

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▼ 0.22%	▼ 0.12%	\$1,857.30	\$43.07	▼ 0.16%	▼ 0.58%	▼ 1.33%	▲ 0.37%	BUY TK 83.95	95.68	105.70	11.82
4,076.79	7,036.42	(per ounce)	(per barrel)	37,871.52	22,751.61	2,594.53	3,333.16	SELL TK 84.95	99.48	109.50	12.43



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BUSINESS

DHAKA THURSDAY JULY 23, 2020, SRABAN 8, 1427 BS ● starbusiness@thedailystar.net

Banks just not getting worked up by farm loans

AKM ZAMIR UDDIN

Banks are reluctant to disburse farm loans despite the government's renewed emphasis on keeping crop production unscathed from the devastating impact of the coronavirus pandemic and stimulus packages, deflating the state's efforts towards an economic bounce.

For the first time in many years, banks posted negative growth in farm loan disbursement in the just-concluded fiscal year, further highlighting their reluctance in lending to this key sector of the economy.

Agriculture lending declined 3.67 per cent to Tk 22,749 crore in fiscal 2019-20.

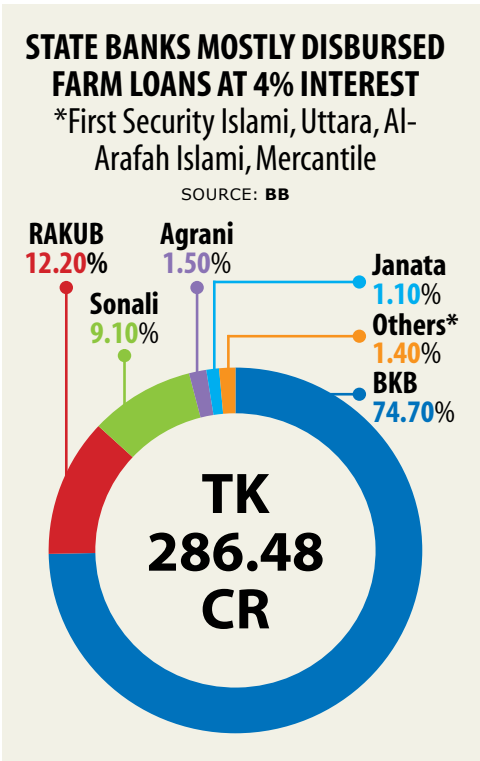
The central bank has already declared subsidies for banks for disbursing farm loans. And yet banks remain disinterested.

The dismal lending scenario is at odds with the government, which has given one of the highest priorities to the agriculture sector to avoid any food crisis.

But the lenders' attitude stands to compromise on the nation's food security.

Bankers blamed the countrywide shutdown from March 26 to May 30 imposed by the government to tame the fast-spreading coronavirus for the lower agriculture lending.

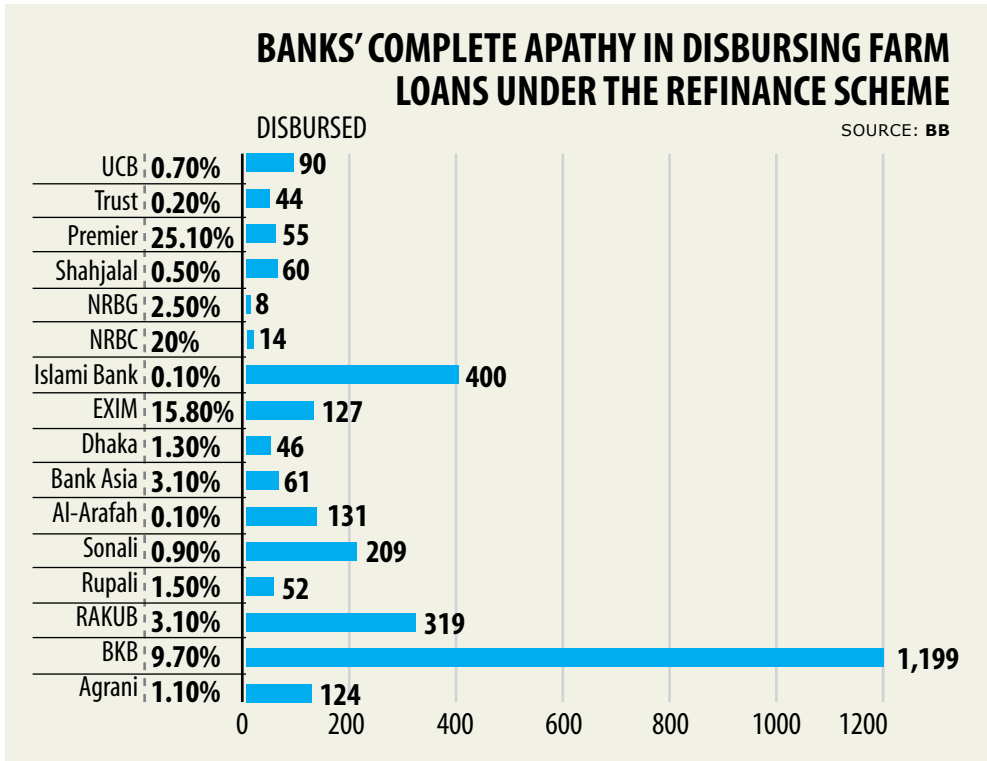
However, central bankers are not convinced. The Bangladesh Bank repeatedly asked them to



keep the wheel of the farm loan disbursement moving to absorb the financial shocks stemming from the downturn, they said.

"The central bank even took two separate programmes to give a tempo to farm loan disbursement. But banks have taken an adamant stance that they would not give out loans to farmers," said a central bank official.

The BB announced a stimulus package of Tk 5,000 crore dedicated to small and medium



businesses and entrepreneurs in the farm sector. The tenure for the loans will be 18 months, including a grace period of six months at both banks and clients' ends.

Banks will borrow from the refinancing scheme at 1 per cent interest rate and they will lend at 4 per cent.

As many as 43 banks signed the participation agreement with the central bank but only 16 gave loans.

As on June 30, Tk 172 crore was disbursed from the refinance scheme.

The central bank has introduced another programme to provide agriculture loans at 4

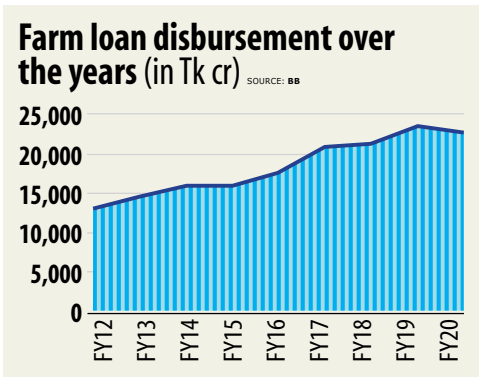
per cent interest rate.

Under the initiative, banks enjoy 9 per cent interest on disbursed loans, while the BB provides the rest 5 per cent as subsidy. Farmers are entitled to the subsidised loans from April 1 this year to June 30 next year.

But this effort has also not paid off as only nine banks disbursed Tk 286.27 crore in the three months to June.

The central bank has started drawing up the annual farm loan policy since 2009, when the government appointed Atiur Rahman as its governor.

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Govt makes setting up single-member companies easier

Amends Companies Act recently

REJAUL KARIM BYRON

The government has brought in a major amendment to the Companies Act allowing setting up of single-member companies, a move that is expected to give a boost to entrepreneurship, draw investors and support the growth of SMEs.

The cabinet gave its approval to the amendment on Monday and it would be now placed in parliament to set it in motion.

Allowing single-member companies would draw local and foreign investors and improve the country's ranking on the World Bank's Ease of Doing Business Index, Cabinet Secretary Khandker Anwarul Islam told reporters on Monday.

Allowing the formation of single-member companies would enable entrepreneurs and family businesses to move out of the

shadow of informality and gain access to financial and business services available in the formal economy, said Finance Minister AHM Mustafa Kamal in a letter to the WB in April.

The reform is a starting point to addressing a range of improvements in the regulatory regime that are needed to support the establishment and growth of microenterprises and small- and medium-sized enterprises, said Zahid Hussain, a former lead economist of the World Bank's office in Dhaka, yesterday.

The amendment would help regularise many SMEs and microenterprises and bring them under the legal purview, and thereby reduce informality, he said.

"It would help Bangladesh improve its ranking in the next Doing Business Index," said an official of the finance ministry.

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MAHMUDUL HASAN

Hundreds of thousands of cattle are set to remain unsold this Eid season thanks to coronavirus, which has eaten up the income of the country's burgeoning middle-class and also instilled the fear of coronavirus contagion among the upper class for partaking in the sacrificial ritual.

The reluctance of the two classes has left thousands of cattle farmers are now staring at massive losses.

Buoyed by the stellar returns last year, when he sold all of his 140 cows one and half months before Eid, Md Akbar Alam Upal, managing director of Fit and Fresh Agro in Keraniganj Upazila, reared 300 cows for this season.

Until yesterday, he managed to sell only 60 cows and at prices 20 to 25 per cent lower than last year.

For instance, he sold a cow weighing 640 kg at Tk 2.20 lakh, the minimum price of which should be around Tk 3 lakh.



AHMED HUMAYUN KABIR TOPU

"Every year big corporate groups would buy 30-40 cows for their factory employees. But this year they are not participating in Qurbani," Upal told The Daily Star yesterday.

Upal already sequestered 150 cows for next season because of the low price.

"But, it is also not a good move as

I have to feed them fodder and other ingredients. And the cattle would not grow much after a certain point."

Last year, he invested about Tk 3 crore and got Tk 30 lakh in profit. This year, he spent Tk 8 crore and is estimating losses to the tune of Tk 60 lakh.

Cattle farming has been a new

phenomenon among literate youths in the country ever since neighbouring India imposed a ban on the export of cows to Bangladesh in 2014.

Boosted by success stories in dairy farming, Shahidul Islam Razu entered the business two years back after completing his Master's degree from a government college in the capital. Last year, he sold all of his 20 cows and pocketed a profit of Tk 4 lakh.

This year, his Modern Dairy Farm in Keraniganj reared 25 cows and so far they managed to sell just one cow.

Desperate to get rid of the cattle, he is now offering discounts of Tk 5,000 to 7,000 on each cow.

"But, there are no customers. I think people have no money," he said, adding that he is hard-selling on Facebook too but found no response.

Regardless, he has to sell the cows at a lower price this Eid or two months later because it costs a lot to feed them, he added.

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