

Stimulus package for CMSMEs must be given out by Oct

BB fires off warning to banks, NBFIs

AKM ZAMIR UDDIN

The central bank yesterday instructed banks and non-bank financial institutions (NBFIs) to disburse loans under the stimulus package for the cottage, micro and small enterprises within October.

The Bangladesh Bank came up with the decision at a virtual meeting with managing directors of 16 banks and 4 NBFIs in the wake of the slower loan disbursement for the cottage, micro, small and medium enterprises (CMSME).

Banks and NBFIs whose loan disbursement ceilings are Tk 50 crore and above were summoned to the meeting presided over by BB Governor Fazle Kabir.

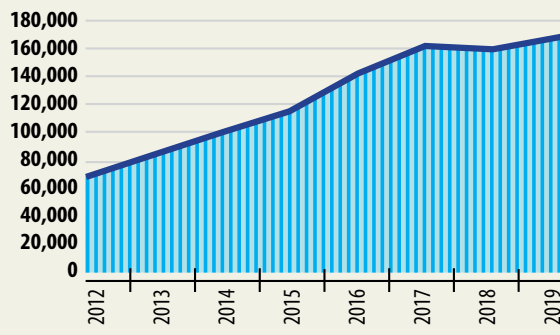
So far, banks have disbursed about Tk 1,550 crore under the stimulus package worth Tk 20,000 crore.

The central bank, however, has approved banks and NBFIs for disbursement of loans worth Tk 2,731 crore.

On 2 July, the BB governor had met another 23 banks whose loan disbursement ceilings are Tk 300 crore and above asking them to accelerate their loan distribution process.

Banks have stepped off the gas on SME loan disbursement (in Tk cr)

SOURCE: BB



"The central bank has asked us to speed up," said Mominul Islam, managing director of IPDC Finance, who participated in the meeting yesterday.

Banks and NBFIs had earlier asked to disburse loans under the stimulus packages within August.

"We have requested the central bank to extend the deadline for the stimulus package of the CMSME sector until December. But we were given two more months."

Both banks and NBFIs have also committed to implementing the stimulus package for the CMSME sector within the stipulated period to revive the economy from the ongoing fallout brought on by the coronavirus pandemic, Islam added.

Under the package, funds will be given at 9 per cent interest rate to borrowers. Of the interest rate, 4 per cent will be borne by the borrowers and 5 per cent by the government in subsidies.

Also, the central bank will provide half the Tk 20,000 crore stimulus package to cash-strapped banks so that they could give out the loans smoothly. As much as 48 banks and 20 NBFIs have signed participant agreements with BB to give the funds under the package.

But the package is failing to take off.

As per the terms of the stimulus package, banks can disburse credit equivalent to 30 per cent of the CMSME's existing working capital, which is much too small any amount for the lenders to bother with, said an official of a bank wishing to be named as he is not authorised to speak with media.

Besides, BB asked banks to disburse 50 per cent of the loans under the stimulus package to the manufacturing sector, 30 per cent to the service sector and just 20 per cent to the trading sector, which traditionally accounts for the bulk of the SME loans.

Nearly 65 per cent of the SME loans typically go to the trading sector as the segment is the major part of the economy. This has discouraged banks to use the stimulus package despite the central bank instruction to implement all credit packages, which have been formed to mitigate the recession, by August.

The central bank should address the issues immediately as SMEs account for 20 per cent of the GDP, the bank official added. The sector accounts for 80 per cent of the total industrial employment and 25 per cent of the country's labour forces.

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RAJIB RATHAN

These lighter vessels have been forced to stay anchored for the past three days as inclement weather resulting in rough seas and incessant rain is preventing them from going out and unload imported bulk cargo from their bigger counterparts at the outer anchorage of the Chattogram port. The photo was taken at Ghat 15 in the airport area in Chattogram yesterday afternoon.

Cargo unloading at Ctg outer anchorage halted for rough seas

DWAIPAYAN BARUA, from Ctg

Unloading of imported bulk cargoes from vessels at the outer anchorage of the Chattogram port has remained suspended for the last three days until yesterday due to inclement weather resulting in rough seas and incessant rain.

Transport of these goods from Chattogram to different parts of the country through inland water routes also came to a halt on Saturday afternoon following two separate capsizing incidents that day.

The two lighter vessels were carrying raw sugar and wheat when one overturned in the Hatia channel and the other near Bhasanchar in Noakhali.

Though unloading of bulk cargoes from vessels berthed at the port's main jetties has continued, the rains have slowed down the handling of perishable goods.

Lighter vessels used in unloading cargo from their bigger counterparts at the outer anchorage are unable to venture out.

This has left at least 35 large cargo vessels lying idle at the anchorage with their goods, which include food grains, sugar, salt, fertiliser, stone and industrial raw materials such as cement clinker, slag and steel scraps, said sources.

Water Transport Cell (WTC), a private organisation that operates a portion of the lighter vessels, said they were dealing with the unloading of

17 of the 35 vessels or some 6.5 lakh tonnes of goods.

Cargoes of the remaining vessels were to be unloaded using lighter vessels of some big industrial units like Meghna Group and Abul Khair Group.

In the last berthing meeting of the WTC on Saturday, more than 20 lighter vessels were allocated for carrying out the unloading of the 17.

But the operations were halted as the vessels failed to go out to the outer anchorage due to heavy rolling of waves in the sea, said Ataul Karim, an official of the WTC.

The WTC did not hold any berthing meeting on Sunday and Monday as the inclement weather had persisted.

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Bashundhara Group to fork out Tk 4,350cr to set up three factories at BSMSN

JAGARAN CHAKMA

Bashundhara Group, one of the largest business groups in Bangladesh, is set to establish three new enterprises with a total investment of Tk 4,350 crore at the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) in Mirsarai, Chattogram.

"The expansion is a result of a bold decision by the government," said Paban Chowdhury, executive chairman of the Bangladesh Economic Zones Authority (BEZA).

BEZA helped facilitate the project by leasing a 500-acre plot for the new economic zone that will feature the Bashundhara Pre-fabricated Building Manufacturing Industries, Bashundhara Multi Steel Industries and Bashundhara Chemical Industries.

The land was previously abandoned but now, investors are showing interest in the zone, Chowdhury said, adding that BEZA is standing by the investors even amid the ongoing coronavirus pandemic.

About 20 per cent of the project's infrastructure development works is already complete, said Foyez Rahman, secretary to the vice-chairman of Bashundhara Group.

The factories will be able to go into full operation by the end of 2021.

Government's policies play a major hurdle to industrialisation.

For example, the National Board of Revenue recently imposed a 15 per cent value-added tax (VAT) on land leasing at economic zones, providing yet another obstacle for attracting investment.



Frequent policy changes also impede any business process that was being conducted based on previous rules and regulations.

In regards to the financing of the project, Rahman said they have already sent their application for funding to Agrani Bank.

Through the new factories, Bashundhara Group is targeting to create about 3,852 jobs.

After considering the potential growth of the pre-fabricated steel sector, Bashundhara Group felt it prudent to invest in the industry.

The manufacture of pre-fabricated steel in Bangladesh has had an annual growth rate of about 15 to 20 per cent over the last 10 years.

In the past, the market value for pre-fabricated steel was only Tk 2,000 crore but now stands at Tk 4,000 crore, according to the Steel Building Manufacturers Association of Bangladesh.

Similarly, Bashundhara also wants to grab a greater share of the growing steel sector. The market size for steel is currently about Tk 55,000 crore but domestic demand continues to increase rapidly thanks to the various mega projects and infrastructure development activities being implemented across Bangladesh.

Likewise, the manufacture of chemical products is also a booming industry in the country.

Riding on the rising trend of garment exports, the textile chemical market is expected to reach a value of \$1.38 billion by 2024. For now, the chemical sector is largely dependent on imports.

And with this backdrop, Bashundhara plans to begin producing such chemicals locally to grab a greater share of the domestic market.

Textile colourants dominate the market for chemicals used in the garment sector as they provide an aesthetic appearance and value for finished textile products.

With several large-scale textile mills operating in Dhaka, the capital accounts for most of the domestic demand.

With about 40 active steel manufacturers in Bangladesh, the sector has an overall capacity to manufacture nine million tonnes of steel each year. Of them, Abul Khair Steel, BSRM and KSRM meet more than half the domestic demand.

According to BEZA's Chowdhury, this is only the beginning of Bashundhara's investments in the country as the organisation plans to invest heavily in different sectors in the future.

Bashundhara may even bring in more foreign investment through joint ventures, he added.



AMRAN HOSSAIN

Vegetables of all kinds are going for no less than Tk 50 per kilogramme in Dhaka city, a result of recent floods devastating farmlands. Over 54 lakh people have so far been affected by floods in 161 upazilas of 33 districts across the country, says the latest report of the National Disaster Response Coordination Centre. The photo was taken at Kawran Bazar yesterday.

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Paddy prices run riot. Could this go on to pose threat to food security?

SOHEL PARVEZ

Paddy prices have shot up to very high margins for a decline in its availability in suburban haats and bazars owing to big farmers and seasonal stockists taking it slow while releasing the staple.

Crop losses for cyclone Amphan, recurrent floods and apprehensions over low yields of aman paddy for late plantation and food shortages for the coronavirus pandemic are fuelling rumours among growers, traders and millers that supply of the food grain will become tight in the coming months.

And these factors are encouraging paddy to be stocked up and released slowly, said millers and traders.

Prices vary from market to market and among regions.

However, data collected by the Department of Agricultural Marketing (DAM) showed that national average prices of coarse paddy soared 62 per cent year-on-year to Tk 933 per maund at suburban bazars on 10 August from Tk 544.

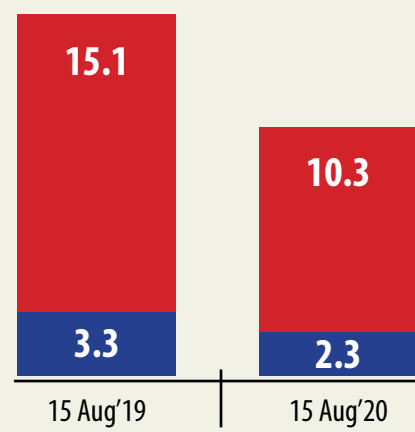
Meanwhile, prices of medium quality grains increased 41 per cent year-on-year to Tk 961 per maund on 10 August.

On 10 August, the national average prices of fine quality paddy stood at Tk 1,044, in contrast to Tk 743 a year earlier, showed data from the DAM.

FOOD GRAIN STOCK AT PUBLIC WAREHOUSES

(in lakh tonne);

SOURCE: FOOD MINISTRY



The market has become abnormal as the supply of paddy has reduced in the markets as prices are going up, said Ramesh Bhuiya, general manager of Blue Bell Auto Rice Mill in Dinajpur, one of the major rice-producing

regions in the north.

The upward trend contradicts the findings of the Bangladesh Rice Research Institute (BRRI) that there would be more than 55 lakh tonnes of rice in surplus once domestic demand was met at the end of November.

The state rice breeding agency said farmers bagged more than 2 crore tonnes of rice from Boro harvested in the April-June period. It also said the country had 2 crore tonnes of grain at the end of June.

However, Nirod Boron Saha Chandan, president of the rice and paddy commission agents and wholesalers' association at Naogan in the north, disagreed with the BRRI estimate.

There might be something wrong with the calculation of acreage of Boro paddy, he said.

Availability of farmlands is falling because of their use for non-farming purposes while a section of farmers has also shifted to other crops and aquaculture.

"There is no reflection of the changes in acreage estimate."

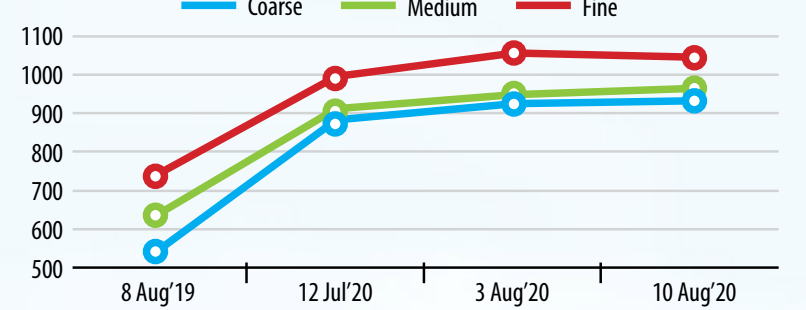
Besides, the yield of aus paddy would be less than expected as excessive rainfall has affected the crop.

Prolonged floods are going to affect Aman cultivation too. The optimum period for plantation of seedlings is going to expire by this month's end.

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BORO PADDY PRICES HAVE ESCALATED IN RECENT WEEKS

(in Tk/maund); SOURCE: DAM



S. DILIP ROY