beneficiary owners' (BO) accounts were closed in last 12 months since January 23, 2019 due to non-payment of maintenance fees, regulatory move and depressed capital market outlook. The number of active BO accounts stood at 2,578,283 as of January 23, 2020 which was 2,812,785, just a year ago on January 23, 2019, according to data from the Central Depository Bangladesh Ltd (CDBL), which preserves electronic data of all individual and institutional investors.

- The officials familiar with the development 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. An official concerned said a good number of BO accounts were closed after June, 2019 following a circular issued by the Bangladesh Securities and Exchange Commission (BSEC) to remove irregularities occurred during opening accounts.

<https://today.thefinancialexpress.com.bd/public/stock-corporate/number-of-active-bo-accounts-dips-1579887076>

### World Stock and Commodities\*

| Index Name                   | Close Value | Value Change | % Change |
|------------------------------|-------------|--------------|----------|
| Crude Oil (WTI)*             | \$54.19     | -1.40        | -2.52%   |
| Crude Oil (Brent)*           | \$60.69     | -1.35        | -2.18%   |
| Gold Spot*                   | \$1,571.53  | +8.59        | +0.55%   |
| DSEX                         | 4513.89     | +73.60       | +1.66%   |
| Dow Jones Industrial Average | 28,989.73   | -170.36      | -0.58%   |
| FTSE 100                     | 7,585.98    | +78.31       | +1.04%   |
| Nikkei 225                   | 23,827.18   | +31.74       | +0.13%   |
| BSE SENSEX                   | 41,613.19   | +226.79      | +0.55%   |

### Exchange Rates

**USD 1 = BDT 84.88\***  
**GBP 1 = BDT 110.96\***  
**EUR 1 = BDT 93.58\***  
**INR 1 = BDT 1.19\***

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

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