

# Bank Asia donates 5,000 saplings

STAR BUSINESS DESK

Bank Asia has recently donated 5,000 trees to Project Oxygen, an initiative to plant trees in the cyclone Amphan-affected coastal areas of Koyra upazila in Khulna.

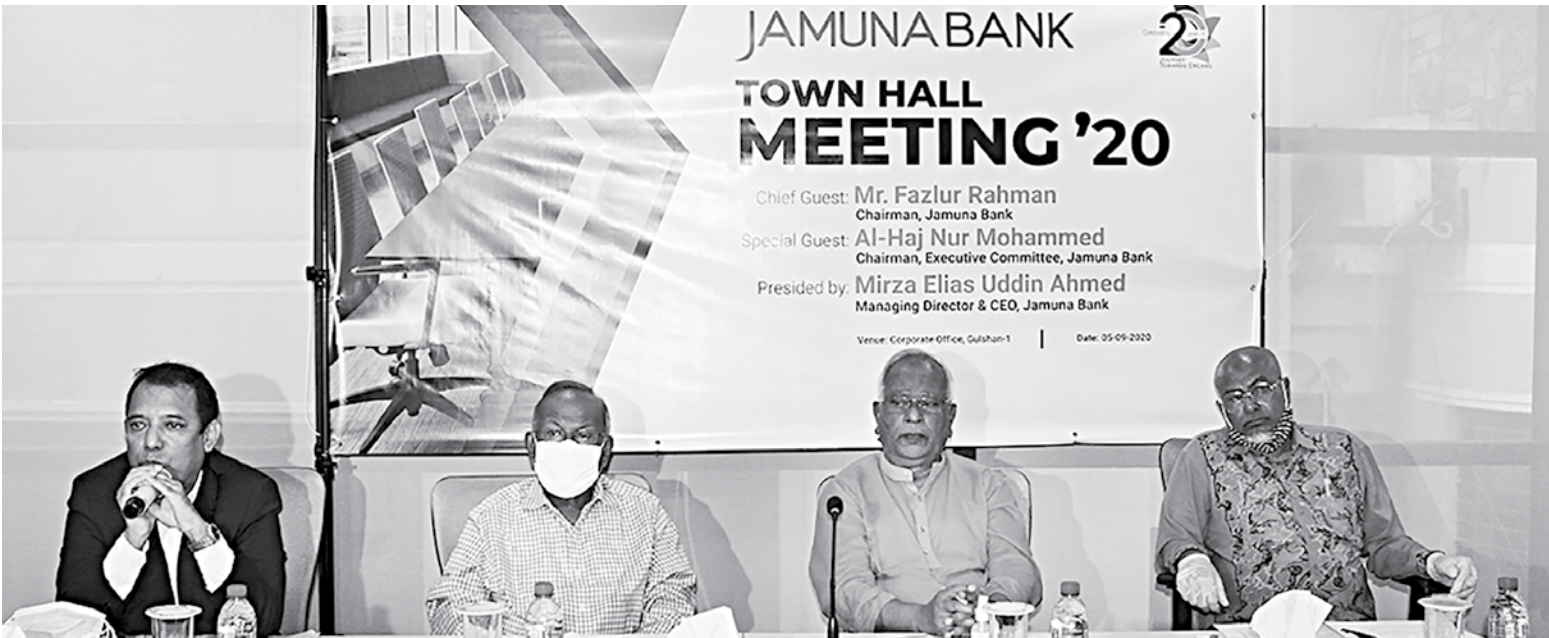
The project is being run by three voluntary organisations — BANDHU Foundation of Bangladesh, Give Bangladesh and Aamrai Bangladesh, says a press release.

They claim to have planted 49,000 trees in the area in 49 minutes on September 4 to commemorate the 49th year of independence of Bangladesh.

The three voluntary organisations worked with 25 local volunteering groups to plant these trees. The local organisations will take care of the plants to ensure their long term survival.

Bank Asia, as part of its corporate social responsibility activities, joined the initiative to save the Sundarbans, the largest mangrove forest in the world which has been the key saviour of the country in times of natural calamity.

A total of 1,000 local ultra-poor people will look after the fruit bearing trees and consume the fruits that are expected to grow in a few years, the bank said in a statement.



Fazlur Rahman, chairman of Jamuna Bank, attends the bank's 'Town Hall Meeting 2020' at Jamuna Bank Tower in Dhaka recently. Mirza Elias Uddin Ahmed, CEO, was present.



## Mercantile Bank Securities gets new chairman

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MA Khan Belal has recently been elected as chairman of Mercantile Bank Securities Ltd (MBSL), a subsidiary of Mercantile Bank.

MBSL also elected Mohd Monsuruzzaman, a sponsor of the bank, as its vice chairman, the company said in a statement yesterday.

Belal is a director of Mercantile Bank and the chairman of Shamrat Group.

## IKEA's shopping centers arm buys San Francisco mall in its first US real estate deal

REUTERS, Stockholm

IKEA's shopping centers business has made its first US real estate acquisition, buying the 6X6 mall in San Francisco, after telling Reuters in May it was engaged in several negotiations for inner-city acquisitions in the United States.

## Investment proposals in agro-processing on the rise: PM's adviser

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While chairing the discussion, AmCham President Syed Ershad Ahmed said as of last month, Bangladesh had received \$800 million as foreign direct investment, which is 43 per cent below the amount received last year during the same period.

The AmCham president also urged the government to develop a deep seaport soon to make it easier to conduct export and import business.

The US has become an important source of remittance for Bangladesh. Last month, the US overtook the UAE as the leading source of remittance for Bangladesh, Ahmed said.

## GPH Ispat opens Tk 2,390cr plant, stocks shoot up

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During the hot commissioning, production of marketable products is going on, but it is not official commercial production.

Before the arrival of foreign experts, the management wants to continue producing trail products to sell those at the domestic market from today, GPH Ispat added.

The company purchased 8.85 acres of land for the expansion project at a cost of around Tk 73 crore in 2016.

GPH Ispat, listed with the country's bourses since 2012, provided 5 per cent cash and 5 per cent stock dividends for fiscal 2019-20.

The machinery used at the new plant was brought from Primetals Technologies Austria, a joint venture of Siemens and Mitsubishi Heavy Industries & Partners.

Various sponsors collectively hold a 49.61 per cent stake in the company while the rest belongs to general and institutional investors.

## Nagad could be the lone cash cow of postal department

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But with the introduction of digital financial service, the entire postal department seems to have got an opportunity to start anew. The MFS service, which has been growing at a breathtaking speed, could even be the main earnings source for the government agency.

"This is a historic moment. I have never thought that the postal department could pull off this feat," said Mustafa Jabbar.

"But the revival of the postal department has begun with Nagad. I believe the postal department will make a turnaround in the

future."

Mishuk said, "From the very beginning, we have designed our services giving utmost importance to citizens' needs. That is why Nagad has been able to come up with the latest services at the lowest costs."

The Asian-Pacific Postal Union recognised Nagad as the world's fastest-growing digital financial service within a year of its rollout, he said.

Md Nur-Ur-Rahman, secretary of the posts and telecommunications department, and Sudhangshu Shekhar Bhadra, director-general of the Directorate of Posts, were present on the occasion.

# Startups in pandemic days: a tale of despair and dreams

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Fund flows have continued to stay dried out.

Khan, also a partner of IDLC VC Fund One, said some businesses would be unable to survive while prospects for some sectors would open.

"This is a new reality," he said, adding that investment would come to those sectors where investors see prospects.

A Tk 45 crore private venture capital fund, IDLC VC Fund One was launched in March this year and have raised half of the amount so far. "We are planning to invest in a startup within a few months," said Khan.

Upskill, an education tech startup that he founded, raised nearly Tk 1 crore recently from three female investors representing SBK Ventures, English Essence and law firm The Legal Circle.

The funding round will help support product development, strategic hiring and further investment in scaling up current business.

Not all could secure funding to survive and scale-up businesses, despite having potential to prosper as the pandemic-related uncertainties eroded investors' confidence.

LightCastle Partners said the number of startup investment deals worldwide per month have dropped by half since the pre-Covid era in November 2019 due to recession kindled by the pandemic.

Till date this year, Bangladesh's startups received \$14 million in investments. They attracted investments of \$87 million in 2019, data from the LightCastle showed.

The highest amount of investment came in financial technology-based startup ventures followed by logistics and e-commerce.

"Investors have gone in a wait and see mode. They are less bullish now in doing fresh

investments," said Islam of LightCastle.

He said startups face difficulties in getting support from the government declared Tk 20,000 crore stimulus for SMEs in absence of a clear definition of startups. They neither fall fully under the SMEs nor ICT firms. A definition is needed for proper classification, he said.

Shameem Ahsan, chairman of the Venture Capital and Private Equity Association of Bangladesh (VCPEAB), said startups had contributed a lot to keep the economy up and afloat.

"They played an important role in keeping the economy running, providing essential services to people and saving lives. Unfortunately they did not get due attention," he said demanding low cost and collateral free loans for startups.

Ahsan said since the government was making a lot of digital content focusing social aspect such as online classrooms and education, health and entertainment, local startups should be hired for ideas and content generation.

Priority should be given to startups in government activities so that they can stay operational and expand, he said.

Insiders said the Covid-19 related crisis would slow proliferation of startups and those ventures which began with low capital might face difficulties to survive as consumer demand was likely to remain weak.

Syed Mojibul Huq, project director of the Innovation Design and Entrepreneur Academy (iDEA), a project under the government's ICT Division, could not be reached for comment over phone regarding iDEA's responses to support for the pandemic-hit startups.

Tina Jabeen, managing director and chief executive of state-owned venture capital

company Startup Bangladesh, said a proposal has been placed before the government by Bangladesh Startup Consortium to support startups affected by Covid-19.

She said iDEA also funded 135 projects so far with each getting a maximum of Tk 10 lakh as grant.

And the government has earmarked Tk 500 crore for Startup Bangladesh, which began its journey in March 2020. For the first year, there is an allocation of Tk 100 crore for investments in the startups.

"We have identified certain startups and doing due-diligence. We plan to invest in a number of startups in seed and growth stage this year," said Jabeen.

She said the pandemic created a crisis for startups. At the same time, this has opened some opportunities.

"Many of us were not used to with the digital technology. Now people have got a taste of convenience, a lot of people are doing meetings virtually," said Jabeen.

"The market for working from home is going to stay. Telemedicine services will also stay. We have made a lot of strides in building the Digital Bangladesh for which we were striving," she said.

Dhaka Cast Founder Dr Hannan also has the same belief.

"It was tough for us to make people appreciate the benefits of using technology, particularly for healthcare. People would not understand how it is possible to consult a doctor without being present physically."

"Now, the coronavirus outbreak has made our job easier. Now doctors are going round their chambers. Even after that people are contacting us for healthcare services."

## Exports show promise as US, EU markets reopen

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In the month after that, earnings from overall shipments hit \$2.71 billion, with \$2.28 billion coming from apparels, the EPB data added.

Shipments of personal protective equipment and other isolation or medically related fabrics also increased due to high demand for those items worldwide amid the ongoing pandemic.

The release of funds from the government's Tk

10,500 crore stimulus packages aimed at export-oriented sectors also helped them continue doing business despite the COVID-19 fallout.

In July and August, jute exports increased by 49.64 per cent year-on-year to \$195.39 million while agricultural products like tea, vegetables, tobacco, fruits and spices increased by 32.64 per cent to \$178.27 million. At the same time, carpet exports spiked by 63.56 per cent to \$6.15

million, home textile by 43.87 per cent to \$168.03 million while footwear (sans leather) increased by 28.32 per cent to \$73.95 million.

On the other hand, shipments of frozen and live fish like shrimp decreased by 10.01 per cent year-on-year to \$74.56 million during the two-month period while leather goods declined by 16.54 per cent to \$154.74 million as ceramics and bicycle exports also fell.

## Rural producers can now reach buyers online

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"The capital centric economy of our country doesn't exactly facilitate the trade and commerce of outside Dhaka localities at its full potential," said Rahath Ahmed, chief marketing officer of Paperfly.

"We have always tried to come up with new service and solutions being in the forefront of the ecommerce focused logistics industry."

"And this Seller One programme is our latest endeavour, which will help the ecommerce ecosystem to flourish by enabling an increase in numbers of the online seller base throughout the country," he said.

Entrepreneurship and creativity of people cannot be bound by any economic heat map, Ahmed said.

To facilitate any business located out of Dhaka in the arena of e-commerce, Paperfly introduces Seller One, with which anybody across the country can be an online

merchant today, he added.

Online presence is not the end of the e-commerce story rather it is just the starting point, said Rezwanul Huq Jami, head of ecommerce at a2i.

"Without full-fledged logistics support, knowledge on how to do online business using Facebook and other online platforms and financial support/bank loans, the budding e-commerce industry of the country cannot survive," he said.

"Now is the right time to put our focus on the seller community that we have around the country and make them e-commerce ready to impact the growth of e-commerce in Bangladesh."

Mohammad Sahab Uddin, vice president of e-CAB; Hosna Ferdous Sumi, private sector specialist, IFC Bangladesh, and Syed M Omar Tayub, head of MSME banking of Prime Bank, also took part in the event.

Bijon Islam, CEO of LightCastle Partners, presented a keynote speech at the event.

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The levels of increase in credit growth in July are unsurprising as lower revenue collection and disbursements against the stimulus packages meant the government required higher public borrowing during the pandemic, said Naser Ezaz Bijoy, chief executive officer of Standard Chartered Bangladesh.

However, borrowing through savings certificates dropped significantly, which means that interest expenses for the government will not increase in the same proportion of the public sector credit growth, he said.

In the monetary policy statement for 2020-21, Bangladesh Bank has projected about 45 per cent public sector growth, hence the degree of divergence is not too high. Overall, government borrowing as a percentage of GDP is still at a comfortable level.

"Current priority is to restart the economy. But the fund needs to be utilised judiciously," Bijoy said.

The private sector credit growth is still muted at 9.2 per cent and is significantly lower than the MPS target of 14.8 per cent

## Credit growth makes a turnaround, pointing to green shoots

"Continued lower volumes of business activities especially during the April to June period held back the growth. We have seen some green shoots in July. Hopefully, it will start increasing in line with economic growth momentum."

Lending has picked up in the banking sector. There are requests for loans in the corporate and SME segments. However, momentum is slow in the retail segment, said Rahel Ahmed, managing director of Prime Bank, recently.

He said the SME business has an acquisition cost. They are spread across the country. At the same time, there is a maintenance cost to recover the loans.

"It is very difficult to lend SMEs at 9 per cent while maintaining the acquisition and maintenance cost. The policymakers should reconsider the cap on the loans going to SMEs," Ahmed said.

In the backdrop of increased spending promises by the government, backed by the expansionary policy stance of the BB in combating the Covid-19 fallout, the public and the private sector credits are projected to

annually grow by 44.4 per cent and 14.8 per cent respectively by end June 2021, the central bank said in July.

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

The BB has used monetary policy instruments such as cash reserve ratio, repo facility (interest rate and tenure), refinancing facility and other monetary condition easing initiatives to inject necessary liquidity in the market.

The central bank has formed a credit guarantee scheme to support cottage, micro and small enterprises that lack adequate assets.

Disbursement of agriculture and non-farm rural credit rose 54.4 per cent Tk 1,508.73 crore, from Tk 977.15 crore a year ago and it fell from Tk 4,198.43 crore in June.

However, the disbursement in the last month of the fiscal year was up 28 per cent year-on-year, BB data showed.

The government has undertaken stimulus packages amounting to Tk 103,117 crore to tackle the impacts of the pandemic.