

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.

At-source tax on savings tools likely to go up

- The government may increase the tax at source on interest income from investment in national savings instruments in the next fiscal year as it looks to curb people's appetite for the tools. The rate of withholding tax on the interest earnings from the savings instruments may go up from 5% to 7.5% or 10%, said officials of the finance ministry.
- The increased rate will be announced by Finance Minister AHM Mustafa Kamal tomorrow when he places his budget for 2019-20.
- The plan to increase the source tax on the interest incomes comes as the government's borrowing from the high interest-bearing instrument is ballooning. The net sales of national savings certificates stood at BDT 397.3 billion in July-March of 2018-19, up from BDT 367.0 billion a year earlier, according to data from the Department of National Savings. In the first 11 months of the fiscal year, the government's interest payment on savings certificates rose 23% to BDT 181.5 billion.

<https://www.thedailystar.net/business/news/tax-savings-tools-may-go-1755829>
<http://today.thefinancialexpress.com.bd/first-page/macro-economy-now-under-considerable-pressure-1560270719>

Bangladesh Bank set to form body to offer ways to cut NPLs

- The central bank has decided to form a high-powered committee to recommend measures for reducing the volume of classified loans in the country's banking system. The committee will be formed with senior officials of four departments of the central bank, which are responsible for monitoring and supervision of non-performing loans (NPLs).
- The departments are Banking Regulation and Policy Department (BRPD), Department of Off-Site Supervision (DOS), Department of Banking Inspection (DBI), and Financial Stability Department (FID).
- The committee will prepare its recommendations in consultation with major stakeholders, including public and private commercial banks. An executive director of the central bank, also said the BB will act in line with the committee's recommendations.
- The meeting found that a significant amount of NPLs has been included in the classified loan statements of Q1 of this year due to vacancy of the previous writ petition, pending with the courts, according to sources. Besides, difference in audited and unaudited figures of default loans in December 2018 also created an impact on the situation of overall classified loans as on March 31, 2019. But the meeting also thought that these two are not the only causes for the rising trend in the default loans, they added.

<http://today.thefinancialexpress.com.bd/last-page/bb-set-to-form-body-to-offer-ways-to-cut-npls-1560270920>

Bangladesh Bank asks State Owned Banks to bring down defaulted loans

- Bangladesh Bank (BB) on Tuesday asked the eight state-owned banks to bring down defaulted loans. The central bank gave the instruction at a meeting in which BB governor Fazle Kabir presided over the meeting. The central bank yesterday summoned the chief executive officers of seven commercial banks, including for state-owned banks, after their default loans rose alarmingly in the first quarter of 2019.
- Non-performing loans in six state-owned banks — Sonali Bank, Janata Bank, Agrani Bank, Rupali Bank, Bangladesh Development Bank and BASIC Bank — constitute 48.6% of the total defaulted loans in the country's banking sector. The amount of defaulted loans in the state-owned banks increased by BDT 51,835.8 million to BDT 538,794.5 million at the end of March, 2019 from BDT 486,958.7 million three months ago. The amount of NPLs in two specialised state-owned banks — Rajshahi Krishi Unnayan Bank and Bangladesh Krishi Bank — was BDT 47,876.4 million at the end of March this year.
- The amount of overall defaulted loans in the country's scam-hit banking system skyrocketed to BDT 1,108.7354 billion at the end of March, 2019.
- SOBs' managing directors assured that they would reduce the amount of defaulted loans in the June quarter. Managing director of a state-owned bank said that the non-performing loans in the country's banking sector usually increased in the first quarter of every year.

<http://www.newagebd.net/article/75026/bb-asks-sobs-to-bring-down-defaulted-loans>
<https://www.thedailystar.net/business/news/bb-summons-ceos-7-banks-1755817>

Roads and Highways Department to widen Moynamati-Dharkhar road under Indian LoC-III

- The Roads and Highways Department (RHD) will widen the Moynamati-Brahmanbaria (Dharkhar) road into 4-lane one with the support of Indian Line of Credit (LoC) to improve the cross-border connectivity.
- The RHD has taken a project to reconstruct the two-lane 54 kilometres road at a cost of USD 887 million, officials at the RHD said. The road will have separate lanes on both sides for slow-moving vehicles. The road will not only connect Bangladesh with neighbouring India, it will also connect the Asian Highway and BIMSTEC road corridor, officials said. It will connect Ashuganj port-Akhaura land port 4-lane road and facilitate connectivity between the Chittagong port and neighbouring India.
- An official at the Ministry of Road Transport and Bridges said Bangladesh has a plan to go to China's Kunming through establishing smooth road connectivity.

<http://today.thefinancialexpress.com.bd/trade-market/rhd-to-widen-moynamati-dharkhar-road-under-indian-loc-iii-1560264499>

Government to buy 250 thousand tonnes of extra rice from farmers

- The government on Tuesday decided to procure 250 thousand tonnes more un-husked rice directly from the farmers during the current boro season. The government's fresh decision came in the face of countrywide protests by affected farmers and socio-political organisations against the low price of boro.
- Earlier, the government decided to procure 1.1 million tonnes of husked rice from millers and 150 thousand tonnes of un-husked rice from farmers during the current boro season.
- According to a press release issued on Tuesday, the food minister said that bumper rice production caused the lower price of un-husked rice this year and the farmer incurred the losses.

<http://www.newagebd.net/article/75004/govt-to-buy-25-lakh-tonnes-more-rice-from-farmers>

Energypac Power signs land lease deal with Bangladesh Economic Zones Authority

- Energypac Power Generation Limited (EPGL), a subsidiary of Energypac, signed an agreement with Bangladesh Economic Zones Authority (BEZA) on Tuesday.
- Under the agreement, BEZA will lease a piece of land to EPGL at Bangabandhu Industrial City, Mirsarai Economic Zone for Energypac Steel Limited-a project which will draw a total investment of BDT 3989 million from EPGL.
- Once completed, Energypac Steel Ltd. will specialize in steel processing and manufacturing shipping containers enhancing the capacity of Energypac alongside bringing in further excellence in steel engineering.

<http://today.thefinancialexpress.com.bd/stock-corporate/energypac-power-signs-land-lease-deal-with-beza-1560266769>

Stock intermediaries asked to keep minimum capital

- The Bangladesh Securities and Exchange Commission has tightened the screws on market intermediaries including stockbroker, merchant banker, asset manager, fund manager, and credit rating company with mandating to maintain minimum capital requirement on continuous basis. The commission has published the Bangladesh Securities and Exchange Commission (Risk Based Capital Adequacy) Rules, 2019 on its web site.
- A full functional stockbroker and dealer must maintain BDT 150 million minimum amount of total capital requirement and the merchant banker BDT 350 million to continue their operation in the capital market. The asset manager, fund manager, credit rating company must maintain minimum capital at BDT 100 million, BDT 50 million and BDT 50 million respectively. If they go for additional operations, they would require maintaining additional capital. The minimum regulatory capital for stockbroker has been set at BDT 50 million if the broker would not deal with other scope except the general broking (the broker deals with retail and institutional clients' account directly).
- Capital adequacy means the level of total capital against the total risk exposure of a registered entity that is required to be maintained as per the rules to ensure continuation of a safe and efficient operation and to withstand against any seen and unforeseen losses, the rules say. Therefore, the commission ordered the market intermediaries to ensure the minimum capital according to their business operations.

- Each merchant banker and portfolio manager who will deal with all the scope of operation that includes issue management, under writing, portfolio management, proprietary fund management must maintain the regulatory capital of BDT 350 million. The minimum requirement has been set at BDT 50 million if the merchant banker only deals with issue management..
- According to the rules, capital adequacy requirement must be maintained on continuous basis by all registered entities against their level of risk exposures within three years from the effective date of the rules. The capital adequacy ratio would be measured by dividing the total capital by the total risk requirement and then multiplying the result with 100. Each registered entity must ensure for capital adequacy purposes that capital adequacy ratio must be maintained minimum 120%, i.e. its total capital requirement must be, at all times, minimum 1.20 times of its total risk requirement and its core capital must be, at all times, greater than its operational risk requirement.

<http://www.newagebd.net/article/75030/stock-intermediaries-asked-to-keep-minimum-capital>

World Stock and Commodities*

| Index Name | Close Value | Value Change | % Change |
|------------------------------|-------------|--------------|----------|
| Crude Oil (WTI)* | \$52.48 | -0.79 | -1.48% |
| Crude Oil (Brent)* | \$61.42 | -0.87 | -1.40% |
| Gold Spot* | \$1,332.15 | -5.31 | +0.40% |
| DSEX | 5475.98 | +44.38 | +0.82% |
| Dow Jones Industrial Average | 26,0648.68 | -14.17 | -0.05% |
| FTSE 100 | 7,398.45 | +22.91 | +0.31% |
| Nikkei 225 | 21,212.54 | +8.26 | +0.04% |

Exchange Rates

USD 1 = BDT 84.36*

GBP 1 = BDT 107.29*

EUR 1 = BDT 95.60*

INR 1 = BDT 1.22 *

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

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