

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.

High Court stays Bangladesh Telecommunication Regulatory Commission (BTRC) bid to make Grameenphone pay

- High Court yesterday issued a two-month injunction on the BTRC's move to realize money it says Grameenphone owes the government. The order came as a blow to the telecom regulator which was all set to appoint administrators at Grameenphone and Robi to run them and realize BDT 134.47 billion it claimed the carriers owed the government in "taxes, revenue shares, and late fees". The HC bench yesterday issued the injunction against the Bangladesh Telecommunication Regulatory Commission's move to realize nearly BDT 125.8 billion from Grameenphone, the carrier with the largest number of users in Bangladesh. Grameenphone maintains that the amount claimed by the BTRC is "disputed". The HC bench fixed November 5 for hearing Grameenphone's appeal regarding the matter.
- Posts and Telecommunication Minister went on to say that the government would now take the help of the attorney general's office, possibly on Sunday, to have the injunction vacated. The government is ready to appoint the administrators as per the rules of the telecom act, he said. The minister claimed that his ministry had sent the approval to the BTRC for appointing the administrators. BTRC Chairman yesterday afternoon said he had no idea about the court order and that they would continue with their work to appoint the administrators until they received the court order.
- A lawyer for Grameenphone said the BTRC on April 2 sent a letter demanding BDT 125.79 billion from the carrier as "tax, revenue share, and late fees". He said 27 items in the letter were illogical. Head of regulatory affairs and acting head of communications at Grameenphone said that they would like to reaffirm their commitment to reaching a transparent and amicable resolution to the disputed BTRC audit claim through a constructive dialogue.

<https://www.thedailystar.net/frontpage/news/hc-stays-payment-gp-audit-claim-1815382>

<https://www.dhakatribune.com/bangladesh/government-affairs/2019/10/17/govt-clears-appointment-of-administrators-for-gp-robi>

<http://today.thefinancialexpress.com.bd/first-page/btrc-gets-green-light-1571336050?date=18-10-2019>

<http://www.newagebd.net/article/87948/hc-issues-injunction-on-realising-BDT-12-579cr-in-dues-from-gp>

Economy off to struggling start in FY20

- The country's economy has shown signs of sluggishness in three months (July-September) of the current fiscal year 2019-2020 as all major indicators, except remittance, performed poorly in the period. Export earnings, import payment, private sector credit growth, revenue collection, development budget implementation, and financial market situation became worse or weak in the first quarter of FY20 compared with the corresponding period of last fiscal year 2018-19.
- Economists said that the performance on the major economic fronts in July-September indicated that the overall economy was slowing down with little hope of rebound as the overall situation was not good at all. They said that the government should immediately address some issues, including devaluation of the taka against the USD to make export competitive, crisis in financial market and revenue mobilization, to give a momentum to the economy. According to Export Promotion Bureau data, country's export earnings dropped by 2.94% year-on-year in July-September of FY20 to USD 9.64 billion from USD 9.94 billion in the same period of FY19 due to a global economic slowdown amid trade war between the US and China.
- Bangladesh's economy would be hit hard if the current trend of negative growth of export earnings continues till the end of this fiscal year, experts and traders said. Garment exporters said that the foreign orders received for the RMG products till December was not encouraging as major economies like the US, the UK and Germany were stuttering amid the ongoing US-China trade war and Brexit related uncertainties. The private sector credit growth hit a nine-year low in August at 10.68%, the lowest after September 2010 when it was 6.09% because of lack of appetite for loans on the part of industries.
- Liquidity crisis in the banks due to a slow deposit growth along with the advance deposit ratio adjustment-centric cautiousness of a section of the banks also caused the slump in the private sector credit growth. Only remittance inflow grew by 16.58% year-on-year following announcement of distribution of 2% cash incentive against inward remittance and stood at USD 4.51 billion in July-September of FY20 against the receipt of USD 3.87 billion in the same period of last fiscal year.

<https://www.dhakatribune.com/business/2019/10/16/graduation-to-developing-country-bangladesh-must-go-101-notches-up-by-2024-on-wb-s-business-index>

Overseas investors furious over extension of mutual fund's tenure

- City of London Investment Management Company (CLIM) has come down hard on the Bangladesh Securities and Exchange Commission for its decision to allow asset management firms to extend the tenure of closed-end mutual funds without securing approval from unitholders.
- As of 30 September 2019, CLIM's assets under management stood at USD 5.3 billion and it has substantial holdings in some of the closed-end mutual funds of Bangladesh to block a legal extension of tenure, said Investment Analyst of CLIM. The closed-end mutual fund industry will suffer lasting damage unless the actions are reversed and the rule of law is reasserted to protect investors' rights ahead of the interests of asset managers and related parties, he added.

<https://www.thedailystar.net/business/news/overseas-investors-furious-over-extension-mutual-funds-tenure-1816213>

Steel sees up to 75% VAT cuts

- The National Board of Revenue (NBR) has slashed the value-added tax (VAT) on steel products by as much as 75% in a bid to contain the prices of the key construction material. In a notification on October 13, the revenue administration said it fixed specific VAT on mild steel (MS) products at BDT 500 per tonne, down from BDT 1,200 fixed at the beginning of the fiscal year. In the same vein, it fixed BDT 500 VAT on MS products made from billet/ingot and meltable scrap, down from BDT 2,000 each tonne previously. The NBR also imposed BDT 1,000-1,200 as specific VAT on raw materials of steel: ferro-manganese, ferro-silico-manganese alloy and ferro-silicon alloy. The products previously had 5% VAT.
- The reduction in specific amount of VAT is meant to contain the price spike of construction material, said an official of the NBR.
- Apart from rod, the NBR also reduced VAT on cement sheet to 5% and on credit rating agency to 7.5% from 15% at the beginning of the fiscal year.

<https://www.thedailystar.net/business/global-business/news/steel-sees-75pc-vat-cuts-1815244>

<http://today.thefinancialexpress.com.bd/first-page/nbr-cuts-taxes-on-ms-products-cement-sheet-1571336101?date=18-10-2019>

Microcredit firms see growth hit 5-year low

- The private sector credit growth through microcredit organizations dropped to a five-year low in last fiscal year of 2018-2019 amid an unpleasant investment situation in the country. In FY19, the private sector credit growth decreased to 11.4%, the lowest since FY 2013-14 when the growth rate was 8.8%, according to a Bangladesh Bank report released last week. The BB data showed that outstanding credit disbursement by the microcredit entities to the private sector increased to BDT 636.00 billion at the end of June, 2019 from BDT 570.00 billion at the end of June, 2018.
- Credit disbursement by the entities to the private sector grew by 23.1% in FY18, 24.5% in FY17, 27.2% in FY16 and 25.6% in FY15. Apart from the microcredit entities, a slowdown in the private sector credit growth was also observed in banks and non-bank financial institutions. As per the latest BB data, the growth in the private sector credit disbursement by the banks dropped to 10.68% in August this year, the lowest after September, 2010 when it was 6.09%. In the case of the NBFIs, credit disbursement to the private sector plunged to an all-time low at 4.1% in last fiscal year.
- According to the BB data, the NBFIs had been maintaining double digit growth since 2002 except FY17 and FY19. In FY16, the growth in the NBFIs' credit disbursement to the private sector was 21.3% that dropped in the FY17 to 9.9%. Since the microcredit organizations are mostly dependent on banks' fund, they have been suffering from liquidity crisis due to the ongoing fund crisis in the banks, said experts. A rise in living costs also reduced people's savings capacity and that's why the microcredit farms were unable to receive accumulated savings which they issue as credit, they said.
- Apart from these, no improvement in the investment situation in the country was a major reason for the private sector credit growth fall, experts said. The BB data also showed that microfinance entity BRAC disbursed the highest — BDT 396.10 billion — in loans to the private sector in the fiscal year of 2018-2019 against its recovery of BDT 398.90 billion in the fiscal year.

<http://www.newagebd.net/article/88067/microcredit-firms-see-growth-hit-5-yr-low>

Act promptly to fix banking ills: International Monetary Fund (IMF) South Asia division chief

- The International Monetary Fund (IMF) has put forwarded a six-point recipe for Bangladesh to address its banking sector weaknesses. The recommendations include strong corporate governance, enforcing 'fit and proper criteria' for banks' directors, enhancing banking regulations, reforming state banks, tightening criteria for loan rescheduling or

restructuring and enhanced legal system to accelerate loan recovery.

- The situation in the banking sector continues to deteriorate despite strong economic growth of Bangladesh, according to the South Asia division chief at IMF's Asia and Pacific department. In particular, total stressed advances, which include non-performing loans (NPLs), restructured and rescheduled credit, now exceed 20% of total lending, he added. Weak governance in the banking sector is one of the contributing factors behind these developments and has led sometimes to serious graft cases, the IMF official noted. He also laid emphasis on developing a well-functioning capital market to reduce the economy's dependence on bank financing. In this context, the ongoing reform of the national savings certificates should continue with changes in the pricing mechanism in future, he argued.

<http://today.thefinancialexpress.com.bd/first-page/act-promptly-to-fix-banking-ills-1571421501?date=19-10-2019>
<https://www.thedailystar.net/backpage/news/imf-raises-alarm-1815850>

Export of power to India unlikely to happen soon

- An adviser to Prime Minister Sheikh Hasina felt that export of power to India might not be considered until economic implications and feasibility are found favorable. (Electricity) export will make sense only if production costs, including financial charges, are lower than that of India, PM's economic affairs adviser said.

- Against its total generation capacity of 18,446 megawatt (MW), Bangladesh produced 11,666MW in the evening peak last Tuesday. The country planned to export surplus electricity since its overall electricity generation sometimes exceeds demand, officials said. Data shows power generation costs in India now stand at 3.05 rupees equivalent to BDT 3.64 per unit. On the other hand, Bangladesh spends BDT 6.25 on generating per-unit power. Currently, it imports 1,160MW from India to meet local demand at the cost of more than BDT 6.0 per unit. The country imports 1,000MW through Bheramara and 160MW through Tripura.

- During off-peak hours of winter season, officials said, Bangladesh's volume of surplus electricity reaches almost two-thirds of the overall power generation capacity. A good number of power plants have now remained idle due to low electricity demand in the country. Moreover, the first unit of 1,320MW coal-fired power plant at Payra under Patuakhali district is likely to begin electricity generation by December this year. The first unit will add 660MW of electricity to the national grid then, followed by the second unit in June next year, according to officials said.

<http://today.thefinancialexpress.com.bd/first-page/export-of-power-to-india-unlikely-to-happen-soon-1571421641?date=19-10-2019>

Omera Petroleum to hold IPO road show today

- Omera Petroleum Limited (OPL), country's largest LPG operator will hold its IPO (initial public offering) road show today (Sunday) as part of the process of going public under the book building method. The company will raise capital from the stock market for partial repayment of loans, purchasing an ocean going ship and infrastructure development. According to the company officials, the OPL will require a capital worth around USD 29 million for infrastructure development and purchasing a ship. The OPL is also a subsidiary of MJL Bangladesh with a combined capacity of 100,000 MT per year.

<https://today.thefinancialexpress.com.bd/stock-corporate/omera-petroleum-to-hold-ipo-road-show-today-1571500473>

Subscription allowed till November 18 for Ashuganj Power bond

- The securities regulator has extended the timeframe for public subscription of the bond to be issued by Ashuganj Power Station Company (APSC) till November 18 next. The subscription period has been extended as the public subscription was not completed within the stipulated timeframe fixed previously. As per the regulatory approval, the APSC will raise a capital worth BDT 1.0 billion to conduct different development works including the land development. The company will raise the capital by issuing bond through initial public offering (IPO).

- After listing, the bond of the APSC will be traded like the perpetual bonds listed on the Dhaka Stock Exchange. The characteristics of the bond of the APSC will be non-convertible, fully redeemable and coupon bearing with a face value of BDT 5000 per unit. The tenure of the bond will be seven years. The APSC will raise the capital to bear the costs of land development, civil works, initial fuel, engineering and consultant service, and the purchase of vehicles.

<https://today.thefinancialexpress.com.bd/stock-corporate/ashuganj-power-bond-1571500557>

Korean company keen to build industrial park in Bangladesh

- South Korean industrial infrastructure developer Korea Industrial Complex Corporation (KICC) wants to develop an industrial park for housing 100 Korean companies operating in Bangladesh. The KICC wants to shift its focus from Myanmar to Bangladesh because of the presence of better utility services and infrastructure here, said the Executive Chairman of Bangladesh Economic Zones Authority (BEZA).

• The officials of BEZA and the KICC will sit between November 4 and 6 in Dhaka to discuss ways to set up the industrial park, the Executive Chairman said. The KICC has been developing two industrial parks at Bago and in Mun state in Myanmar since 2013. Many Korean companies which are already present in Bangladesh want to expand their business here and they need a separate industrial park, he said. For instance, Korean mobile phone manufacturing giant Samsung wants to expand its operations in Bangladesh, as it is now manufacturing mobile phone sets in collaboration with a local company. The Korean government also said they will help in construction of 10,000 ICT centres across Bangladesh

<https://www.thedailystar.net/business/global-business/news/korean-company-keen-build-industrial-park-bangladesh-1815253>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$53.78	-0.15	-0.28%
Crude Oil (Brent)*	\$59.42	-0.49	-0.82%
Gold Spot*	\$1,490.05	-1.82	-0.12%
DSEX	4,771.00	-10.63	-0.22%
Dow Jones Industrial Average	26,770.20	-255.68	-0.95%
FTSE 100	7,150.57	-31.75	-0.44%
Nikkei 225	22,492.68	+40.82	+0.18%
BSE SENSEX	39,298.38	+246.32	+0.63%

Exchange Rates

USD 1 = BDT 84.74*
GBP 1 = BDT 109.92*
EUR 1 = BDT 94.66*
INR 1 = BDT 1.19*

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

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