

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 2.48%	▲ 2.53%	\$1,859.88	\$55.51	▲ 0.50%	▲ 0.09%	▼ 0.23%	▲ 2.18%	BUY TK 83.95	100.93	112.63	12.78
5,861.02	10,299.77	(per ounce)	(per barrel)	49,517.11	28,164.34	2,977.17	3,608.34	SELL TK 84.95	104.73	116.43	13.44



Star BUSINESS

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STIMULUS FUNDS

BB steps in as banks charge higher interest

STAR BUSINESS REPORT

The central bank yesterday asked banks not to impose more than 4.5 per cent interest rate on the funds disbursed from the stimulus package for the large borrowers in the industrial and service sectors.

STIMULUS FOR LARGE BORROWERS

- Some banks disbursed loans at 9pc interest breaching rules
- They had a plan to reimburse the excess interest after getting subsidy
- As per rules, banks have to disburse loans at 4.5pc interest
- BB declared the stimulus in April last year
- Some Tk 31,000cr has so far been disbursed

Some banks had imposed 9 per cent interest rate on the borrowers just after they gave out the loans under the package worth Tk 40,000 crore in violation of a central bank instruction, the Bangladesh Bank said in a notice.

The central bank introduced a Tk 30,000 crore stimulus package on April 12 last year as part of its move to shield the industrial and service sectors from the business slowdown brought on by the coronavirus pandemic.

The volume of the stimulus package was extended to Tk 40,000 crore in phases.

The end-users are supposed to get the loans at 4.5 per cent. Banks are allowed to receive an interest rate subsidy of 4.5 per cent from the central bank on the loans.

But some lenders are charging 9 per cent, creating a financial loss for the businesses.

Against the backdrop, the central bank asked the errant banks to explain why they had charged the higher interest than the rate set by the BB.

In response, the lenders said they would adjust the rate after receiving the subsidy from the government, a BB official said.

But the central bank rejected the explanation, asking them to follow the interest rate ceiling of 4.5 per cent.

"The latest initiative of the central bank is undoubtedly a good move as it will help businesses recover from the ongoing crisis," said Rizwan Rahman, president of the Dhaka Chamber of Commerce and Industry.

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Longer home stays raise use of casual wear

Bring cheer to local knitwear exporters

REFAIYET ULLAH MIRDDHA

People limiting movements to their homes for social distancing needs apparently proved a boon for local knitwear manufacturers, as their

shipments have fared relatively well in 2020 on the back of increased demand globally.

Knitted garments are those of the soft, comfortable and stretchable

kind meant mostly for indoor use such as t-shirts, polo shirts, innerwear, sportswear, sweaters and hoodies.

Their use has risen significantly

because people have increased the amount of time they spend at home and prefer to wear such comfortable clothing.

Its outdoor counterparts are the stiffer woven garments such as formal shirts, trousers, denim jeans, suits, chiffon and georgette dresses.

Both type of fabrics witnessed a slump in exports as a part of the pandemic's fallout.

But knitwear shipments, which dropped 31 per cent year-on-year to \$5.7 billion in the January-June period, scored a rebound in the year's second half.

In figures, this was nearly a 4 per cent year-on-year growth to \$8.52 million, out of the total \$15.54 billion garnered from garments, shows data from the Export Promotion Bureau (EPB).

On the other hand, export earnings from woven continues to linger in the negative, slumping 29 per cent year-on-year in the first half and 10.22 per cent in the second when it fetched \$7.01 billion.

Summing up the whole year, both subsectors of the apparel industry, the biggest export earners, suffered from the pandemic, although on a lesser extent by knitwear.

The EPB data shows the 2020 earnings from knitwear to have declined 13 per cent year-on-year while that from woven by 20 per cent.

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Mahindra eager to set up farm machinery assembly plant

STAFF CORRESPONDENT, Chattogram

Indian automobile manufacturer Mahindra & Mahindra is keen on establishing an assembly plant in Bangladesh for agricultural machinery.

The Mumbai-based company will also take the initiative to build up skilled manpower capable of using and maintaining modern technology at the marginal level.

It also plans to give loans to farmers taking into consideration financial constraints and the high prices of agricultural machinery.

Pawan Goyenka, its managing director and chief executive officer,

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India's Ecom Express acquires majority stake in Paperfly



STAR BUSINESS REPORT

Indian end-to-end e-commerce logistics solution provider Ecom Express has acquired a majority stake in Bangladesh home delivery service provider Paperfly, worth around Tk 100 crore.

Paperfly aims to utilise the fund to reduce delivery time by 24 hours. Now it takes a maximum of five days.

"We want to increase home delivery service in the country within 48 to 72 hours," Razibul Islam, co-founder and chief operations officer, told The Daily Star yesterday.

"If the time can be reduced by one day then normally there would be a rise of around 20 per cent in orders. To do so, we have to increase our employees and [delivery] points," he said.

The company currently makes use of 100 delivery points and plans to grow to 350 by next June, Islam added.

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Govt develops format for project feasibility studies

Won't consider schemes involving over Tk 50cr without a study

AT A GLANCE

- Only mega projects see proper feasibility study before implementation begins
- Feasibility study of projects costing more than Tk 50cr a must
- Study to identify direct and indirect costs and benefits
- Study should specify economic and environmental effects
- 1,800 to 1,900 projects are implemented every year

STAR BUSINESS REPORT

The government has framed a format on feasibility studies to put an end to a decades-long practice of including projects in the development programme without proper assessment and economic viability in order to get rid of delays and cost-overrun.

As there is no specific format for carrying out a feasibility study in Bangladesh, many projects face time and cost over-runs.

Sometimes, locations for a project are not identified and the land is not acquired. This means implementing entities face problems in embarking on implementation after the approval of the development project proposal (DPP) by the Executive Committee of the National Economic Council.

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Bangladesh makes strong case for LDC graduation

STAR BUSINESS DESK

Bangladesh is set to meet the LDC graduation criteria for the consecutive second time and will be recommended for graduation during the upcoming triennial review of the Committee for Development Policy (CDP) of the United Nations next month.

The country has called on the international community for the continuation of support measures for an extended period to make the upcoming graduation smooth and sustainable, according to a statement.

Bangladesh has made the call during a session of the ongoing expert group meeting of the CDP yesterday as part of the preparation of the upcoming triennial review meeting.

Bangladesh delegation for the online session was led by the Principal Coordinator (SDG Affairs) of the Prime Minister's Office, Zuena Aziz.

Secretary of the Economic Relations Division (ERD), Fatima Yasmin, delivered a presentation during the session, highlighting the socioeconomic progress achieved by Bangladesh in recent times as well as the latest position of the country regarding graduation.

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SUSTAINABLE FINANCING

BB sets minimum disbursement target

STAR BUSINESS REPORT

Banks and non-bank financial institutions (NBFIs) will have to disburse at least 15 per cent of their outstanding loans in the form of sustainable financing every year in order to promote the environment-friendly businesses.

Of the 15 per cent, 2 percentage points must be in the form of green financing, according to a Bangladesh Bank notice.

Under the sustainable financing, lenders distribute loans to set up machinery that enable lower carbon emission compared to traditional ones.

Such types of machinery also help reduce environment pollution in many other aspects.

But green financing means loans disbursed to dedicatedly set up plants having a direct link in reducing environment pollution.

For instance, lenders' investments in solar plants or effluent treatment plants are considered green financing.

From another viewpoint, banks and the NBFIs will have to disburse at least 5 per cent of their previous year's outstanding term loans, meaning those having a repayment tenure of more than one year, in the form of sustainable financing.

The calculations must be such that 20 per cent of loans they disburse every year are in the form of sustainable financing, including green ones.

The achievements of loan disbursement targets under the sustainable financing policy will be taken into consideration when the central bank prepares the CAMELS rating for banks and the NBFIs.

The CAMELS is an internationally recognised rating system that bank supervisory authorities use to rate financial institutions according to six factors represented by its acronym.

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Stocks maintain gaining streak

DSE index hits 23-month high



STAR BUSINESS REPORT

The engineering and non-bank financial institution (NBFI) sectors pushed the country's stock market upward yesterday thanks to increased investor participation.

DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), rose 142.26 points, or 2.48 per cent, to 5,861.02. This was the highest since February 7, 2019 or a 23-month high.

Stocks of the engineering sector went up 5.45 per cent while it was 2.88 per cent for NBFIs, according to the daily market analysis of UCB Capital Management.

These two sectors topped the turnover list as well with the NBFI sector accounting for Tk 295 crore, or

14.88 per cent of the total turnover.

Meanwhile, the engineering sector registered around Tk 218 crore, or 11 per cent of the total turnover.

Investors are now optimistic about economic rebound from Covid-19 due to the recent news that Bangladesh is going to start vaccinations in February, a merchant banker said.

The government has ensured that the first batch of the Oxford-AstraZeneca Covid-19 vaccines from the Serum Institute of India would arrive by January 25 while vaccination will start from the first week of February.

"So, the index has been rising," he said, adding that the engineering sector had remained low in the

previous few months.

With the economic rebound, the country's manufacturing sector is bouncing back, said Abdullah Hujiaifah, a high net worth investor.

On the other hand, banks and NBFI stocks normally rise in December and January because they announce their profits and dividends during this time of the year, he added.

Turnover, an important indicator of the stock market, rose 18 per cent to Tk 1,982 crore yesterday.

Among the 361 stocks traded at the DSE, 195 advanced, 106 dropped and 61 remained the same.

Generation Next topped the gainers' list, rising 10 per cent followed by Dominance Steel, Alltex Industries, Beximco and Robi Axiata.

LankaBangla Finance was the most traded stock with Tk 119 crore worth of shares changing hands followed by Beximco Pharmaceuticals, Beximco, LafargeHolcim Bangladesh and IFIC Bank.

ADN Telecom shed the most, losing 9.88 per cent followed by CAPM IBBL Mutual Fund, Sonali Ansh, Provati Insurance and Republic Insurance.

The port city bourse also rose yesterday as the general index of the Chittagong Stock Exchange, CASPI, climbed up 424 points, or 2.54 per cent, to stand at 17,089.

Of the 291 traded stocks, 182 rose, 70 fell and 39 remained unchanged.

eGeneration to raise Tk 15cr from market

Invest in digital health solutions

STAR BUSINESS REPORT

Local system integration and software solutions provider eGeneration is set to raise Tk 15 crore from the stock market to expand its IT business in the coming years.

The company received the Bangladesh Securities and Exchange Commission's approval last October to offload 1.5 crore shares. The company was incorporated in 2003, the year it began commercial operations.

Subscriptions for the initial public offering (IPO) started to be accepted since yesterday and will continue until January 18. The IPO proceeds will be used to buy commercial space and repay loans.

The business also plans to invest Tk 1.83 crore of the fund to enhance its IT infrastructure for the development of digital healthcare platforms to increase revenue generation.

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Profits and turnover of eGeneration

In crore taka; SOURCE: IPO PROSPECTUS

