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BB throws kitchen sink at downturn with its latest monetary policy

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AKM ZAMIR UDDIN

The central bank yesterday took an expansionary monetary policy by way of cutting the interest rate on its tools with the view to making funds cheaper for both banks and businesses

The latest initiative will, hopefully, go some way towards bringing an economic bounce.

As part of its move to make funds cheaper for banks, it cut the repurchase agreement (repo) rate once again such that banks will get funds smoothly from the Bangladesh Bank.

The repo rate was cut 50 basis points to 4.75 per cent when it unveiled the monetary policy statement (MPS) for fiscal 2020-21.

The latest rate cut, which stood at 6 per cent before the pandemic, will inspire confidence amongst banks and businesses alike, a central bank official said.

In Bangladesh, the repo rate is the central bank policy rate (CBPR), which is the rate that is used to implement or signal the monetary policy stance.

Under the repo programme, the repayment duration of the repo is between one day and 28 days as per the central bank's regulations.

The central bank also cut the reverse repo rate by 75 basis points to 4 per cent and the bank rate by 100 basis points to 4 per cent.

A reverse repo agreement is the purchase of securities with the agreement to sell them at a higher price at a specific date in future. In Bangladesh, banks deposit their money with the central bank at a rate set by the latter.

Bank rate, which is another major tool of the central bank, was cut yesterday after 17 years as part of the expansionary monetary policy. BB, on the whole, uses the rate while giving out money to banks under its refinance

The central bank has recently cut cash reserve ratio and credit-deposit ratio in tandem, which has helped banks enjoy a large amount of liquidity to tackle the ongoing economic fallout.

Besides, BB is also injecting funds to the financial sector as part of its effort to implement the stimulus packages.



But businesses continue to show little interest in taking loans from banks, leaving them with excess liquidity.

Asked for the rationale behind the initiative when the money market is flush with liquidity, a BB official, who has strong knowledge on the matter, said banks hardly take any fund from the central bank to make the financial sector

"So, the latest initiative is more for optics. It sends out a positive signal," he said.

The latest BB move will play a vital role in increasing both the reserve and broad money supply to the financial sector in the days ahead, said Ahsan H Mansur, executive director of the Policy Research Institute.

Reserve money (RM) or the central bank money represents the base level for money supply or it is the high-powered component of the money supply.

Broad money depends on the volume of reserve money, which is a multiple of reserve

The growth of RM stood at 15.7 per cent in FY20, up from 5.3 per cent a year ago.

The supply of RM increased significantly last fiscal year as the central bank circulated the currency to the financial sector to mitigate the fallout.

The BB has also set an RM growth target of 13.5 per cent for this fiscal year.

But Mansur said RM might surpass the growth set by the central bank as both the net foreign assets and government borrowing may increase significantly this fiscal year.

The net foreign assets (NFAs) traditionally increase when GDP growth faces crisis as this has harmed the import, he said.

Although banks now enjoy huge liquidity, they will show little interest in investing their fund in the treasury bills and bonds in the days ahead due to the declining trend of the interest rate on the government securities.

Against the backdrop, the central bank will have to provide the funds to the government by using the RM.

The government has set a bank borrowing target of Tk 84,980 crore to meet its deficit financing of the fiscal budget.

The central bank has set a public sector credit growth target of 44 per cent for fiscal 2020-21, up from 53.3 per cent a year

Public sector credit growth may be nigher than the target set by the central bank as the government continues to show frustrating performance in mobilising revenue, said Zahid Hussain, former lead economist of the

Monetary policy for FY21

>> Private sector credit growth target set at **14.8**%

> Repo rate cut **50**

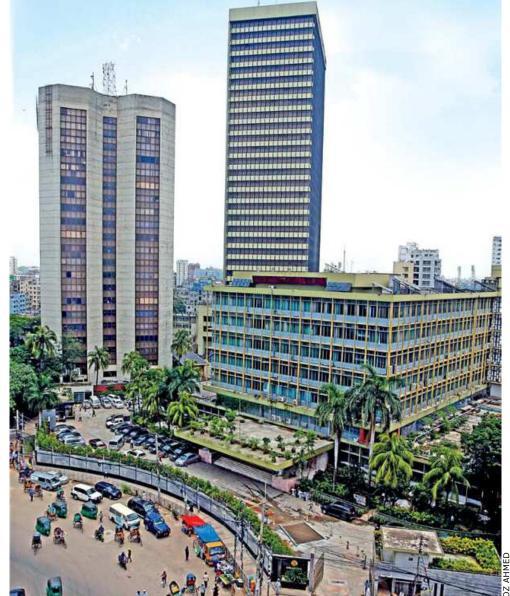
basis points to

4.75%

- >> Reverse Repo rate cut **75** basis points to 4%
- >> Bank rate cut **100** basis points
- >> Reserve money growth target 14.80% >> Broad money

growth target

15.6%



World Bank's Dhaka office.

All indicators have given a signal that money supply from the central bank will increase significantly in the days ahead.

The central bank will have to monitor strictly on the financial sector such that the speculative sectors like housing or capital market will not get the excessive fund.

Excessive investment in the speculative sector led the global recession in 2007, said Mansur, also a former high official of the International Monetary Fund.

Ensuring private sector credit growth in the productive sector is the only way to bypass the speculative sectors, he said.

But, the credit growth stood at 8.61 per cent last fiscal year, much lower than the actual target of 14.80 per cent.

The central bank has also kept unchanged the credit growth target for this fiscal year.

The monetary policy statement (MPS) also said 8.20 per cent GDP growth set by the government could be achieved if the stimulus packages are implemented timely.

"The central bank in its MPS stated that the policy had been drawn up to recover the economy. But, we will be much too happy if the country could achieve a positive growth," Hussain said.

The MPS also said that inflation could be contained at 5.5 per cent as per the government's target.

The central bank, however, feared that the expansionary and accommodative monetary policy stance along with the implementation of the various stimulus packages in the economy may intensify the unexpected inflationary pressure through creating a price bubble in the near future.

"Further aggravation in the global recessionary economic condition due to the lingering of the pandemic along with the volatilities in oil price and ongoing geopolitical tensions in the Middle-East might have a serious negative impact on the future exports and remittances," the MPS said.

The central bank also thinks that defaulted loans in the banking sector would increase further in the days ahead.

Although the present default loan scenario of the banking sector has markedly improved, thanks in large part to the recent rescheduling facility, the worsening business condition means the condition might revert to its previous state.

the government and the central bank properly in order to use those in the productive sector, said BB Governor Fazle Kabir in a press release.

The economy will face different challenges if the funds are not used properly, he added.

Monetary policy meets the test of time



AHSAN H MANSUR

As expected, the Bangladesh Bank has announced an expansionary monetary policy.

This expansionary stance has been essential given the current economic slump and the need for supporting the economy with adequate liquidity support and lower cost of fund.

Since the beginning of the countrywide general shutdown on 26 March, BB has been quite proactive and at the same time cautious by easing the monetary policy stance in phases and assessing the economic outlook.

The policy statement for fiscal 2020-21 essentially reaffirms the continuation of that cautious easing, and I welcome this approach under the prevailing macroeconomic environment of Bangladesh.

During the current pandemic, the monetary policy has to shoulder an extra burden since fiscal policy could not be expansionary enough due to a lack of fiscal space for undertaking a much larger discretionary spending programme and the precarious state of revenue mobilisation.

Thus, we have an uneven burden-sharing or mix between the fiscal and monetary policies, and in particular, certain policy gaps -- such as providing extensive livelihood support for the newly unemployed -- that could be addressed effectively by the fiscal policy cannot be filled by monetary policy.

That said, in my view, BB's new monetary policy statement aims to create a financial environment that is conducive to the resumption

The supportive environment will be achieved through lower interest rates, plenty of liquidity, and partial risk-sharing/mitigation for noncollateralised micro, small and medium enterprise (MSME) lending.

To this end, BB has used all available

a pace never seen in Bangladesh. Now is the implementation challenge for BB.

The policy framework is right. But if it is not properly implemented, not only would the economy not benefit to the extent it should, there would also be adverse reactions. Easy money is needed under current

circumstances, but BB has to make sure it is used properly in the productive sectors of the

Otherwise, we would not get the much needed and hoped job creation and positive supply response. Instead, the injected liquidity will lead to asset price inflation, further accumulation of default loans in the banking system and capital flight.

For example, BB cannot control the spread of coronavirus in Bangladesh, and much of the

economic recovery is hostage to that. The central bank cannot contain the food inflation in the face of a potential serious supply shock and its possible impact on non-food inflation.

Unless the spread of coronavirus is contained, the current severe flood situation is properly managed and domestic demand starts accelerating from current low levels, it is very likely that the monetary policy support alone would not encourage the struggling private sector to go for full capacity production and resumption of services and investment.



The car park of Bangladesh Bank headquarters in Motijheel, Dhaka.

Thus, BB has to remain vigilant about the users of the credit, use of the credit, and the supply response and job creations resulting from the easy monetary policy.

I would strongly recommend that the BB undertake an independent third-party evaluation in the next 2-3 months to determine the effectiveness of the bank-led stimulus package and the impact of the overall easing of the monetary policy on the broader economy.

Many important things are outside the domain of the central bank and that is the way it instruments at its disposal -- to an extent and at should be like in other countries.

Economic revival will critically depend on how the government tackles all the important aspects associated with the pandemic.

FIROZ AHMED

The central bank's monetary policy stance, as announced through the policy statement yesterday, is an important step in the right direction and we fervently hope that the other arms of the government play their expected roles to pull the economy out of the pandemicinduced rubble.

The writer is the executive director of Policy Research

Market raises toast to expansionary monetary policy

AHSAN HABIB

Stock investors yesterday welcomed the expansionary monetary policy unveiled by the central bank, hoping it would rejuvenate the battered economy and persuade institutional investors to pour money into the capital market.

The central bank, in its policy for the next six months, brought down the bank rate to 4 per cent from 5 per cent.

It also proposed a cut in the repurchase agreement rate from 5.25 per cent to 4.75 per cent to make funds available for banks at a cheaper rate.

"When the policy rate is slashed, institutional investors get interested in pouring money into the stock market to earn more profits. So, this is a welcoming move," said Shahidul Islam, chief executive officer of VIPB Asset Management Company, which manages four funds worth Tk 250 crore.

Now, risk-free investments such as government bonds would offer lower rates and stocks' valuation would be lucrative, he

"Institutional investors now can come to the market. As a result, an immediate boost in the stock market can be seen," he added.

The monetary policy would be good for the stock market, said Md Moniruzzaman, managing director of IDLC Investments. The lowering of the rate will allow banks

to bring down the lending rates under 9 per cent, which will be good for businesses and the economy.

"When the economy gets a shot in the arm, the stock market gets expected results automatically," he said, adding that now some funds might come to the stock market

General stock investors were also buoyant from the monetary policy and because of a milder impact of the pandemic

on the earnings of listed companies.

Yesterday, DSEX, the benchmark index of the Dhaka Stock Exchange, rose 14.66 points, or 0.35 per cent, to 4,171.20. Turnover, another important indicator

of the market, surged to Tk 399.52 crore. "The monetary policy statement was

expected to be expansionary. So, investors started making purchases from the first day of the week," said a merchant banker preferring to remain unnamed. On the other hand, most of the stocks

with good performance records have fallen to their five- to six-year lows, so investors are optimistic, he said. This is true that stocks will have lower opportunity costs now but some problems

persist in the market, said a top official of a listed bank. Market-determined pricing mechanism has been tampered with the imposition of the floor price on 19 March. As a result,

the real prices of stocks can't be judged, the banker said. The Bangladesh Securities and Exchange Commission (BSEC) set the floor price

to halt the fall of the index amidst the pandemic. BSEC knows well that the floor price is not good for the market, said a top official

of the regulator. "We want to lift it but small investors are urging us not to withdraw it. So, we are waiting for a boost.'

The stock index has been rising for the past month buoyed by the news that the pandemic had a milder impact on the economy in comparison to other countries and the confidence in the present commission, he said.

DSEX rose 5.32 per cent to 4,171 points in the last one month.

Listed companies' profitability, strong fundamentals and good corporate governance are key to boosting the stock market, according to Islam of VIPB.

Message from the Embassy of Switzerland

Nathalie Chuard

Ambassador of Switzerland to

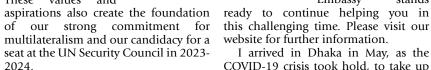
Bangladesh

this special occasion, I wish to extend my warm greetings to our Bangladeshi friends and to my fellow Swiss citizens living in this beautiful country. As the world is struggling with the COVID-19 crisis, the Eid festival and the Swiss National Day give us a wellneeded break and time to reflect and appreciate what is important!

To all of you who want to join us in celebrating our national day safely from home, we encourage you to visit our difficult times. To contribute to the fight

online meeting place specially designed for the occasion. Here, you can explore many Swiss do-it-yourself activities or even improve yodelling skills: visit www. missione 1 agosto.org

Switzerland is not all about watches, chocolate cheese. mountains. Diversity, solidarity, innovation and entrepreneurship, rule of law, strong institutions and federalism are at the core of what my country stands for. These values and



Switzerland is proud to have enjoyed robust and forward-looking relations with Bangladesh for almost five decades. Our relations are rooted in solidarity, partnership and a common vision of prosperity and sustainable development. We have nurtured and grown close collaboration in many areas including economic and international cooperation, humanitarian aid, as well as cultural and political exchanges. I am confident that our two countries will continue to explore new avenues

WITZERLAND celebrates its of cooperation, particularly on trade National Day on 1 August. On and investment and the Sustainable Development Goals. We will also continue to mutually benefit from sharing experiences on good governance and the promotion of human rights. It is my goal to further strengthen the ties between our two nations.

We are in an unprecedented crisis. The whole world is greatly affected by the COVID-19 pandemic and related challenges. Both our countries have stood by each other as friends in

> against COVID-19 Bangladesh, Switzerland earmarked over BDT crore and is working in partnership close government agencies, national and international organizations, private sector and the civil society. Many Swiss companies are contributing with donations as well as innovative technologies services.

> To my fellow Swiss citizens living in Bangladesh, our Embassy

this challenging time. Please visit our website for further information.

I arrived in Dhaka in May, as the COVID-19 crisis took hold, to take up my new function at the helm of the Swiss Embassy. Unfortunately, I have not yet had the opportunity to explore the country. I am therefore very much looking forward to getting to know and experiencing first-hand the land and the people of Bangladesh.

I hope you will enjoy reading this special supplement. I wish you, your family and your friends all the best in these trying times. Let's celebrate Eid and the Swiss National Day by staying strong together, healthy and safe!

Switzerland stands by Bangladesh during COVID-19

S nations and people around the globe struggle with COVID-19, Switzerland in solidarity with Bangladesh to overcome this unprecedented crisis. Switzerland has so far earmarked over 8 Million Swiss Francs, or 70 Crore BDT, for immediate response activities, which are implemented through local and international partner organizations in close collaboration with the Government of Bangladesh. Our action, which consists of more than 20 projects, is designed to benefit vulnerable communities, reach out to remote areas and support organizations and institutions working at the frontline of the fight against the pandemic.

People living in hard-to-reach areas often do not have adequate access to services even under normal circumstances. With two floating hospitals, the NGO "Friendship" provides critical COVID-19 protection and healthcare to the far-flung Northern Char region in Bangladesh. Switzerland supports Friendship to expand its services with additional 1'500 volunteers and paramedics, prepare isolation centres and distribute PPEs among health workers. The project also includes the establishment of walkin testing booths as well as the distribution of vitamins and food packages to 9'000 people.

In the Cox's Bazar area, Switzerland assists the Rohingya refugees and host communities through a number of interventions. The Swiss Red Cross (SRC) is scaling up the capacity of primary health centres for about 200'000 refugees in the camps. The support also goes towards the construction of isolation facilities and treatment of COVID-19 patients in the camps and the host communities.

Switzerland has also joined a UNICEF-led action to bolster the



A simple but innovative washing station at Para Centre in Chittagong.

Government with its COVID-19 response in the Water, Sanitation and Hygiene sector. This will directly benefit at least 23 million people and reduce their riskexposure by securing uninterrupted water supply and creating improved public water and handwashing facilities. Providing better access to sanitation is particularly important for women and children. The project also includes a public awareness campaign on WHO-recommended prevention measures, reaching 84 million people through religious leaders, social media platforms and community radios.

The ultra-poor and vulnerable population, including indigenous

marginalized communities, bear the brunt of the economic fallouts of COVID-19. Switzerland supports the relief organization HEKS/EPER with providing emergency food, hygiene and livelihood assistance to around 10'000 families of vulnerable communities in different parts of the country. Similar to other Swisssponsored initiatives, this project is designed to smoothly transition from immediate emergency relief to rehabilitation and longer-term development activities.

Local government institutions are at the forefront of the fight against the pandemic. Switzerland teamed

people, sex workers and other up with Denmark and the United Nations Development Programme (UNDP) to support the Local Government Division of Bangladesh. Under this partnership, the Efficient and Accountable Local Government (EALG) project reaches out to 500'000 people from 9 districts, by raising awareness, distributing protective equipment and installing handwashing facilities.

These are just some of the efforts that the government and civil society are undertaking now in collaboration with Switzerland and the broader international community. Together and in solidarity, we will overcome this



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Mission August 1st

Join us and let's celebrate Swiss National Day together:

www.missionelagosto.org

What will you find?

- Do-it-yourself activities for August 1st: traditional recipes, yodeling classes, table decorations, tutorial on how to make your own lantern, initiation to flag throwing, cervelat cutting class...
- Swiss music
- A quiz to test your knowledge about Swiss
- 🗘 Fun facts about Switzerland

Your mission?!

- O Share the results of your do-it-yourself activities directly on missione1agosto.org
- and maybe win a dinner with the Swiss Ambassador in your country!
- Make noise on social media with #SwissNationalDay!
- Join live on August 1st to watch and comment the speech of the President of the Confederation, Simonetta Sommaruga!



Scan the QR code for instant access to the website

CORPORATE SOCIAL RESPONSIBILITY IN PRACTICE

How Swiss Companies in Bangladesh Contribute to the COVID-19-Response

WISS companies operating in Bangladesh are playing a key role in maintaining livelihoods, food security, health services and critical infrastructure and logistics during the ongoing crisis. Many also support or implement their own relief operations and pioneer safe working and commuting practices.

Switzerland is home to many globally leading pharmaceutical companies, two of which are particularly active in the country and its COVID response. Both Novartis and Roche have continued supporting patients and healthcare professionals with their wide range of testing solutions and medicines, often vital for diagnosis and treatment of critical diseases. Together with UNDP, Roche has reached out to over a million people with an online awareness campaign. Novartis has teamed up with the Swiss Red Cross and the Bangladesh Red Crescent Society to provide PPEs to healthcare professionals.

Various Swiss businesses are critical links in Bangladesh's food and beverage value chains, playing a key role in ensuring food security and safety, particularly during times of crisis. Syngenta, a leading agriculture company, has continued to safely supply farming products and services by distributing PPEs among its employees and business partners, and running a number of hygiene campaigns. Similar initiatives were taken by Bühler, a global food processing technology leader, who managed to continue servicing its equipment in mills and factories



PHOTO: F. BARISHAL/ UNICER

Hand wash after disinfecting the handle and spout at a well.

pandemic. The food and beverage company Nestlé has continued its operations to ensure availability of essential food items in Bangladesh. The company also contributed to the Honourable Prime Minister's Fund and supported local NGOs and around 1'000 families living near its factory.

LafargeHolcim, a global leader in building materials with a strong presence in Bangladesh, provided local communities living in the vicinity of its operations with food support, protective equipment and hygiene solutions. The company also provided PPEs to health care professionals across the country. Meanwhile, Switzerland-based SGS, with its core

throughout the county, despite the competencies in testing, inspection and certification, plays a key role in setting up standards and guidelines for sourcing and manufacturing high-quality PPEs in Bangladesh. Finally, the IT powerhouse Secure Link Services (SELISE), which even expanded its local workforce during this crisis, has developed a digital platform to assess the likelihood of an individual contracting COVID-19, based on automated data collection and analysis.

As advocates of Swiss values such as quality, reliability, sustainability and solidarity, these companies, together with their local business partners, are making key contributions to help Bangladesh overcome and recover from the COVID-pandemic.

Heartiest Felicitation on Swiss National Day

on Missionelagosto.org

We look forward to seeing you

From

Switzerland-Bangladesh Chamber of Commerce & Industry



48 Years of Bi-lateral Relationship













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NBR to make all-out effort to make amnesty to black money a success this time

REIAUL KARIM BYRON

all-out effort from next month to generate an increased amount of untaxed money as it needs the sum to kickstart the coronavirusravaged economy.

After the upcoming Eid holiday, the National Board of Revenue (NBR) would get down to work to use the money whitening tool to boost earnings for the state coffer.

Under the initiative, the tax administration would run ads has been widened as the in newspapers and televisions, run TV programmes and publish leaflets and brochures to encourage people to bring their untaxed money, popularly known as black money, to the

mainstream economy. The NBR would particularly highlight the opportunities introduced in the current budget that no questions would be asked metre. about the sources of the money disclosed, said an official of the government agency.

Black money is largely its direct impact is the loss of taxes at a rate of 10 per cent.

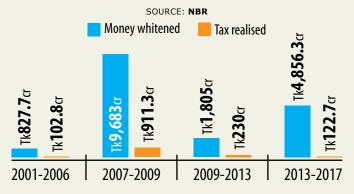
Until the ongoing fiscal year, The government is set to make an black money-holders had been able to whiten their assets by investing in residential buildings revenue from the legalisation of by paying a tax of 10 per cent on the amount invested, which for regular taxpayers is between 10 and 30 per cent.

An addition was made in the last fiscal year -- black money holders will not face any questions about the sources of their income if they invest in economic zones and hi-tech parks.

In fiscal 2020-21, the amnesty instrument has so far failed to achieve its objectives of raising revenue for the government and induce investment.

Now, individual taxpayers will be allowed to disclose any type of undisclosed house properties, including land, building, flat and apartment by paying tax at a particular rate on per square

Individual taxpayers will also be able to make any disclosure of undisclosed cash, bank deposits, savings certificates, shares, bonds attributed to tax evasion and or any other securities on paying AMNESTY TO BLACK MONEY HAS HISTORICALLY **BEEN A SPECTACULAR FLOP**



capital market and show it in their tax returns. They have to maintain a lock-in period for a year.

No authorities, including the NBR and the Anti-Corruption Commission, would be able to raise any question on such declarations.

In fiscals 2007-08 and 2008-09, Tk 9,682.99 crore was legalised during the regime of the Armybacked caretaker government, which was the highest in the

They can also invest in the country's history, NBR data showed.

previous governments of the Awami League, Tk 1,805 crore and Tk 4,856 crore were respectively legalised.

The NBR has made tax return submission mandatory for all tax identification number (TIN) from the current fiscal year to generate revenues in a country that has one of the lowest tax-GDP ratios in the

Due to lax in the existing

provisions of the law, about 50 per cent of the TIN-holders can now easily afford not to submit tax returns, said Finance Minister AHM Mustafa Kamal in his budget speech on June 11.

Taking undue advantage of the situation, many eligible taxpayers are now avoiding submission of the tax return and evading payment of taxes, he said.

The number of taxpayers in Bangladesh is 20-22 lakh.

To increase the number of taxpayers, the income tax department identified 5 lakh new taxpayers last fiscal year.

Because of the pandemic, revenue collection dropped 2.26 per cent to Tk 218,406 crore in the just-concluded fiscal year against the revised target of Tk 300,500

This was the first-ever negative growth in Bangladesh's history.

Bangladesh's budget deficit may shoot to as high as 10 per cent of the GDP this fiscal year as the government would have to keep spending more to tackle the brunt of the coronavirus pandemic amid a drastic fall in revenue generation, the World

Loans for CMS sector should be simplified

Says Bangladesh Bank

STAR BUSINESS REPORT

Banks should approve loans for as many companies as possible from the Tk 20,000 crore government stimulus package as the latter will provide credit guarantees and subsidies on interest payments, said a top Bangladesh Bank official yesterday.

Banks traditionally issue loans almost exclusively for existing clients to reduce default risks and are reluctant to disburse funds without knowing a potential borrower's track

However, the government will now share the risk by insuring up to 80 per cent of any loan taken from the stimulus package by cottage, micro and small (CMS) enterprises under the Credit Guarantee Scheme (CGS).

Moreover, of the 9 per cent interest rate, the government

Therefore, commercial banks should lend money to CMS enterprises, which play a vital role in the economy, on flexible conditions so that they can benefit from the stimulus package, said Abu Farah Md Naser, executive director of Bangladesh Bank. A Tk 60,000 crore fund will be rolled out in the Tk 20,000 crore packages over the next three years, Naser added.

He urged banks to make quick disbursements so that the various industries affected by the ongoing coronavirus pandemic can resume normal operations.

Naser also suggested that banks should even lend money to unbanked entrepreneurs after verifying their business turnover to maximise the number of borrowers.

For instance, Bangladesh Bank recently gave loans to microfinance institutions (MFIs) for the first time as they have over three crore individual borrowers.

The central bank has also been working with Bangladesh Investment Development Authority to support startups, Naser said during a virtual discussion styled "CMSME's Access to Finance and the Way forward".

The event, featuring senior officials of various commercial banks and businesspeople, was organised by the Dhaka Chamber of Commerce and Industry (DCCI).

Moderating the discussion, DCCI President Shams

Mahmud said cottage, micro, small and medium enterprises (CMSME) represent 13 million business entities and account for about 35.49 per cent of employment. However, many entrepreneurs are facing numerous

packages, he said, adding that non-banking channels could be useful in disbursing the loans. Besides, the definition of SMEs needs to be unified in all policies, Mahmud said. Md Afzal Karim, deputy managing director of state-run

challenges when trying to secure loans from the stimulus

Bangladesh Krishi Bank, said they provided the loans to 945 people, which was 29 per cent of their disbursement target. Many are being deprived for a lack of collateral, he added

Only 28 per cent of the sector has access to finance compared to 44 per cent of large-scale enterprises, said Akhil Ranjan Tarafder, general manager of the Bangladesh Small and Cottage Industries Corporation (BSCIC).

Documentation processes, a lack of collateral and banks' unwillingness are some of the reasons for disbursement delays. Moreover, the Tk 20,000 crore stimulus package is insufficient for the entire CMSMEs sector.

The BSCIC plans to establish 50 industrial estates on 20,000 hectares of land," he added.

DCCI Vice President NKA Mobin said the CMSME sales have slumped 35 per cent for the pandemic.

About 62.4 per cent of CMSMEs are now unable to pay workers' wages or tax and VAT. Most entrepreneurs find fulfilling loan requirements challenging for which 59 per cent of CMSMEs find the loan disbursement process complex

Nazeem Sattar, general manager of SME Foundation, urged framing a guideline for small-scale entrepreneurs, saying they had a few going through the industries ministry for approval. He also insisted on creating an alternative, flexible

Ferdousi Begum, joint secretary to the industries ministry, said banks' willingness was needed to successfully disburse the packages. More trading-based entrepreneurs should be allowed access to the fund, said Syed Abdul Momen, head of SME at BRAC Bank.

Sanjib Kumar Dey, head of SME at Mutual Trust Bank, said the package were yet to be fully explored. They aim to disburse Tk 301 core from the fund, 40 per cent by August and the rest by December.

Anwar Faruque Talukder, executive vice president (EVP) of Dutch Bangla Bank, said interruptions to demand and supply were hampering the domestic market's revival.

His organisation plans to disburse Tk 340 crore, on which he suggested extending the repayment tenure from the existing one year.

Sk Moyeen Uddin, additional deputy managing director at EXIM Bank, stressed bringing unbanked SME entrepreneurs under official banking channels and on the need for financial literacy among CMSMEs.

Syed M Omar Tayub, head of MSME at Prime Bank, suggested more stimulus funds for the trading sector to avail the maximum advantage

Mohammad Emtiaz Uddin, EVP of Premier Bank, said such financial support needed to reach rural areas. "We got approval to disburse Tk 120 crore," he said.

Rawhide export allowed for select businesses and for limited time

The government has decided to allow the export of rawhide and wet blue or leather that is halfway through processing this year but imposed some conditions.

It aims to create demand in the local market and ensure proper prices for citizens who sacrifice animals and small traders during this Eid-ul-Azha. Select businesses would be allowed

to export and specific timeslots would be allotted to them to ship the rawhide, said the commerce ministry notice. They would not be allowed to export all year round.

Last year, nearly one crore pieces of rawhide worth Tk 100 crore were thrown away by citizens and small seasonal traders as they deemed the prices to be too low. A section of tanners was blamed for a trickledown effect they had on the seasonal

Merchants have traditionally supplied on August 1.

pay a significant amount of the arrears ahead of Eid.

The merchants lend this money to regionally functioning traders, who provide the same to seasonal traders for the collection of rawhide from citizens during the Eid, which accounts for about half of Bangladesh's annual rawhide production. However, the arrears have grown since

1990, coming to stand at some Tk 500 crore at present. And the tanners have not paid up despite making commitments several times.

This created a dearth of funds in the market alongside resentment among the merchants, leading to the low prices and discarding of rawhides.

weather conditions and the ongoing goats (down 23 per cent). pandemic will also affect rawhide business during this Eid, scheduled to be celebrated

fall in demand from international retailers and a yet-to-function central effluent treatment plant (CETP) in Savar Tannery Industrial Estate (STIE) will cause severe detrimental effects, said exporters, experts,

Last week, the government fixed the prices for rawhides. Cattle rawhide treated with salt has been set between Tk 35 to Tk 40 per square feet when being traded within Dhaka, which is 29 per cent lower

Outside of Dhaka, the price will range between Tk 28 and Tk 32, which is 20 per cent less year-on-year. Similarly, it is Tk 13 to Tk 15 for the

processed skins of male goats (down 27 per to which ordinary people tend to donate the The other factors such as hot and humid cent) and Tk 10 to Tk 12 for that of female proceeds from the hide sales.

allow rawhide export so that citizens and businesses or simply passed away.

Commerce Minister Tipu Munshi said at the price-fixing meeting.

The government had kept a ban on rawhide export in an attempt to retain it for value addition in the country's supply chain of leather and leather goods.

Since only tanners are capable of processing the product, the ban left the ordinary citizens and small traders with no choice but to give in to minimal prices offered by tanners almost every year.

This vicious cycle of unpaid arrears and minimal prices in rawhide trade has been on repeat over the past three decades.

It has come to trap many victims, including poor students of orphanages, mostly madrasas, With arrears lingering for such a long

"Allowing the export of rawhide and time, some 95 per cent of the merchants wet blue is our last weapon. We will have either gone bankrupt, left the

Robi now has the largest 4.5G network in Bangladesh

STAR BUSINESS REPORT

Robi has become the first mobile phone operator in Bangladesh to have established more than 11,000 active 4.5G sites, thus building the largest high-speed network.

The operator has reached the milestone by taking the 4.5G network to every upazila, the company said in a press release yesterday.

The 4.5G network of the secondlargest operator now covers 80 per cent of the population.

"I am very proud to note that network, it said. we are making good on our promise in this regard by being the first operator to cross 11,000 4.5G sites milestone," said offer better coverage indoor.

Mahtab Uddin Ahmed, managing director and chief executive officer of Robi, in the press release.

This sets Robi on a path to sustainably offer new experiences to its customers. "The manner in which we launched our 4.5G service,

we made it clear that we are

determined to dominate the digital future," Ahmed added. Using the dynamic spectrum technology, Robi has proved itself to be the most efficient operator in utilising spectrum to ensure the best video experience on its 4.5G

Robi is the only operator that uses U900/L900 spectrum technology, which allows it to



It is also the first operator to roll out the voice over long term evolution (VoLTE) service in the country, providing customers with high-definition quality voice calling experience using the 4.5G

The HD video calling allows users to stay connected with friends and family and offers buffer-free streaming of videos. The operator aims to provide

the best video experience to its consumers, the press release

Robi Axiata is a joint venture between Axiata Group Berhad of Malaysia and Bharti Airtel of India. Axiata holds 68.69 per cent stake and Bharti the remaining 31.31 per cent.

Self-sufficiency in cattle thanks to fattening ops

JAGARAN CHAKMA

Farming sacrificial cattle has turned so lucrative that numerous smalland large-scale fattening operations have been set up in the last couple of years, drawing huge investments and eventually meeting the demand during Eid-ul-Azha, the second largest religious festival of Muslims.

Last year, 1.06 crore animals were sacrificed against a supply of 1.16 crore, according to the Department of Livestock Services (DLS).

This year, 1.19 crore are available, of which 45.38 lakh are cattle, 73.55 lakh goats and sheep and 4,500 other livestock.

This self-sufficiency came about through the establishment of fattening units for bulls mostly in dairy farms.

Many investors are taking on a three to six months' operation during which cattle of a certain age and health are bought from around the country and put on special diets tuned for weight gain.

Running in conjunction with dairy units helps meet day to day costs through the sale of milk.

The viability of this business has even drawn corporate houses and educated young entrepreneurs into commercial livestock farming.

"We have been self-sufficient of sacrificial animals for the past three years and no animal has been allowed to be brought in from India, Nepal and Myanmar," said Abdul Jabbar Sikder, directorgeneral of the DLS.

All the ministries concerned and the Border Guard of Bangladesh were working on preventing the entry of animals in the lead-up to Eid.

He is confident there would be no shortage of cattle this year given that 12 lakh animals were surplus last

All credit for self-sufficiency goes to entrepreneurs and the DLS, said AKM Ataur Rahman, a former livestock economist at the department, adding that at least Tk 10,000 crore has been invested in rooftops of their farms. The photo was taken yesterday at Ashulia.



The countrywide flood has submerged cow sheds, leaving farmers with no other option but to shift their cattle to the

the sector in the past decade. "A revolution has taken place

in cattle farming in the last few years," said Khorshed Alom Khokon, managing director of Sirajganj Dairy

educated unemployed youths started farming for dairy and meat to become self-reliant, he added.

However, this Eid, sales would be less than in previous years given the pandemic and its economic repercussions and the ongoing floods in different parts of the country,

"My assumption is the figure will come down to less than one crore this year," he added. Demand has dropped for the

pandemic and this has subsequently affected the prices, Khokon said. Were it not for the online markets,

the situation might be worse. For instance, one Pabna-based farmer said he has already sold 54 of his bovines at a profitable margin through the internet.