

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 hits record high

- Overall investment crossed 31% of GDP for the first time in Bangladesh's history last fiscal year thanks to a spike in public spending on mega infrastructure projects now being implemented. In fiscal 2017-18, overall investment to gross domestic product ratio stood at 31.23%, which was 30.51% the previous year, according to data from the Bangladesh Bureau of Statistics. For about a decade the ratio has been hovering between 27 and 30%. But to hit the country's growth ambitions, it can ill afford to hover around the 31%-mark. The ratio has to be about 35% of GDP.

<https://www.thedailystar.net/business/news/investment-hits-record-high-1638673>

Private foreign borrowing now costlier than before

- Amid impending risks, foreign borrowing by the country's private sector keeps rising, which in turn increases the external debt gradually. Bankers, beneficiaries and financial market analysts said the fund users might face difficulties in repaying the loans if the cost of borrowing continues to rise. The appreciation of US dollars against Bangladesh currency also enhances the vulnerability manifold because the loan recipients have to repay the debt in dollars. Foreign fund was available at a cost below 4.0%, including LIBOR (London Inter-bank Offered Rate) just a few years ago but the cost has gradually gone up and now it has crossed 6.0% in many cases.

- The committee approved 134 proposals worth USD 1,489.66 million in 2017, up from USD 1,486.85 million the year before. But in the first five months of the calendar year, the amount approved fund for the private sector is USD 1,386.12 million, almost equivalent to the previous year's overall size. The average loan per recipient increased to USD 11.11 million in 2017 from USD 9.0 million as recorded in 2016. In the first five months of the year, it reached USD 18 million.

- In the past, the readymade garment industry dominated the chart of foreign borrowing. But the trend started changing in recent years, with the power and energy sector making up over 60% of the loans. In terms of the actual flow of overseas debt, the private sector received over USD 683 million during the financial year (FY) 2017-2018, up by 30% from the previous fiscal when the amount was USD 520 million. The borrowing was, however, calculated without overseas funds coming through the offshore banking unit (OBU). If it is calculated, the figure will be much higher.

<http://today.thefinancialexpress.com.bd/first-page/private-foreign-borrowing-now-costlier-than-before-1537897823>

Farm credit disbursement falls 25% in July-August

- Farm credit disbursement dropped by over 25% or BDT 7.04 billion in the first two months of the current fiscal year (FY), 2018-19, despite the central bank's close monitoring. Disbursement of agriculture loan came down to BDT 20.90 billion during the July-August period of FY '19 from BDT 27.94 billion in the same period of the previous fiscal, according to the Bangladesh Bank's (BB) latest statistics. Of the BDT 20.90 billion, eight state-owned banks disbursed BDT 7.92 billion, and the remaining BDT 12.98 billion was disbursed by the private commercial banks (PCBs) and foreign commercial banks (FCBs).

- Managing director of Bangladesh Krishi Bank (BKB) said that they expect that the disbursement of farm loan will pick up from this month (September), and the trend may continue until December. He also expressed the hope that BKB will cross its agriculture loan disbursement target by the end of this fiscal. BKB had set BDT 50 billion farm loan disbursement target for FY '19. Meanwhile, all scheduled banks have achieved 9.59% of their FY 19 agricultural loan disbursement target, fixed at BDT 218 billion.

- The central bank is set to review the performance of eight public banks in agriculture credit disbursement and recovery at a meeting, scheduled to be held in the BB headquarters in Dhaka on September 30. The eight SoCBs are - Sonali Bank Limited, Janata Bank Limited, Agrani Bank Limited, Rupali Bank Limited, BASIC Bank Limited, Bangladesh Development Bank Limited (BDBL), BKB and Rajshahi Krishi Unnayan Bank (RAKUB).

<http://today.thefinancialexpress.com.bd/trade-market/farm-credit-disbursement-falls-25pc-in-july-august-1537897069>
<http://www.newagebd.net/article/51560/farm-loan-release-drops-25pc-in-july-aug>

International Monetary Fund team due next week to review State owned Commercial Banks' performance

- A team of the International Monetary Fund is expected to arrive in the city next week to assess the overall performance of the state owned commercial banks (SoCBs). The IMF delegation will assess the banks' performance during fiscal year (FY) '18 and the first quarter of FY '19. The non-performing loans, profitability, capital adequacy, the

liquidity situation, and funding will be assessed during the four-day visit. They will also discuss the loan recovery framework update of the SoCBs.

- The volume of non-performing loans (NPL) in the banking sector jumped by BDT 150.37 billion at the end of June this year from December last year, reaching BDT 893.40 billion. At the same period, the classified loans stood at 10.41% of the total outstanding loans. The NPL of six SoCBs rose to BDT 428.52 billion in June last from BDT 373.26 billion in December last year.

<http://today.thefinancialexpress.com.bd/first-page/imf-team-due-next-week-to-review-socbs-performance-1537898005>

Banks to offer single-digit interest rate soon: Finance Minister

- Finance Minister expressed the hope that the private commercial banks (PCBs) will bring down their lending rate to single digit shortly. Both the public and private sector banks were supposed to bring down their loan interest rates to single digit by August 9. The state-owned commercial banks (SoCBs) have already implemented the decision, but only a few private commercial banks (PCBs) have done it. The finance minister said the bringing down of interest rate to single digit is just a simple matter, if the banks want to make less profit.

<http://today.thefinancialexpress.com.bd/last-page/banks-to-offer-single-digit-interest-rate-soon-muhith-1537898451>

Businesses suffer as new VAT form full of inconsistencies

- The faulty format of new Value Added Tax (VAT) returns has forced many of the businesses to submit their return in the older version. The VAT authority scraped the old VAT return forms on June 19 last and it is not "legally acceptable" to submit returns in the invalid form. In August and September, most of the VAT payers submitted their returns in the old form. The field-level VAT offices also raised their objections to the inconsistencies in the new VAT return forms. Following the objections, the NBR attempted to issue another new form addressing the faults. The board would issue a gazette notification by cancelling the existing form and introducing new version.

- The new form has no column for providing economic code number of the supplementary duty. There is also no space for stating the amount of VAT that businesses deposited through the treasury chalan. The new forms also created the scope for adjusting VAT and Supplementary Duty with each other, making it contradictory for the VAT law. Tax officials said the VAT online project has framed a new form following suggestions from the field-level officials.

<http://today.thefinancialexpress.com.bd/last-page/businesses-suffer-as-new-vat-form-full-of-inconsistencies-1537898849>

<http://www.newagebd.net/article/51555/new-vat-returns-format-ineffective>

Government taking action against irregularities in insurance sector: Finance Minister

- Finance Minister has said there will be no duplicity with policyholders committed by the insurers within next two-three years as the government is taking action against irregularities. He holds that there are a good number of complaints against the insurers for not giving payment at the end of terms as per policy. But the government is working to ensure that all the policyholders duly get their money. He also said the Insurance Development and Regulatory Authority (IDRA) is enhancing its capacity to check irregularities in the insurance sector.

<http://today.thefinancialexpress.com.bd/stock-corporate/govt-taking-action-against-irregularities-in-insurance-sector-muhith-1537896571>

Nine firms get land at Bangabandhu Hi-Tech City

- Nine local and foreign companies were allotted land at the Bangabandhu Hi-Tech City in Gazipur yesterday to manufacture hi-tech products. The firms will collectively invest about USD 150 million and create 25,000 jobs. Bangladesh Hi-Tech Park Authority (BHTPA) handed over the 21 acres of land to the firms for 40 years at a ceremony at the Bangabandhu International Conference Centre in Dhaka. Telecom and ICT Minister gave away the allocation documents to the companies and asked them to start investing as early as possible.

- Samsung's local manufacturing partner Fair Electronics Ltd will assemble laptops and some other communication devices in its plant to be built on 3.5 acres of land. It will invest USD 10 million and create 250 jobs. Fair Electronics has started assembling mobile handsets, refrigerators, microwave ovens and air-conditioners in its plant in Narsingdi. Genex Infosys, the country's largest business process outsourcing firm, and three other software makers BJIT Ltd, JR Enterprise and KDS Group will invest USD 10 million each and together create more than 9,000 jobs. Robi Axiata, the second largest mobile phone operator in Bangladesh, plans to invest USD 2.6 million in its plant with a target to innovate various kinds of Internet of Things and artificial intelligence products. It will employ 110 people.

<https://www.thedailystar.net/business/news/nine-firms-get-land-bangabandhu-hi-tech-city-1638631>

China group plans support to make Dhaka Stock Exchange (DSE) a top bourse

• The Chinese consortium, which became strategic partner of the Dhaka Stock Exchange early this month, has said the consortium would help DSE enhance its capability with the aim of making the Bangladesh's premier bourse a leading market in Asia. There should be no concern about the consortium as they were not trying to sell anything to Bangladesh. The Chinese consortium of Shenzhen and Shanghai stock exchanges on September 4 joined DSE as its strategic shareholder through purchasing 25% shares of the Bangladesh's premier bourse at BDT 9.47 billion.

<http://www.newagebd.net/article/51561/china-group-plans-support-to-make-dse-a-top-bourse>

NRB Bank to get 2.6 million Shurwid shares against BDT 97.30 million loan

• Shurwid Industries will transfer its 2.6 million shares to NRB Bank for settling the company's liabilities of BDT 97.30 million to the bank. The shares will be handed over to the bank from the holdings of three ex-directors of the company who were the guarantors of the loan. An agreement has been signed between the three ex-directors of the company and the bank regarding settlement of the loan liabilities. As per the agreement, the guarantors of the company will hand over 2.6 million shares of the company holding by them to NRB Bank against liabilities of BDT 97.30 million.

• After transferring the shares, the company's liabilities will be adjusted and they will be relieved of the personal guarantees, financial expenses of the company will be reduced, net profit and EPS will be increased. According to the chairman of the Shurwid Industries, the NRB Bank would be a corporate shareholder of the company on receipt of the shares and the bank can appoint a director, if it intends to, at the company's board as it will hold 5.0% shares.

<http://today.thefinancialexpress.com.bd/stock-corporate/nrb-bank-to-get-26m-shurwid-shares-against-BDT-9730m-loan-1537896602>

World Stock and Commodities*

| Index Name | Close Value | Value Change | % Change |
|------------------------------|-------------|--------------|----------|
| Crude Oil (WTI)* | \$72.18 | -0.10 | -0.14% |
| Crude Oil (Brent)* | \$81.87 | 0.00 | 0.00% |
| Gold Spot* | \$1,201.59 | +0.37 | +0.03% |
| DSEX | 5386.89 | 29.34 | 0.55% |
| Dow Jones Industrial Average | 26,492.21 | -69.84 | -0.26% |
| FTSE 100 | 7,507.56 | +49.15 | +0.66% |
| Nikkei 225 | 23,953.98 | +13.72 | +0.06% |

Exchange Rates

USD 1 = BDT 84.04*
 GBP 1 = BDT 110.74*
 EUR 1 = BDT 98.87*
 INR 1 = BDT 1.16*

*Currencies and Commodities are taken from Bloomberg.

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