

STOCKS		COMMODITIES	As of Friday	ASIAN MARKETS	Friday Closings	CURRENCIES	STANDARD CHARTERED BANK
DSEX	▼ 0.30%	CSCX	▼ 0.37%			USD	83.95
5088.87						EUR	98.33
		Gold ▲	\$1,949.69	MUMBAI ▼ 0.34%	TOKYO ▲ 0.18%	GBP	107.47
		(per ounce)		38,845.82	23,360.30	CNY	12.17
		Oil ▲	\$43.15		SINGAPORE ▼ 0.12%		
		(per barrel)			2,497.71		
					SHANGHAI ▲ 2.07%		
					3,338.09		
						BUY TK	84.95
						SELL TK	102.13
							111.27
							12.79

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# BUSINESS

DHAKA MONDAY SEPTEMBER 21, 2020, ASHWIN 6, 1427 BS ● starbusiness@thedailystar.net

## Paper mills flounder as demand thins out

SOHEL PARVEZ

Despite the resumption of economic activities and signs of recovery in various sectors, paper mills are struggling to stay afloat as demand has not picked up yet, say industry operators.

Sales of writing and printing paper, the key product of local mills, slumped 70 per cent to 15,000 tonnes per month since the detection of the coronavirus on March 8 and eventual closure of schools, colleges and universities.

It was 50,000 tonnes in the pre-Covid-19 period.

“Still there is no sign of increase in demand,” said Md Mustafizur Rahman, deputy managing director of Bashundhara Group which owns one of the country’s biggest paper mills.

“We expect some growth from October onward because of demand for textbook printing and possibility of reopening of educational institutions,” he said.

Only demand for packaging and tissue paper still looks promising.

Bangladesh has more than 100 paper mills with a capacity of producing more than 15 lakh tonnes of paper and paper products annually.

But they can use less than half their capacity as a portion of the annual domestic requirement of around 11 lakh tonnes is met with imported paper and packaging materials.



**Demand for printing and writing paper slumped for the pandemic-induced shutdown of educational institutions, slashing monthly sales of this stationery store in the capital’s Indira Road down to a quarter. The photo was taken recently.** PHOTO: STAR

Rahman, who has been involved in the paper industry for many years, said a large number of local mills had already been suffering, even before the rise of the Covid-19 pandemic and the state-declared shutdown bringing Bangladesh’s high flying economy to its knees since April.

The lockdown and demand fall deteriorated the situation for the struggling mills, forcing nearly half a dozen to suspend operations or shut down since the country detected the first person to be infected with coronavirus, according to Bangladesh Paper Mills Association (BPMA).

Bashundhara itself has had to shut down two out of its five units in the face of the downturn in demand for paper used for writing and printing, said Rahman, who is also the chairman of export and business development standing committee of the BPMA.

“It is a very bad situation. Mills that are in operation are running at 30 per cent of their capacity,” he said.

“There is no demand for paper and all of us are sitting on piled-up stocks,” he said, adding that the industry had a stock of 100,000 tonnes of paper.

There was a time when trucks queued outside the mill gate just waiting for the products to be available for delivery, he said.

As demand shrank, prices of paper

### BY THE NUMBERS

- » Sales of writing, printing paper plunge **70%** to **15,000** tonnes a month
- » It was **50,000** tonnes before pandemic
- » Mills running at **30%** of their capacity
- » Bangladesh has more than **100** paper mills
- » They can produce **15** lakh tonnes of paper and paper products annually
- » Writing and printing paper accounts for **70%** of the total market

dropped to Tk 60,000-Tk 70,000 per tonne down from Tk 90,000, he said.

“This is the direct effect of Covid-19. It will be very difficult to come out from the effect of the pandemic. The local newsprint industry has completely collapsed while writing and printing paper is on the verge of extinction,” he said.

Sharafat Ali, assistant general manager of Amber Super Paper, said the paper industry was highly dependent on demand for writing paper and explainers of textbooks under the curriculum for schools and colleges.

Writing and printing paper accounts for nearly 70 per cent of the total market for paper, he said.

Ali said books printed by the National Curriculum and Textbook Board (NCTB) for free distribution among school students require roughly 60,000 tonnes of paper annually.

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## Bank Asia arranges Tk 700cr for cement plant of Bashundhara

*The conglomerate to jack up production as it sees potential in northeast India*

JAGARAN CHAKMA

While an unhealthy competition plagues Bangladesh’s cement sector for its 43 per cent overcapacity, Bashundhara Group has gone on to look beyond borders for opportunities. It found it in the India’s Seven Sister states.

Now it is attempting to grab this export market in northeast India through a Tk 1,000 crore investment geared towards doubling its manufacturing capacity through the establishment of a third production unit.

This is on way to become the second biggest investment in the cement sector after the Tk 1,300 crore expansion plan taken up by Premier Cement, at least in the past two years or so.

To materialise the plan, Bashundhara is mobilising Tk 700 crore from banks.

Bank Asia is acting as the lead arranger of this syndicated term loan for Bashundhara Industrial Complex. The other participants are Dhaka, First Security Islami, Pubali, Social Islami and United Commercial banks.



Sayem Sobhan, managing director of Bashundhara Group; Md Arfan Ali, president and managing director of Bank Asia, and CEOs of the other lenders signed the agreement at Le Méridien Dhaka on September 17.

Bank Asia’s assessment found potential of investment by the cement sector as there is room for expansion, said Ali.

“We considered the demand growth of cement market in Bangladesh for financing Bashundhara Group as well as their need to expand production,” he said.

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## Deadline extended for disbursing stimulus funds for farm sector

AKM ZAMIR UDDIN

Bangladesh Bank yesterday extended the deadline to disburse the Tk 5,000-crore stimulus package for entrepreneurs in the farm sector by three months following lacklustre lending.

When the package was announced in April, banks were asked to disburse the fund by September 30. But they have shown a poor performance, prompting the central bank to extend the timeframe.

Now, lenders will have to fulfil their target by December 31, according to a central bank notice issued yesterday.

Forty-three banks have so far signed participation agreements with the central bank to disburse loans from the refinancing scheme dedicated to reviving the agriculture sector.

Of them, 17 banks disbursed loans below Tk 1 crore, an unwelcome development as the government looks to prompt quick recovery from the economic fallout of Covid-19.

The banks gave out a total of Tk 1,114.16 crore as of August, which is 22.28 per cent of the package, data from the central bank showed. A total of 46,815 clients have so far received the fund to make their businesses vibrant.

The latest flood and the slow recovery have discouraged businesses to take out loans, a central banker said. Besides, banks are yet to take proper initiatives to accelerate disbursements.

Bangladesh Bank has repeatedly asked the country’s lenders to expedite disbursements but they did not pay any heed.

“Close monitoring by senior officials of banks would be needed to speed up the disbursement,” said Md Ali Hossain Prodhania, managing director of Bangladesh Krishi Bank, which disbursed the highest amount among all lenders.

Krishi Bank disbursed Tk 800 crore out of the Tk 1,190 crore target as of September.

Banks can disburse large loans among a small number of borrowers to attain the target

but it can’t do the same in case of farm loan, said Tariqul Islam Chowdhury, managing director of South Bangla Agriculture and Commerce Bank.

“We are giving loans to farm borrowers. Some borrowers are taking loans in the range of Tk 2 lakh to Tk 5 lakh. So, it would take a large number of borrowers to reach the target.

“Every single proposal has to be approved by the board, so it takes time,” he said.

Chowdhury said bankers were reluctant in the past to disburse farm loans because of lower interest rates. Now, all loans carry the equal 9 per cent interest rate after the central bank capped the lending rate on April 1.

SBAC has been given a farm loan disbursement target of Tk 11 crore.

The tenure for the loans is 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 lend at 4 per cent.



### BANKS THAT DISBURSED HIGHEST AMOUNT OF FARM LOANS STIMULUS PACKAGE OF TK 5,000CR; AS OF AUGUST, 2020

Bank	Disbursement target (Tk in crore)	Distributed loan (Tk in crore)	Number of borrowers
BKB	1,199	620.19	32,761
RAKUB	319	138.13	3,259
EXIM	127	76.23	37
Rupali	52	29.99	2,878
Dutch-Bangla	81	24.30	6
Mercantile	70	21.34	112
Pubali	101	21.19	13
City	52	16.97	23
Bank Asia	61	15.55	11
First Security	113	15.42	13

## BB clarifies instances with no limits on int’l card payments

STAR BUSINESS REPORT

Bangladesh Bank yesterday issued a clarification on the maximum limit for international online purchases by way of using credit cards.

In February 2016, the central bank tripled the limit for international online purchases to \$300 per transaction to give a boost to credit card use.

However, there are six instances when the limit of a single transaction will not be applicable when making payments using international cards, according to a central bank notice.

They are bonafide payments by BASIS members (IT and software firms), visa processing fees, hotel bookings and mobile phone roaming bills, IT expenses and membership fees.

The international cardholders have to be allowed to make their required payments, bypassing the single transaction limit of \$300.

For instance, clients dealing with any of the six instances will be permitted to pay more than \$300 per transaction as per the Guidelines for Foreign Exchange Transactions 2018.

The central bank asked lenders in January to speed up their monitoring on the cardholders such that purchase of illegal products and services from abroad can be barred.

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## TCB onion now available online

*Price: Tk 36 per kg*

STAR BUSINESS REPORT

While facing an uphill battle to tame the skyrocketing price of onion at local markets, the government has put its faith in e-commerce to restore normalcy in the demand and supply of the kitchen staple.

Commerce Minister Tipu Munshi yesterday launched the sale of onion of the Trading Corporation of Bangladesh (TCB) preliminarily through five online retail platforms at Tk 36 per kilogramme (kg), way lower than any of the rates currently trending in the markets.

For the time being, consumers will get three kgs against each order placed in

Dhaka or Chattogram in a bid to discourage stockpiling.

Gradually both the quantity and areas from where orders can be made will be expanded, he said.

The five platforms -- Chaldal, Swapno Online, Sindabad, Sobjibazar and Jachai -- have already started selling the TCB onion while three others will soon follow suit.

Prices shot up between Tk 100 and Tk 120 per kg last week after India announced halting onion export to Bangladesh. Just a week earlier it was Tk 40 and Tk 50 per kg.

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