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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.

Bangladesh Bank cuts cash reserve ratio (CRR) to help non-bank lenders

■ The central bank has slashed cash reserve ratio or CRR by 100 basis points to 1.5% from the existing 2.5% for non-banks in a move to help the sector overcome liquidity constraints, amid the pandemic. Under the new rules, the non-bank financial institutions are required to maintain a minimum of 1.5% CRR with the Bangladesh Bank on a bi-weekly average instead of 2.5% earlier. The NBFIs will be allowed to maintain the reserves at 1.0% instead of 2.0% on a daily basis, according to a notice issued by the Bangladesh Bank on Sunday. The new CRR requirement will take effect from June 01, 2020.

■ According to the CEO of IPDC Finance, the BLFCA, a forum of managing directors and chief executive officers of the NBFIs, has sought BDT 100 billion as liquidity support from the central bank to run their operations smoothly. Meanwhile, statutory liquidity ratio for deposit-recipient and non-deposit recipient NBFIs has been kept unchanged at 5.0% and 2.5% respectively. Currently, 34 NBFIs are running their business across the country.

https://today.thefinancialexpress.com.bd/first-page/bb-cuts-crr-to-help-non-bank-lenders-1592761688
https://tbsnews.net/economy/banking/crr-drops-100-basis-points-nbfis-96334
https://www.thedailystar.net/business/news/bb-cuts-cash-reserve-ratio-non-banks-1918457
https://www.dhakatribune.com/business/banks/2020/06/21/bb-cut-crr-for-nbfis-to-boost-liquidity
https://www.newagebd.net/article/109043/bangladesh-bank-relaxes-crr-for-nbfis-amid-liquidity-crisis

Eleven banks face BDT 86.3 billion in provision shortfall

■ Eleven scheduled banks including four state-owned banks suffered BDT 86.3 billion in provision shortfall at the end of March this year, exposing a sorry state of their financial health. The banks which faced provision shortfall are: Sonali Bank, Agrani Bank, Rupali Bank, BASIC Bank, AB Bank, Bangladesh Commerce Bank, Dhaka Bank, Mutual Trust Bank, National Bank, Social Islami Bank and Trust Bank.

■ As of March this year, state-owned BASIC Bank posted highest BDT 27.3 billion in provision shortfall followed by Sonali Bank BDT 13.6 billion, Agrani Bank BDT 11.5 billion and Rupali Bank BDT 8.0 billion. AB Bank's provision shortfall stood at BDT 6.8 billion, Bangladesh Commerce Bank's BDT 5.7 billion, Mutual Trust Bank's BDT 2.8 billion, Dhaka Bank's BDT 1.8 billion, National Bank's BDT 4.9 billion, Social Islami Bank's BDT 2.6 billion and Trust Bank's BDT 980 million.

■ According to the central bank regulations, banks are supposed to keep 0.25% to 5.0% provision against loans under general category, 20.0% against substandard category, 50% against doubtful loans, and 100.0% against bad or loss category. According to the bankers, the high amount of non-performing loans in the banking sector is largely responsible for the huge provision shortfall.

■ At the end of March this year, the amount of NPLs in the banking sector stood at BDT 925.1 billion, which is 9.03% of the total disbursed loans. However, the banks' non-performing loans declined by BDT 18.2 billion in three months till March this year as the central bank asked the country's banks not to classify loans for nine months till September to help businesses combat the economic fallout of coronavirus.

https://www.newagebd.net/article/109045/eleven-banks-face-BDT -8632-crore-in-provision-shortfall
https://www.dhakatribune.com/business/banks/2020/06/21/11-banks-suffer-BDT 8-632cr-in-provision-shortfall

Annual Development Programme (ADP) implementation lowest in one decade

■ Bangladesh has seen the lowest implementation of the Annual Development Programme (ADP) in the last one decade during the first 11 months of the outgoing fiscal year, with the percentage being slightly over 57.0%. From July 2019 to May 2020, only BDT 1.2 trillion could be spent in total to implement the revised ADP allocation, with May alone seeing a release of a whopping over BDT 165.8 billion despite a stagnation in works due to the Covid-19 crisis.

■ According to a review report of the planning ministry's Implementation Monitoring and Evaluation Department (IMED), the ADP implementation rate in the country never fell below 62.0% during the first 11 months of any fiscal year since 2010-11, while it reached a maximum of 72.0%. The IMED report for the 2019-20 fiscal year was presented by Planning Minister MA Mannan at a press briefing following the meeting of the Executive Committee of the National Economic Council (Ecnec) yesterday.

■ Alongside a drop in the percetage of ADP implementation this time, the actual expenditure also reduced by BDT 46.2 billion compared to that in the last fiscal year, said the IMED. Due to the slow pace of ADP implementation, the original ADP was revised down by BDT 139.2 billion after half the current fiscal year had elapsed. According to the IMED review, the government will have to spend around BDT 857.8 billion in the last month of fiscal year 2019-20 to reach the target of 100% ADP implementation, which is impossible in the present context.

https://tbsnews.net/bangladesh/adp-implementation-lowest-one-decade-96238

Government signs USD 250.0 million loan deal with World Bank

■ The government signed on Sunday a loan agreement worth USD 250.0 million (budget support) with the International Development Association (IDA) of the World Bank Group to finance the "Second Jobs Development Policy Credit (DPC -2)" programme, reports BSS. Economic Relations Division (ERD) Secretary Fatima Yasmin and Mercy Tembon, country director of the World Bank, signed the loan agreement on behalf of their respective sides, said an ERD press release.

■ The credit amount, to be repaid in 30 years (with 5 years grace period), will have an interest rate of 1.25% along with 0.75% service charge on the outstanding amount. The release said the government in recent years laid emphasis on reform and modernization of some policy strategies and regulations with the involvement of various ministries, divisions and agencies of the government to support extended job creation, improved job quality, and inclusive access to jobs for all the Bangladeshi nationals.

■ In this context, the government and the World Bank Group (WBG) have got engaged in a three-year programme of reforms for the period 2018-2021, and the World Bank Group (WBG) agreed to extend financial assistance of USD 750 million in this regard. The first program in the series (Job DPC-1) was completed in FY 2018-19 where IDA provided USD 250 million and in its continuity, has agreed to provide another USD 250 million in the second program (Job DPC-2) in the current FY 2019-20.

■ This DPC tranche-2 was due to be released in FY 2020-2021. In order to address the adverse impacts of COVID-19, the World Bank (IDA) agreed to frontload this disbursement in FY 2019-2020 on request of the government of Bangladesh.

https://today.thefinancialexpress.com.bd/trade-market/govt-signs-250m-loan-deal-with-world-bank-1592756852

Banks can discount export bills with own fund

■ Authorised dealer banks can now discount usance export bills in foreign exchange from their own sources if the fund is not committed for otherwise use. The Foreign Exchange Policy Department of the Bangladesh Bank issued a circular in this regard on Sunday, facilitating exporters to manage their working capital needs. Earlier, the dealer banks were allowed to arrange fund for discounting usance export bills in foreign exchange through their correspondent banks, financial institutions abroad or international financing institutions.

■ Export Bill discounting is commonly used in international trade. This is one type of financing where customers sell the drafts under a usance letter of credit (LC) accepted by the issuing bank or documentary collection drafts prior to the maturity of such drafts while bank pays customers the amount of the face value of the bills less the discount charges and related fees.

https://tbsnews.net/economy/banking/banks-can-discount-export-bills-own-fund-96325

Source tax a fresh blow to bond market: bankers

■ The country's feeble bond market is going to face a major blow as the government plans to impose a 5% source tax on profits of investments in treasury bills and bonds. The government may face an impediment to managing its bulging budget deficit during the ongoing economic fallout if it implements the proposed source tax, bankers say.

■ As per the Finance Bill 2020, the government will impose the source tax from the upcoming fiscal year, in a development that will discourage both individuals and corporate entities to invest in government securities. Against the backdrop, the central bank requested the finance ministry on June 18 to withdraw the tax proposal, saying banks would be forced to lend more to the government due to lower investment by individuals and corporate entities.

■ The outstanding investment in government securities stood at around BDT 2.8 trillion, of which 30.0% came from individuals and corporate organisations, according to data from the central bank. The government earlier took a set of initiatives to encourage insurance companies, mutual funds and provident funds of private organisations to invest in government securities. This had subsequently increased the demand for government securities bringing down the interest rate, according to the central bank letter. For instance, the interest rate on 20-year T-bond stands at around 9.0%, down from 15.5% six years ago.

■ The proposed plan will raise the interest rate on government securities as individuals and corporate entities will shy away from the instruments. In addition, individuals will feel the pinch in buying and selling securities in the secondary bond market as they will have to bargain over who would foot the source tax.

https://www.thedailystar.net/business/news/source-tax-fresh-blow-bond-market-bankers-1918465

Loan not before National Board of Revenue (NBR)'s VAT clearance

■ The National Board of Revenue (NBR) is making it mandatory for scheduled banks to get its approval before disbursing loans to any businessmen or companies, in a bid to curb VAT (value added tax) evasion. The banks will have to follow the condition for giving loans to all types of businesses, excluding 100% export-oriented companies. The NBR further pointed out that if any loans are disbursed to businesses without its approval and then if any loan recipient's audit report is found inconsistent with their VAT return information, bank officials concerned will be charged over VAT evasion.

■ After the NBR launched the VAT Online Services in December last year, around 150,000 organizations registered for it. Among these companies, about 38,000 submit their VAT returns online, and the rest are still using the previous system. Under these circumstances, some believe that the recent NBR move of VAT return verification will raise concern among businessmen and bankers.

■ VAT Intelligence officials believe that the initiative is possible to implement despite criticism from the businessmen, if the government does it with sincerity. They added that the move – if implemented properly by all banks – will shut down a way for businessmen to evade VAT and also bring down the possibility of businesses defaulting on loans.

https://tbsnews.net/economy/loan-not-nbrs-vat-clearance-96358

Bangladesh Telecommunication Regulatory Commission (BTRC) issues significant market power (SMP) instructions to limit Grameenphone's business

■ The telecom regulator has issued a set of conditions to limit the country's largest telecom operator Grameenphone's business activities. The Bangladesh Telecommunication Regulatory Commission (BTRC) imposed the conditions while referring to the operator as a significant market power (SMP), reads the letter sent to Grameenphone on Sunday.

■ As part of the instructions, the regulatory authority has reduced the MNP lock-in period for Grameenphone which will be effective from July 1. So, any Grameenphone subscriber can now make a switch to another operator after 60 days of subscription. It is 90 days for the subscribers of other operators, though. Also, taking approval for all existing and new services, packages, and offers has been made mandatory for the largest operator.

■ In February 2019, the BTRC announced Grameenphone an SMP operator based on its market share. Grameenphone now has 74.4 million subscribers – 46.0% of the country's 162.9 million mobile users. And Robi has 30.0% of subscribers and Banglalink 21.0%. However, the BTRC formulated the SMP guideline in November 2018. As per the guideline, the regulator can impose some restrictions on an operator if it attains 40.0% of market share considering the number of subscribers, revenues, and spectrum or any of these categories.

https://tbsnews.net/bangladesh/telecom/btrc-issues-smp-instructions-limit-grameenphones-business-96355
https://today.thefinancialexpress.com.bd/first-page/btrc-imposes-restrictions-on-gp-under-smp-rules-1592761736
https://www.thedailystar.net/business/news/btrc-imposes-two-restrictions-gp-1918461
https://www.newagebd.net/article/109041/btrc-imposes-2-smp-conditions-on-grameenphone

Apex Footwear sales drop 50.0% in local market

■ The ongoing Covid-19 pandemic has profoundly affected the business of Apex Footwear Limited as sales of its shoes in the local market have reduced by almost half and many outlets are closed. Moreover, in the last three months, most of the company's export orders and shipments have been cancelled. As a result, the company has fallen into a business recession in the local market as well as in terms of exports in the last quarter of the current financial year.

■ According to company sources, Apex used to sell products worth BDT 20.0 million daily only in the local market. About 40.0% of the company's total turnover comes from sales during Eid, which was not possible this year. Moreover, shoe exports have also declined at an alarming rate because foreign buyers are unable to sell the products due to Covid-19. They are cancelling purchase orders and many are also cancelling shipments. Although Covid-19 did not affect the company's local sales in the third quarter, exports were affected the profit decreased by about 24.0%. Last year, the company had 270 sales outlets, 352 franchise outlets and 232 wholesale dealers.

■ Apex Footwear Limited - a leading shoemaking brand in Bangladesh started its journey more than two decades ago on January 4, 1990. From the inspiration of the leather business, it started the shoemaking operation. Apex started its retail chain in 1997 to fulfil the footwear needs of Bangladeshi consumers.

https://tbsnews.net/companies/apex-footwear-sales-drop-50-local-market-96340

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 39.87	(USD 21.76)	-35.31%
Crude Oil (Brent)*	USD 42.42	(USD 26.02)	-38.02%
Gold Spot*	USD 1,754.73	USD 233.26	15.33%
DSEX	3,962.98	-489.95	-11.00%
S&P 500	3,098.02	-132.76	-4.11%
FTSE 100	6,292.60	-1294.45	-17.06%
BSE SENSEX	34,208.05	-7434.09	-17.85%
KSE-100	33,539.85	-7195.23	-17.66%
CSEALL	4,976.98	-1152.23	-18.80%

Exchange Rates

USD 1 = BDT 85.00*
GBP 1 = BDT 105.12*
EUR 1 = BDT 95.12*
INR 1 = BDT 1.11*

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

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