

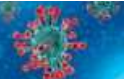


| STOCKS | | COMMODITIES | | As of Friday | ASIAN MARKETS | | | | Friday Closings | CURRENCIES | | | | STANDARD CHARTERED BANK | | | |
|----------|----------|--|-------------|--|---------------|-----------|-----------|-----------|-----------------|------------|-------|--------|-------|-------------------------|---------|--|--|
| DSEX | CSCX |  | Gold ▼ |  | Oil ▼ | MUMBAI | TOKYO | SINGAPORE | SHANGHAI | USD | EUR | GBP | CNY | BUY TK | SELL TK | | |
| ▼ 0.72% | ▼ 0.97% | | \$1,726.30 | | \$37.84 | ▼ 0.69% | ▲ 0.18% | ▲ 0.18% | ▼ 0.22% | 83.95 | 92.16 | 102.73 | 11.63 | | | | |
| 4,698.89 | 8,726.39 | | (per ounce) | | (per barrel) | 32,424.10 | 21,877.89 | 2,510.75 | 2,852.35 | 84.95 | 95.96 | 106.53 | 12.23 | | | | |



BUSINESS

DHAKA MONDAY JUNE 1, 2020, JAISHTHA 18, 1427 BS



TAMING CORONAVIRUS RAMPAGE

Govt not going overboard with subsidy expenditure next fiscal year



REJAUUL KARIM BYRON and MD FAZLUUR RAHMAN

That the subsidy expenditure would go up next fiscal year as the government scrambles to keep the pandemic-induced recession from undoing decades of progress in alleviating poverty and elevating its citizens into the middle-class -- was a given.

But it turns out the government is exercising restraint, increasing its spending by 17.91 per cent from current fiscal year to Tk 54,695 crore.

The amount would be about 10 per cent of the budget, which is in line with previous years' allocation.

The next fiscal year's subsidy budget would be mostly going towards taxpayer-funded spending for agriculture, food support for the poor and loans for large

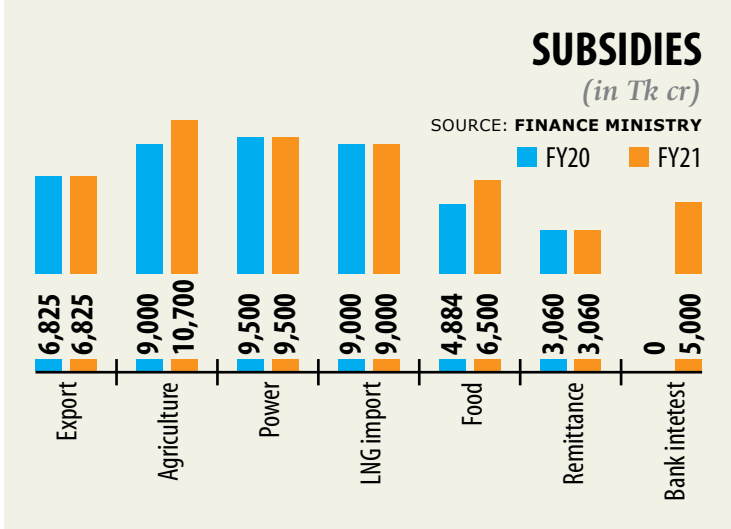
industries and SMEs.

The move to provide low-cost loans to pandemic-hit micro, small, medium and large entrepreneurs, farmers and exporters would increase the subsidy spending on interests to Tk 5,000 crore in the upcoming fiscal year. There has been no such allocation in the ongoing fiscal year.

The government would bear Tk 3,000 crore in interest rate subsidy on the loans going to pandemic-hit businesses and farmers.

Besides, the central bank has deferred interests on loans for May and June. About Tk 16,000 crore in interest was to be paid in the two months.

Now, the government would come up with Tk 2,000 crore in interest support and the



borrowers would repay the rest Tk 14,000 crore over 12 months in instalments.

The government has unveiled a stimulus package to provide Tk 30,000 crore in working capital to industries and service sector institutions impacted by the pandemic.

This will take the form of concessional

loans at an interest rate 9 per cent wherein, the borrower will meet 4.5 per cent of the interest while the government will absorb the rest as subsidy.

As a targeted measure to support enterprises, jobs and incomes, another stimulus package has earmarked Tk 20,000 crore as working capital for SMEs at an interest rate of 9 per cent.

Only 4 per cent of the agreed interest will be borne by the borrower, while the rest will be

borne by the government as a subsidy.

The government has increased the subsidy allocation for the agriculture sector, from Tk 9,500 crore in fiscal 2019-20 to Tk 10,700 crore in fiscal 2020-21 as it looks to accelerate farm production to keep prices stable in the local market.

Usually, agriculture subsidy spending hovers around Tk 6,000 crore every year and this may go up to Tk 7,000 crore this fiscal year.

Apart from paddy, the government plans to increase the production of other crops. There is also a plan to give a boost to farm mechanisation.

Despite the collapse in economic activities at home and abroad owing to the coronavirus pandemic, the government has kept the subsidy allocation for export, remittance, power and liquified natural gas (LNG) imports unchanged next fiscal year.

This is because the government hopes the impact of the pandemic peter out sometime next fiscal year and the economy would be back in the saddle.

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Low-cost loans from stimulus packages not going like hot cakes

AKM ZAMIR UDDIN

Four banks have got approval from the central bank to give out Tk 1,044.90 under the stimulus package of Tk 30,000 crore for large industries and service sectors.

The banks -- Sonali, Rupali, EXIM and IFIC -- have given the fund to seven companies, according to data from the Bangladesh Bank.

Sonali Bank disbursed Tk 1,000 crore to Biman Bangladesh Airlines, Rupali Tk 4.50 crore to Universal Medical College and Tk 5.70 crore to Planet Resource.

EXIM Bank gave out Tk 30 to Arossha Janashakti and IFIC Tk 1.35 crore to Next Accessories, Tk 1.70 crore to Roni Neat Composite and Tk 1.5 crore to Neat Concern Printing.

Banks will be allowed to enjoy a portion of the fund of their disbursed loans from the central bank' refinance scheme of Tk 15,000 crore for large industries and service sector.

Sonali Bank, however, will not apply to the central bank for the refinance fund for the disbursed loans to Biman, said its managing director Ataur Rahman Proddhan.

The state-run lender is now scrutinising another 16 applications to get the prior approval from the central bank.

Banks will be allowed to get an interest subsidy of 4.50 per cent from the disbursed loans, which the end-users will get at 9 per cent.

PROGRESS ON GOVT'S STIMULUS PACKAGES

1.

Tk **30,000cr** for large industries and service sector
Refinance scheme under the package Tk **15,000cr**
4 banks have so far disbursed Tk **1,044.90cr**

2.

Tk **20,000cr** for SMEs
Refinance scheme under the package Tk **10,000cr**
33 banks, NBFLs signed deal with BB to use refinance scheme

3.

Tk **5,000cr** for agro-based businesses
41 banks signed deal with BB to use the fund

4.

Tk **3,000cr** for marginal farmers and businesses
24 banks inked deals with BB; **9** to follow suit

But lenders will have to wait a little longer to enjoy the funds from the refinance scheme of the package as their participation agreements with the central bank are yet to be signed.

A total of 46 banks and 23 non-bank financial institutions have so far applied to the central bank for the refinance fund.

But no lender has yet to disburse any loan under the stimulus package of Tk 20,000 crore for small and medium enterprises, a central bank official said.

He said that lenders had initially shown reluctance to use the stimulus package due to the lower interest rate.

The SME loan in the form of working capital will be given at 9 per cent interest rate. Of the interest rate, 4 per cent will be borne by the borrowers and 5 per cent by the government, according to one guideline.

But banks will not enjoy their desired profit from the stimulus package as they have to face more operational costs for SME credits than that of other loans.

Against the backdrop, the central bank declared on April 27 that it will provide half of the Tk 20,000 crore stimulus package for the sector.

This has encouraged banks to a great extent to provide loans to the SME sector, the BB official said.

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Floor price weighing heavy on investors as trading finally resumes

AHSAN HABIB

Floor price was a buzzword at the Dhaka Stock Exchange (DSE) yesterday as it prevented many investors from selling shares even though trading resumed after a long break of more than two months.

The Bangladesh Securities and Exchange Commission (BSEC) set the floor price on March 19 for all stocks on the basis average price of last five days to stop the market fall amid the coronavirus pandemic.

It was an unprecedented move as no country in the world pulled a stunt like that to thwart the market from falling because they knew it was normal that the indexes would fall because of the pandemic. Already, many foreign investors criticised the BSEC move and now the local investors have

raised their voice.

"I could not sell my shares of ML Dyeing because of the floor price though I need to rearrange my portfolio," said Khorshed Alam, a stock investor.

"However, I am glad that trading has resumed," he added.

Now, the regulator should remove the floor price to make the market perfect though the index might fall initially, said Md Moniruzzaman, managing director of IDLC Investment.

The floor price has had a negative impact as investors can't sell their shares even at a lower price, the merchant banker pointed out.

"It made the market illiquid and created a negative image of our market."

The regulator should not impact the pricing of stocks and should rather ensure that

investors may trade without any problem, he added.

"People are optimistic about the new commission and many of them bought stocks," said M Rahmat Pasha, managing director of UCB Capital Management.

The floor price has indeed had some impact but at the same time, it gave some phycological relief.

"So, the floor price should be withdrawn gradually after witnessing how the market performs at least in the current week," he said.

This month, Shibli Rubayat-Ul-Islam was appointed as the chairman of the stock market regulator along with two professors from the University of

Dhaka as the commissioners.

"We don't want to do anything very fast but we do realise the impact of the floor price," Islam told The Daily Star yesterday.

The new commission is now working on it and is not too far from a solution.

"Now, we are observing how the solution will be implemented so that it works for the betterment of the capital market."

But people need to realise that once the floor price is lifted, there will be a huge negative impact on the index primarily, Islam added.

Meanwhile, DSEX, the benchmark index of the DSE, rose 52.15 points, or 1.3 per cent, to close at 4,060.44 on the first day of trading after it closed on March 25 in line with the government declared general holiday to stop the spread of the deadly coronavirus.

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Up to Tk 20 lakh in interest rebate likely

AKM ZAMIR UDDIN

An individual borrower may get a maximum rebate of Tk 20 lakh from their total loan interest for the period of April and May, said a central bank official -- in what can be viewed as a stroke of good news for large borrowers.

Earlier on May 3, with the view to giving relief to borrowers from the economic onslaught from the pandemic, the central bank directed banks to transfer all interest accrued or to be accrued between April 1

and May 31 from all of their loans to an interest-free blocked account.

To facilitate banks to implement the move, Prime Minister Sheikh Hasina yesterday announced that the government will provide Tk 2,000 crore to banks as subsidy, reports UNB.

The prime minister said that the Tk 2,000 crore will be distributed among the 1.38 crore loan takers proportionately.

Now, if the central bank fixes a certain portion of the rebate for all borrowers the maximum rebate would come to Tk 20 lakh,

said a Bangladesh Bank official requesting anonymity to speak candidly on the matter.

The central bank is yet to work out the rebate percentage but the focus would be on parity, he said.

Against the backdrop, the central bank yesterday sent a letter to all banks asking them to inform how many borrowers are enjoying more than Tk 100 crore loans.

The latest government decision has brought great relief to both banks and borrowers as lenders earlier thought that they would have to bear the interest rebate

An EBL account can now be opened in just two minutes

The bank is the first to introduce e-KYC in Bangladesh

MAHMUDUL HASAN

Eastern Bank (EBL) yesterday rolled out the electronic Know Your Customer (e-KYC) system to allow account-opening without filling in any documents, in a bid to help clients maintain the maximum level of social-distancing during the ongoing pandemic.

Thus, the bank became the first lender in Bangladesh to have introduced such service under the central bank's e-KYC guideline issued on January 9.

"This beautiful system is really a milestone for the banking sector as a



customer only needs 2 minutes and a single visit to a branch to open an account," Ali Reza Iftekhar, managing director and chief executive officer of EBL, told The Daily Star yesterday.

Previously, it would take 2-3 days. On the first day, customers opened 25-30 EBL Insta Accounts.

Instead of filling up a form consisting of several pages, a customer now needs to provide a signature by paying a quick visit to an EBL branch to open an account. They will have to bring their national identification card, photo of the nominee and a copy of utility bill as proof of the address.

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Commercial production starts of another promising COVID-19 cure

JAGARAN CHAKMA

Local pharmaceuticals have started commercial production of an anti-flu and viral infection medication found effective in treating novel coronavirus patients by Combined Military Hospital (CMH) and Bangladesh Air Force (BAF).

Favipiravir was originally developed to treat influenza by Toyama Chemical, which was owned by Fujifilm, the Japanese photography company that now has sizable holdings in biomedicine.

The drug was marketed under the name Avigan, and in 2014, was approved in Japan for human use, according to an article in Time magazine.

Eskayef Pharmaceuticals, Beacon, Square, Beximco, Incepta, General, ACI, Opsonin, Acme, JMI, Orion Health, Veritas, Popular, Radiant and Renata have got the approval for the drug's commercial production from the Directorate General of Drug Administration (DGDA).

The DGDA received 4,000 tablets free of cost from Beacon Pharmaceuticals for trials on coronavirus patients in early April.

"We used Favipira to treat severe Covid-19 patients at Combined Military Hospital and got a positive result and we have not got side effects," said Azizul Islam, consultant physician general at the Bangladesh Armed Forces.

There is no specific prescribed

medicine in the world for treating COVID-19, he told a seminar on "Management of COVID patients of Bangladesh" organised by Beacon Pharmaceuticals at The Westin Dhaka on Thursday.

However, Favipira, the first generic Favipiravir brand manufactured by Beacon Pharmaceuticals, was found to be effective against COVID-19.

The CMH provided treatment to some 1,821 patients, of whom some 713 has recovered, he said. The death rate in Bangladesh is only 1.42 per cent while it is 5.82 per cent in the US, 2.86 per cent in India, 5.58 per cent in China and 14.29 per cent in Italy, Islam said.

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