

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.

Investment Corporation of Bangladesh (ICB) to get lion's portion of the fund

- The state-run Investment Corporation of Bangladesh (ICB) will get the lion's portion of the fund to be disbursed for the second time under the capital market refinancing scheme. The other stakeholders of the capital market will also avail the fund facility on first come, first served basis. The loan worth BDT 8.56 billion, which has been repaid under the capital market refinancing scheme, will further be disbursed to the stakeholders including the ICB as part of market supportive measure.
- The ICB is getting the major amount of the fund. The other stakeholders will also avail the facility on first served basis, said an executive director of the securities regulator. Following the recent declining trend of the capital market, the ICB urged the government to disburse the fund for the second time at a minimum rate of interest. The corporation has sought the fund to provide 'instant' support to the capital market which recently has witnessed continuous correction amid lack of confidence.
- Following the ICB's plea, the government has extended the tenure of the capital market refinancing scheme till December 31, 2022. Initially, merchant banks and brokerage firms disbursed the funds against the portfolios of affected investors at an interest of 9.0%. Later, the interest rate was reduced following the plea of merchant banks and brokerage firms. Finally, the borrowers received funds at an interest of 5.0% and they disbursed the fund against investors' portfolios at an interest of 7.0%.

<http://today.thefinancialexpress.com.bd/stock-corporate/icb-to-get-lions-portion-of-the-fund-1558371344>

Bankers in fear of huge pressure on call money market ahead of Eid

- Bankers are in fear of more pressure on call money market ahead of Eid-ul-Fitr amid persisting liquidity crisis in banks, which has reduced investment funds and increased the tendency to borrow from the call money market. Most of the banks are facing cash crisis due to slow deposits growth and lacklustre loans recovery. The demand for cash will increase during the upcoming Eid-al-Fitr as people make a lot of purchases during the period and many organizations pay salaries and allowances ahead of Eid, Pubali Bank Managing Director and CEO said.
- Southeast Bank Managing Director has said that there is already a lot of pressure on the call money market due to liquidity crisis and it will increase in the coming days ahead of Eid. According to Bangladesh Bank data, inter-bank call money rate was 4.56% (weighted average) on 19 May, with the rate remaining above 4% for the last few days.
- Just ahead of Eid, there will be pressure on the call money market. But this pressure will not be bigger than before. Besides the call money market, the commercial banks are borrowing from Bangladesh Bank through repo, said the chairman of Association of Bankers, Bangladesh (ABB) and managing director of Dhaka Bank. Repo is a short-term fund that the central bank gives to commercial banks in case of cash shortfall at the current rate of 6%, while reverse repo is excess money that banks keep with the central bank.
- On liquidity crisis of banks, he again said that the crisis was leading to shortage of greenbacks to meet import payments. On the other hand, individual deposits are being diverted to the government schemes mainly due to higher interest rates on public savings instruments than deposit rates offered by the commercial banks, he added. He said all banks had put in a strong effort on fund hunting resulting in a surge in interest rates on deposits.
- Currently, most of the banks are facing fund crisis due to huge amount of defaulted loans. Unsatisfactory recovery from borrowers is also a big reason. At the end of 2018, the total non-performing loans stood at BDT 939.11 billion from BDT 743.03 billion a year earlier, according to data from the central bank.

<https://www.dhakatribune.com/business/banks/2019/05/20/bankers-in-fear-of-huge-pressure-on-call-money-market-ahead-of-eid>

LOAN RESCHEDULING: New policy to cheer up defaulters: Workers Party of Bangladesh President

- Workers Party of Bangladesh President has demanded that the Bangladesh Bank's recent loan rescheduling policy be suspended for it acted as an encouragement for defaulters. The policy was issued without any prior discussion and was based on the finance ministry's order," he said. It is unknown why the BB complied with the order, he added.
- Issued last week, the new facilities give loan defaulters a lifeline, allowing to regularise loans with a down payment of only 2% instead of the existing 10-50%. Moreover, a maximum 9% interest will be charged on the rescheduled loans. The existing rate is 12-16%. The new policy drew immense criticism, mounting fears of further deterioration of the banking sector's financial health.

- He also said three to four banks including Islami Bank, Union Bank and First Security Islami Bank remained under the grip of one person. Word gets around that one day that person fell sick and went to Singapore for treatment, creating apprehension in the central bank that disaster will strike the banking sector should an accident befall that person, he added. He said the Bank Company Act was amended just to allow more family members of bank owners into the board.

- The family members are not the owners -- they are only sponsor directors. General people are the original owner and the amendment came about without their consent, he added. The share market was not allowed to develop and some fake companies have been allowed to raise capital through initial public offerings, he again said. He said the government was allowing rice import despite surplus production at home, resulting in farmers not getting fair prices. Rice imports are not being restricted to promote money laundering through under- and over-invoicing, he claimed.

<https://www.thedailystar.net/business/news/loan-rescheduling-new-policy-cheer-defaulters-menon-1746673>

Government cuts tax collection target by BDT 161.38 billion for FY19

- The government has cut tax-revenue collection target by only BDT 161.38 billion or 5.45% of the original target set for the current fiscal year of 2018-2019. National Board of Revenue officials said that it would be tough for NBR to achieve the revised target also as the shortfall in collection in the first nine months (July-March) of the fiscal year stood more than BDT 500.00 billion with a slower growth in tax receipt. NBR earlier requested the government to cut the target by BDT 500.00 billion for the year.

- NBR will now have to collect BDT 2.80 trillion in FY19 instead of BDT 2.96 trillion, the original collection target. Revenue collection should grow by around 36% compared with the revenue collection (BDT 2.06 trillion) in FY18 to achieve the revised target. Statistics wing of NBR has already redistributed the targeted amount among customs, value-added tax and income tax wings. Tax officials termed the revised target also an ambitious one compared with the growth at 7.11% NBR achieved in the first nine months of FY19.

- They said that income tax, value-added tax and customs wings managed to collect only BDT 1.53 trillion in July-March of FY19 against the target of BDT 2.04 trillion set for the period, widening the deficit to BDT 502.45 billion as per the original target. As per the revised target, tax officials will have to collect BDT 1.27 trillion in the remaining three months of the fiscal year meaning that they would have to collect BDT 422.14 billion each month. Though revenue collection grows significantly in last two months — May and June, there was no previous instances of collecting revenue at such a rate, they said.

- NBR collected BDT 182.38 billion and BDT 269.35 billion in May and June respectively in FY18, according to NBR data. In March 2019, the revenue mobilisation stood at BDT 199.58 billion, the data showed. As per the revised target, the VAT wing will have to collect the highest — BDT 1.04 trillion — with 32% growth rate while the income tax wing will have to collect BDT 966.32 billion with 47% growth compared with the collection in FY18.

<http://www.newagebd.net/article/73042/govt-cuts-tax-collection-target-by-BDT-16138cr-for-fy19>

NEC set to endorse today BDT 2.02 trillion ADP for FY '20

- The government is going to approve today (Tuesday) a BDT 2.02-trillion Annual Development Programme (ADP) for the next fiscal year (FY), 2019-20, allocating the highest fund to the transport sector. The proposed BDT 2.02-trillion ADP outlay is 21.38% higher than the allocation of BDT 1.67 trillion for the ongoing FY, 2018-19.

- Meanwhile, the Planning Commission (PC) is also likely to approve another development programme for the state-run autonomous and semi-autonomous bodies, involving BDT 123.93 billion, for the upcoming FY. On May 08, the PC at a meeting finalised the draft development budget outlay for FY 20, keeping aside 26.05% or BDT 528.05 billion funds for the transport sector alone.

- The PC officials said they have proposed BDT 1.31 trillion funds or 65% of the total BDT 2.02 trillion outlay from internal income in the next development budget. They have shown the remaining BDT 718 billion or 35% of the total from external sources as project aid in the proposed ADP for the next FY, they added.

- Meanwhile, the government revised the present ADP outlay in the third quarter of current FY, trimming down the allocation to BDT 1.67 trillion from the original BDT 1.73 trillion due to poor performance of the project implementing agencies. The government until March of FY 19 implemented 47% of the revised ADP. According to the PC's proposal, the power sector is going to receive the second highest allocation of BDT 260.17 billion or 12.86% of the total outlay, proposed for the next ADP.

<http://today.thefinancialexpress.com.bd/first-page/nec-set-to-endorse-today-BDT-202t-adp-for-fy-20-1558373179>
<http://www.newagebd.net/article/73041/nec-to-consider-BDT-202721cr-adp-today>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$63.29	+0.19	+0.30%
Crude Oil (Brent)*	\$72.17	+0.20	+0.28%
Gold Spot*	\$1,275.89	-1.93	-0.15%
DSEX	5,276.14	-59.56	-1.12%
Dow Jones Industrial Average	25,679.90	-84.10	-0.33%
FTSE 100	7,310.88	-37.74	-0.51%
Nikkei 225	21,218.62	-83.11	-0.39%

Exchange Rates

USD 1 = BDT 84.37*

GBP 1 = BDT 107.39*

EUR 1 = BDT 94.20*

INR 1 = BDT 1.21*

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

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