

| STOCKS   |           | COMMODITIES |              | ASIAN MARKETS |           |           |          | CURRENCIES    |        |        |       |
|----------|-----------|-------------|--------------|---------------|-----------|-----------|----------|---------------|--------|--------|-------|
| DSEX     | CSCX      | Gold        | Oil          | MUMBAI        | TOKYO     | SINGAPORE | SHANGHAI | USD           | EUR    | GBP    | CNY   |
| ▼ 0.44%  | ▼ 0.64%   | \$1,862.81  | \$55.50      | ▼ 1.09%       | ▲ 0.67%   | ▼ 0.06%   | ▲ 0.48%  | BUY TK 83.95  | 101.20 | 114.16 | 12.75 |
| 5,789.92 | 10,188.05 | (per ounce) | (per barrel) | 48,347.59     | 28,822.29 | 2,973.65  | 3,624.24 | SELL TK 84.95 | 105.00 | 117.96 | 13.40 |



Star

# BUSINESS

DHAKA TUESDAY JANUARY 26, 2021, MAGH 12, 1427 BS • starbusiness@thedailystar.net

## BB in a tight spot

*It may need to continue expansionary monetary policy, which is creating excess liquidity amid lower credit demand*

AKM ZAMIR UDDIN

The central bank plans to continue its expansionary monetary policy in the second half of the current fiscal year because of the persistent business slowdown caused by the coronavirus pandemic.

The monetary policy committee of the central bank will sit on January 31 to decide whether the unconventional tools of the policy will be revised, said a number of central bankers with direct knowledge about the matter.

The major targets of the monetary policy for 2020-21 will not change to a large extent given the economic hardship, they said.

But economists termed the situation "very challenging" for the central bank to implement the monetary policy in the wake of an escalation of excess liquidity in the banking industry.

The central bank's stance of continuing the expansionary

monetary policy is justified, but it has to contain the excess liquidity at any cost, they said.

Although there is little probability of inflation escalating at this moment, the excess liquidity has already had an adverse impact on the interest rate of fixed deposit schemes, largely hovering between 3 to 4 per cent.

The excess liquidity at banks surged 95 per cent year-on-year to Tk 204,700 crore in December, data from the central bank showed.

Credit demand from borrowers is still subdued because of the uncertainty. As a result, the surplus liquidity has been on the rise in recent months.

In its monetary policy statement for fiscal 2020-21, the central bank set a private sector credit growth target of 11.5 per cent by December last year and of 14.8 per cent by June this year.

The central bank has already missed its credit growth target for



### MAJOR CHALLENGES

- ▶ Ballooning excess liquidity
- ▶ Increase in cash supply from remittance
- ▶ Feeble private credit growth
- ▶ Falling deposit rates
- ▶ Implementation of stimulus packages
- ▶ Protecting economy from asset bubble
- ▶ Checking inflation

the first half of the fiscal year as loans expanded by 8.37 per cent in December.

"If the economy does not rebound within June, the central bank will face a difficult situation to ease the pressure of the excess liquidity," said Ahsan H Mansur, executive director of the Policy

Research Institute of Bangladesh.

The central bank will face difficulty in implementing the monetary policy, he said. He, however, said that the central bank had to continue the expansionary monetary policy until June.

The BB began adopting unconventional tools of the monetary policy soon after the virus arrived on the shores of Bangladesh in March last year.

Both the central bank and the government have rolled out 23 bailout packages to absorb the economic shocks arising from the pandemic. The total amount of financial assistance stands at Tk 124,053 crore, which is 4.44 per cent of the gross domestic product.

The BB cut the repurchase agreement (repo) rate in phases to 4.75 per cent, from 6 per cent before the pandemic.

The repo rate is the rate at which the central bank lends to banks and is a major tool to understand the monetary policy of a central bank.

The bank rate, another tool of the central bank, was brought down by 100 basis points to 4 per cent in July, the first cut in 17 years. The BB uses the rate while giving out money to banks under its refinancing scheme.

All in all, the banking sector is flooding with excess liquidity.

READ MORE ON B3

## Govt targets \$4b from ship exports by 2025

STAFF CORRESPONDENT, Chattogram

The cabinet yesterday approved the Shipbuilding Industry Development Policy 2020 to facilitate the growth of the labour-intensive sector and generate export earnings.

The policy aims to fetch \$4 billion through ship exports by 2025, according to Cabinet Secretary Khandaker Anwarul Islam.

Under the policy, benefits and loans can be accessed by shipbuilders. This will also help create more employment opportunities and reduce the country's import dependence, Islam said during a press briefing at the secretariat.

In order to implement the policy, there are plans to reduce taxes and VAT as well as provide long-term loans to public and private shipbuilders.

"Many exporting countries, including Germany and Italy, have moved away from the shipbuilding industry, creating a good opportunity for Bangladesh," Islam added.

Bangladesh started exporting modern ships to other countries in 2008, and since then, it has earned around \$180 million by exporting 40 ships to several countries in Europe, Africa and Asia.

"Our maritime border is 664 kilometres long, but we can only use 10 per cent of it. Our country is also building ships with a capacity of 2,000 tonnes for exports, which will play a big role in the country's blue economy in the future," Islam said.

Md Saiful Islam, chairman of Western Marine Shipyard, told The Daily Star that no industry could move forward without policy support.

"This industry requires huge investment and takes a long time to establish," Islam said.

Investors were less interested in the past,



as there were no guidelines or government policy support until now. But thanks to the recent development, there is now an opportunity to increase domestic and foreign investment in the shipbuilding industry.

There are 100 shipyards and dockyards in Bangladesh. Still, only five of them follow international standards, the entrepreneur said, adding that the plan to earn \$4 billion from exports depends on how well this policy is implemented.

Due to the government's policy, most of the shipyards will now work to increase investment in the industry and backward linkages, Islam added.

## Improve climate to attract more Chinese investment

Envoy says at China-Bangladesh Investment Summit

STAR BUSINESS REPORT

The government should improve investment climate in the country to attract more Chinese investment, said Li Jiming, China's ambassador to Bangladesh.

"We want to work with the government of Bangladesh to enhance our investment in the country."

*Bangladesh has good potential for Chinese investment as the country's per capita income has already crossed \$2,000, Jiming said.*

Jiming made the comments while speaking at the China-Bangladesh Investment Summit, styled "Showcase Bangladesh: 2021 China-Bangladesh Investment Virtual Forum", jointly organised by the Bangladesh Investment Development Authority (BIDA) and Standard Chartered Bangladesh.

Bangladesh has good potential for Chinese investment here as the country's per capita income has already crossed \$2,000, Jiming said.

While addressing the virtual summit, Planning Minister MA Mannan said the government is implementing a plan to develop the country's investment climate as well as boost its trade and manufacturing capabilities.

"We want to improve the environment for our own country and fulfil the targets set by the government," he said.

Mannan urged the Chinese businesses to invest in labour intensive sectors as there is cheap labour in Bangladesh.

Salman F Rahman, private industry and investment adviser to the prime minister, said Bangladesh is the fastest growing economy in the Asia Pacific region and is committed to be the 28th largest economy by 2030.

Bangladesh's economy remained steady even amid the ongoing coronavirus pandemic thanks to the presence of a stable currency, stable exchange rate, moderate inflation and low public debt as per the global standards.

As part of its efforts to attract investors, strategically Bangladesh offers generous opportunities to foreign investors through liberal industry policies and export-oriented private sector led growth strategies.

All sectors are open for foreign investors, particularly garments, IT and infrastructure, Rahman said. "We are also offering a tax holiday at the special economic zones for investors who want to set up export-oriented industries," he added.

Mohammad Sirazul Islam, executive chairman of BIDA, said Bangladesh has a rapidly growing economy.

READ MORE ON B2

## Cash crunch makes survival harder for garment exporters

REFAYET ULLAH MIRDHA

Pandemic-struck local garment suppliers are struggling to survive because of a poor cash flow caused by delays in payments by international retailers and brands despite the restoration of the orders.

In April last year, the buyers started cancelling or suspending the orders following the spread of the virus, which forced shops to shut amid lockdowns in Europe and North America, two major export destinations of Bangladesh.

Some 90 per cent of \$3.18 billion worth orders have been restored so far after negotiations by the manufacturers, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), and the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

Buyers have agreed to pay the local suppliers in different modes, which include as high as 50 per cent discount and deferral of payments from six months to one year.

Ahmed F Rahman, managing director of Kappa Fashions Ltd, said nine small and medium-sized garment exporters had together settled with their Hong Kong-based buyer at 43.5 per cent discount after nearly a year of negotiation.

READ MORE ON B3

### WOES OF APPAREL SECTOR

|   |   |   |   |
|---|---|---|---|
| Buyers are delaying payments abnormally | Some <b>3.57</b> lakh workers lost jobs due to pandemic | More than <b>300</b> small and medium factories faced closure | Some small entrepreneurs trying to sell factories amid capital shortage |
|---|---|---|---|

## Default loans fall for relaxed rules

Finance minister says

STAR BUSINESS REPORT

The amount of default loans in the banking sector decreased after the relaxation of rules and regulations by Bangladesh Bank, Finance Minister AHM Mustafa Kamal said yesterday.

Non-performing loans (NPLs) decreased by Tk 17,737 crore in one year as of September 2020, he said in response to a query in parliament.

The outstanding classified loans stood at Tk 94,440.47 crore as of September last year, according to data from the banking watchdog.

"The central bank has relaxed several policies on loan classifications, helping reduce default loans," Kamal said.

READ MORE ON B3



AHM Mustafa Kamal

## Beximco tops DSE turnover list

Accounts for 20.81pc of market turnover

STAR BUSINESS REPORT

Beximco Ltd topped the turnover list yesterday amid an influx of buyers and sellers in the market.

Some Tk 330 crore worth of Beximco's shares were traded at the Dhaka Stock Exchange (DSE), which was 20.81 per cent of the total turnover.

The news of a jump in Beximco's earnings per share in the first half of 2020-21 led to the buoyancy in the market.

Its earnings per share rose 255 per cent year-on-year to Tk 1.92 in the July-December period, according to the company's disclosure published yesterday on the DSE website.

Despite the higher earnings, a number of investors sold off their stocks, which already rose more than four times in the last two months, said a stock broker.

READ MORE ON B2



People watch price fluctuations of stocks on a television screen at a brokerage house in Dhaka yesterday.

## No further cuts in rice import duty: NBR

STAR BUSINESS REPORT

The National Board of Revenue (NBR) yesterday said it is unwilling to reduce import duty on rice in order to protect farmers' interests.

"Farmers do not want to cultivate paddy as they do not get fair prices of their produce. Imports will be cheaper if import duty is reduced further and our farmers will be discouraged to grow the staple," said NBR Chairman Abu Hena Md Rahmatul Muneem.

He made the comments at a press briefing replying to a question whether the revenue authority would cut import duty further as prices of staple grains and edible oil are high.

The revenue authority organised the press briefing at its headquarters to share plans on observing the International Customs Day-2021 today. The NBR last month slashed import duty on rice to 25 per cent from 62.5 per cent following recommendations from the food ministry.

READ MORE ON B3



**Tipu Munshi, commerce minister, hands over a trophy to AHM Abdur Rahman and AHM Habibur Rahman, directors of Paramount Textile, as the company won the "Seventh ICSB National Award 2019" for corporate governance excellence in the category of textile and RMG companies, at an event at Radisson Blu Dhaka Water Garden on Saturday.**



**Tipu Munshi, commerce minister, hands over a trophy to Md Anisur Rahman, deputy managing director of Green Delta Insurance, as the insurer was awarded with the "Seventh ICSB National Award 2019" for corporate governance excellence in the category of 'insurance companies', at an event at Radisson Blu Dhaka Water Garden on Saturday.**



**Mohammed Jahangir Alam, chairman of Crown Cement; Md Alamgir Kabir, vice chairman, and Molla Mohammad Majnu, managing director, attend the company's "Crown Family Night" for its top 50 channel partners and their family members at Brac CDM in Gazipur recently.**



**Tipu Munshi, commerce minister, hands over a trophy to Lt Gen (rtd) Abdul Wadud, managing director of Summit Power Ltd, as the company was awarded with the "Seventh ICSB National Award 2019" for corporate governance excellence, at an event at Radisson Blu Dhaka Water Garden on Saturday.**

## Improve climate to attract more Chinese investment

FROM PAGE B1  
"The country has also shown resilience during these unprecedented times, where we grew by 5.24 per cent at the time of the global pandemic," he said.  
Paban Chowdhury, executive chairman of Bangladesh Economic Zones Authority, said they are currently developing one of the biggest economic zones of the country while the existing 28 have received \$1 billion in investment from Chinese investors alone.  
"We believe this will further pave the way for other foreign investors," he added.  
Mahbub Uz Zaman, ambassador of Bangladesh to China, said he witnessed a growing interest among Chinese entrepreneurs due to the 97 per cent duty-free access and other incentives provided by Bangladesh.  
Speaking at the occasion, Naser Ezaz Bijoy, chief executive officer of Standard Chartered Bangladesh, said: "As Chinese firms seek new ports-of-call to expand integration to global value chains, Bangladesh-China partnerships hold a unique promise: deep ties and familiarity of centuries, but new and untapped opportunities."  
"A close partnership between banks, investors and governments will be critical. Today's summit is our first step to establish the platform for this collaboration to fully leverage these opportunities."  
Sheikh Fazle Fahim, president of the Federation of Bangladesh Chambers of Commerce and Industry, said such potential investment opportunities will maximise knowledge to ensure sustainable growth for both economies.

## Beximco tops DSE turnover list

FROM PAGE B1  
On the other hand, people are thinking that the company has made higher profits by exporting personal protective equipment, masks and other pandemic related products, he said.  
But the demand for these products may fall in the coming days, he said.  
DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), dropped 25.61 points, or 0.44 per cent, to 5,789 yesterday.  
Turnover, one of the important indicators of the market, went up 7.8 per cent to Tk 1,585 crore.  
The market has been seeing some profit-booking sessions for the last few days and it was expected, said a merchant banker.  
Still, the concerns of Beximco Group are leading the market from the front, he said, adding that the stocks of Beximco Ltd, Beximco Pharmaceuticals, IFIC Bank and Shinepukur Ceramics are going through corrections now as they rose manifold earlier.  
After Beximco Ltd, Beximco Pharmaceuticals was the second on the turnover list trading shares worth Tk 152 crore followed by Square Pharmaceuticals, Robi Axiata, LankaBangla Finance, Summit Power, GBB Power and City Bank.  
Energypac Power Generation Ltd topped the gainers' list rising 9.99 per cent. The other companies that fared well include RAK Ceramic, Delta Spinners, Crystal Insurance and Asia Pacific Insurance.  
C&A Textile shed the most plunging 9.09 per cent followed by GBB Power, Jute Spinners, CAPM IBBL Mutual Fund and Familytex Bangladesh.  
The port city bourse also dropped. The general index of the Chittagong Stock Exchange (CSE) fell 108 points, or 0.63 per cent, to 16,878.  
Among 268 stocks that were traded at the CSE, 64 advanced, 146 fell and 48 remained unchanged.

### Government of the People's Republic of Bangladesh Office of the Chief Controller of Stores Bangladesh Railway Pahartali, Chattogram-4202 Phone: +88 031 2863133, E-mail: [ccspt@railway.gov.bd](mailto:ccspt@railway.gov.bd) **Invitation for Application (IFA)** For **Selection and Approval of Qualified Potential Tenderer for the Procurement of Diesel Electric Locomotives Spare Parts of Bangladesh Railway**

P6/Diesel/Supplier-Enlistment/2021 Date: 20/01/2021

|    |                           |  |
|----|---------------------------|--|
| 1. | Ministry/Division         | : Ministry of Railways.  |
| 2. | Agency                    | : Bangladesh Railway.  |
| 3. | Procuring entity name     | : Chief Controller of Stores, Bangladesh Railway, Pahartali, Chattogram.   |
| 4. | Procuring entity code     | : Not used.  |
| 5. | Procuring entity district | : Chattogram.  |
| 6. | Invitation for            | : Application for Selection and Approval of Qualified Potential Tenderer for the Procurement of Diesel Electric Locomotives Spare Parts of Bangladesh Railway. |
| 7. | Invitation Ref. No.       | : P6/Diesel/Supplier-Enlistment/2021   |
| 8. | Date                      | : 20/01/2021   |

#### KEY INFORMATION

|    |                               |  |
|----|-------------------------------|--|
| 9. | Application invitation method | : Open Invitation for Application (International). |
|----|-------------------------------|--|

#### FUND INFORMATION

|     |                                      |                   |
|-----|--------------------------------------|-------------------|
| 10. | Budget and source of fund            | : Not applicable. |
| 11. | Development partners (if applicable) | : Not applicable. |

#### PARTICULAR INFORMATION

|     |   |   |
|-----|---|---|
| 12. | Project/programme code (if applicable)                | : Not applicable.   |
| 13. | Project/programme name (if applicable)                | : Not applicable.   |
| 14. | Application last selling date and time                | : Date: 19/04/2021 Time: 14:00 hrs.   |
| 15. | Application closing date and time                     | : Date: 20/04/2021 Time: 12:00 hrs.   |
| 16. | Application opening date and time                     | : Date: 20/04/2021 Time: 12:30 hrs.   |
| 17. | Name & address of the office(s)                       | : <b>Selling application</b><br>1. Office of the Chief Controller of Stores, Bangladesh Railway, Pahartali, Chattogram.<br>2. Office of the Assistant Controller of Stores, Bangladesh Railway, Kamapur, Dhaka.<br>3. Pre-qualification document will be available in the Bangladesh Railway's official website: <a href="http://www.railway.gov.bd">www.railway.gov.bd</a> (Document price must be paid and receipt of payment must be submitted along with the application as specified in the document).<br><b>Receiving application</b><br>Office of the Chief Controller of Stores, Bangladesh Railway, Pahartali, Chattogram. |
| 18. | Place/date/time of pre-application meeting (optional) | : Chamber of the Chief Controller of Stores, Bangladesh Railway, Pahartali, Chattogram. Date: 18/02/2021, Time: 11.00 hrs.  |

#### INFORMATION FOR APPLICANTS

|     |                               |   |
|-----|-------------------------------|---|
| 19. | (a) Eligibility of applicants | : 1. Locomotive/diesel locomotive spare parts manufacturer or their authorized agent or selling agent/distributor/trading house.<br>2. If the applicants are the manufacturers or their authorized agent they must produce their product catalogue, leaflet or technical literature of the same with identification parameter such as DRP/DSPM No./Part No. etc.<br>3. If the applicants are the selling agent/distributor/trading house, they must submit the list of diesel spare parts with the name and address of the manufacturer and country of origin. They must submit their |
|-----|-------------------------------|---|

|                                 |   |   |
|---------------------------------|---|---|
|                                 |   | agency or distributorship certificate issued by the manufacturer of the Diesel Locomotive Spare Parts. They must also submit the consent letter from the manufacturer to the effect that they are agreed to supply Diesel Spare Parts through them (applicants). They must submit product catalogue, leaflet or technical literature of the same with identification parameter such as DRP/DSPM No./Part No. etc.   |
|                                 | 4.  | The applicants must be able to show that they are enrolled in the relevant professional trade organizations registered in their country of origin or to provide declaration or oath or a certificate concerning their competency in accordance with the conditions laid down by the country of their origin. Such an oath or certificate would, normally be provided by a professional institution related to the professional qualification of the applicants. |
|                                 | 5.  | The applicants must have documentary evidence in support of their business status to be issued by the Chamber of Commerce of their country of origin.   |
|                                 | 6.  | The applicants must submit ISO 9001 or equivalent certification in favour of the proposed manufacturers to ensure the technical facilities to support the quality assurance and development facilities.   |
|                                 | 7.  | The applicants must submit the list of major deliveries in the past 5 years to any National Railways in the world or similar spares supplied for Bangladesh Railway.  |
|                                 | 8.  | The applicants must have the list of client references who may be contacted by the procuring entity.  |
|                                 | 9.  | The applicants must have local representative in Bangladesh with legal authority.   |
|                                 | 10.   | Those firms, who are already enlisted in Bangladesh Railway for supplying Diesel Spare Parts shall have to submit fresh applications for enlistment along with all documents.   |
|                                 | 11.   | Applicant shall have a local agent/representative, one person/company shall not be allowed to act for more than one applicant.  |
|                                 | (b) Qualifications of applicants  | : Applicant shall have to meet the <b>General, Specific, Commercial, Professional, Financial, and Technical criteria</b> mentioned in the pre-qualification documents.  |
| 20.                             | Brief description of locomotive model for which Diesel Spare Parts shall be procured  | : Technical data of the locomotives will be available as Annexure-'A' with enlistment documents.  |
| 21.                             | Price of application form   | : BDT 2000.00 only.   |
| <b>PROCURING ENTITY DETAILS</b> |   |   |
| 22.                             | Name of official inviting application   | : Ruhul Quader Azad.  |
| 23.                             | Designation of official inviting application  | : Chief Controller of Stores.   |
| 24.                             | Address of official inviting application  | : Bangladesh Railway, Pahartali, Chattogram-4202.   |
| 25.                             | Contact details of official inviting application  | : Phone: +88 031 659604<br>E-mail: <a href="mailto:ccspt@railway.gov.bd">ccspt@railway.gov.bd</a>   |
| 26.                             | a) Applicants/authorized representative (if any) may remain present at the time of opening the applications.<br>b) If the office remains closed or any unavoidable circumstances arisen, the revised schedule shall be notified issuing Corrigendum.<br>c) The procuring entity reserves the right to accept or reject all application. |   |
| S(21)/29<br>GD-166              |   | <b>Ruhul Quader Azad</b><br>Chief Controller of Stores<br>Bangladesh Railway<br>Pahartali, Chattogram   |



**Mohammad Mejbahuddin, chairman of Bangladesh Development Bank Limited (BDBL), and Kazi Alamgir, CEO, attend the bank's "Managers' Business Conference- 2021" at the bank's head office in Dhaka recently.**



**Md Nazrul Islam Mazumder, chairman of EXIM Bank, and Mohammed Haider Ali Miah, managing director, attend the bank's "Annual Business Development Conference 2021" at the bank's head office in Dhaka on Sunday.**

## No further cuts in rice import duty: NBR

FROM PAGE B1  
Importers will require written permission from the food ministry to bring rice.

The NBR also imposed 10 per cent tariff on onion import to protect interests of local growers. Muneem cited risk of losses of onion producers in case of a reduction

in import duty on the key kitchen ingredient.

He said people have purchasing capacity and the price impact on them would be minimal as a small amount of onion is needed for cooking.

The NBR chairman also talked about the matter of speeding up clearance of import consignments.

A section of importers does not take delivery of their import consignments on time, he said at the briefing.

The NBR said it brought changes to regulations to ensure that importers take delivery of their goods fast. It is also implementing a project such that agencies concerned can give approvals to import items online.

## BB in a tight spot

FROM PAGE B1  
Also, the upward trend of remittances has complicated the liquidity management of the central bank significantly, Mansur said.

In recent months, imports have declined while remittance has risen to record highs. It forced the central bank to purchase the dollar from banks by injecting the local currency into the market regularly.

The central bank has purchased the American greenback worth a record \$5.49 billion in the first half of the current fiscal year to keep stable the exchange rate of the local currency.

The previous highest was recorded in 2013-14 when the BB bought \$5.15 billion.

"The central bank should curb the upward trend of the excess liquidity right now by checking the remittances," said Mansur, also a former official of the International Monetary Fund.

The remittance now being sent is not actual remittance. Instead, a large amount of remittance is flowing into the country in the form of portfolio investment by expatriate Bangladeshis, he said.

A portfolio investment is an ownership of a stock, bond, or other financial assets with the expectation that it will earn a return or grow in value over time, or both.

The majority of developed nations

are in a deadlock of zero per cent interest rate due to the financial meltdown, and it will take them a couple of years to get rid of the ultra-low rate.

"The expatriates are now getting a better interest rate on the deposits kept in the banks in Bangladesh than the rates being provided by the lenders in the countries they live in," Mansur said.

Remittance hit an all-time high of \$21.74 billion last year.

The government should withdraw the 2 per cent cash subsidy against funds remitted by expatriates, Mansur said.

He urged the central bank not to inject reserve money by way of creating new stimulus packages.

Fahmida Khatun, executive director of the Centre for Policy Dialogue, said the government should start thinking of withdrawing the cash subsidy against remittance in the interest of common savers.

The government and the central bank should investigate to find out the persons who are sending remittance now, she said.

The surplus liquidity has brought woes for the depositors as the real interest rate has entered into negative territory, the economist said.

General inflation stood at 5.29 per cent in December whereas most banks offered interest rates from 3 per cent

to 4 per cent on FDRs. This means the real interest rate is in a negative 2 per cent to 2.50 per cent.

"An asset bubble will occur in the financial sector in the months ahead if the excess liquidity is not checked right now," Mansur said.

The asset bubble arises when the price of an asset, such as stocks, bonds, real estate, or commodities, rises at a rapid pace without the underlying fundamentals, such as equally fast-rising demand, to justify the price spike.

If the investment scenario does not receive a boost by June, the central bank would have to mop up money from banks, or else the situation may create stagflation, he said.

Stagflation refers to an economy experiencing a simultaneous increase in inflation and stagnation of economic output.

Nazneen Ahmed, a senior research fellow of the Bangladesh Institute of Development Studies, said inflation was still under control, which was a positive sign for the economy.

But the central bank should monitor the inflation cautiously due to the higher excess liquidity, she said.

"A proper implementation of the stimulus packages is crucial for the economy to make a recovery. The central bank monetary policy committee should take the issue with the utmost importance."

## Default loans fall for relaxed rules

FROM PAGE B1  
In 2019, a relaxed rescheduling facility was offered to defaulters, allowing them to regularise NPLs by way of giving 2 per cent down payment, which decreased classified loans in banks. "In addition, the central bank also declared a loan moratorium throughout last year to tackle the economic situation stemming from

the coronavirus pandemic," Kamal added. Banks have also been asked to form monitoring cells in order to recover NPLs from top defaulters that have NPLs worth over Tk 100 crore.

Four mobile operators owe the government over Tk 13,000 crore in arrears as audit objections, 3G spectrum use as well as High Court settled amounts, Posts and Telecom

Minister Mustafa Jabbar said. Grameenphone owes Tk 10,580 crore as audit objection while Robi Axiata owes Tk 729 crore for the same reason.

Pacific Bangladesh Telecom owes Tk 128 crore as a High Court settled amount and Teletalk Bangladesh owes Tk 1,585 crore due to 3G spectrum use, he added.

## Cash crunch makes survival harder for garment exporters

FROM PAGE B1  
"The exact date of the export receipt from Asia Today is not finalised yet. We are hopeful that the buyer will complete payment in March this year," Rahman said.

"The companies are borrowing money from banks and near and dear ones to run businesses for the delay in export receipts."

The entrepreneur received Tk 2.5 crore from the stimulus package of the government to pay wages to the workers. But he said it was not enough.

"It would have been better had I got Tk 2 crore every month."

Vidiya Amrit Khan, deputy managing director of Desh Garments, has been facing fund shortage because of the delay in payment from buyers and the reluctance of banks to extend financing.

Rahman and Khan are not alone. Many suppliers, especially the small and medium enterprises, are struggling to stay afloat in the wake of the weak cash flow due to the order cancellation and delay in payment.

Because of the retailers and brands' irresponsible business behaviour, many workers and officials at the buying houses and the liaison offices of western brands in Dhaka lost jobs.

The coronavirus pandemic wiped out 3.57 lakh jobs in the garment industry in Bangladesh in 2020 as factories went for layoffs and closures because of the collapse in demand, showed a survey of the CPD and the Mapped in Bangladesh, a project of Brac University. Some 58.7 per cent of factories have started hiring.

More than 300 small and medium factories may shut their units for good as the owners are not interested in reopening them, according to the BGMEA.

The factories, especially the woven ones, plan to sell the units because of a shortage of orders.

Kwun Tong Apparel, a Hong Kong-based garment factory housed inside

the Adamjee Export Processing Zone, is trying to sell the unit as it had to offer a massive discount to JC Penney, an American treasure in the clothing business. The company had been shut after making a partial payment to the workers.

One of the US-based buyers of Kwun Tong Apparel cancelled orders worth \$20 million, and another retailer had to be given a discount of \$25 million.

Ha-Meem Group, one of the leading garment producers in Bangladesh, settled the payment issue with JC Penney after negotiations, said AK Azad, managing director of the group.

"I received \$0.5 million out of a total \$1.8 million from JC Penney. The company promised a full payment after the final transfer of the ownership to the new owners," he said.

In December, JC Penney completed the sales, under which Simon Property Group and Brookfield Asset Management acquired all of JC Penney's retail and operating assets.

Kutubuddin Ahmed, chairman of Envoy Group, said the smaller units were not receiving orders.

The indication of the flow of orders is not encouraging either despite the arrival of coronavirus vaccines.

Sixty-nine terminated workers of the Dhaka office of the UK-based Debenhams have not received their arrears yet.

"Debenhams does not reply to our emails. It is highly unlikely that we will get the wage from Debenhams," said Akhter Uddin Ahmed Asad, country manager of the liaison office of the brand.

The unpaid salaries and allowances of the terminated employees stand at \$1 million, he said. Forty local suppliers to Debenhams have received partial payment. The company owes \$60 million.

Although 90 per cent orders have been restored, the BGMEA does not have any specific data on buyers'

payment to local suppliers, said BGMEA President Rubana Huq in a WhatsApp message.

"But we are not aware of any major complaints except for a few brands that went bankrupt putting the suppliers in great uncertainty," she said.

The factories, which include the suppliers that have not seen the restoration of the orders, are facing an enormous financial crisis due to the bankruptcy of the buyers, particularly in the form of non-payments and forced loans, the BGMEA chief said.

The apparel industry has about \$8 billion in receivables at any point of time considering the average trade terms of 90 days, she said.

According to the BGMEA, 1,334 out of nearly 2,000 active members received funds from the stimulus package. Out of more than 850 members of the BKMEA, 420 availed loans from the package.

The non-member factories of the BGMEA and the BKMEA did not receive funds, according to the CPD-MiB study.

Thanks to the unprecedented support from the government, factories were able to withstand the first wave and were operating in a survival mode, Huq said.

"The second wave has worsened the situation further as it has hit the retail business and demand for clothing, slowing our exports. While factories are already suffering from fund shortage and running on an average of 30 per cent idle capacity, the recovery is challenged further."


The garment factories are also uncertain about the business prospect in the coming months.

Only 44 per cent factories said they were sure about the orders for the six months from November 2020 to April 2021, the CPD-MiB study showed.

Some 56 per cent of factories are under different levels of uncertainty, and 11 per cent indicated high uncertainty.



**Aziz Al Kaiser, chairman of City Bank, opens the bank's relocated branch at Gulshan 1 in Dhaka yesterday. Mashrur Arefin, CEO, was present.**



**ESSENTIAL DRUGS COMPANY LIMITED**  
395-397, Tejgaon Industrial Area  
Dhaka-1208

### INTERNATIONAL TENDER NOTICE

EDCL invites International Tender for Supply of Pharmaceutical Raw and Packing Material on C&F/Dhaka By Air and Chittagong by Sea Basis:-

| S.L. No. | Tender No. Date                            | Name of the Item   | Cost of Tender Schedule  | Last date of Closing & opening  |
|----------|--|--|--|---|
| 01.      | IMP/R&PM/SEM/39/2020-2021 dated 25/01/2021 | <b>Pharmaceutical Raw &amp; Packing Materials: (specification as per tender schedule):</b><br>01. Isoniazid BP<br>02. Pyrazinamide BP<br>03. Ethambutol HCL BP<br>04. Rifampicin BP<br>05. Ciprofloxacin HCl Micro. BP<br>06. Metformin HCl BP<br>07. Atenolol BP<br>08. Pantoprazole Sodium USP<br>09. Hankel Glue Dela K-46 (Brown Colour) Or Hankel Glue Optal S 2008           | Tk. 1650.00/set<br>Equivalent to<br>US\$ 20.00<br>Non-refundable | Closing : 15/02/2021<br>At 11.00 AM<br>Opening : 15/02/2021<br>at 11.15AM |
| 02.      | IMP/RM/SEM/40/2020-2021 dated 25/01/2021   | <b>Pharmaceutical Raw Materials: (specification as per tender schedule):</b><br>01. Dried Aluminium Hydroxide BP<br>02. Cefradine (Micronised) BP<br>03. Propylene Glycol BP<br>04. Tetracycline HCl BP<br>05. Amlodipine Besilate BP<br>06. Esomeprazole Enteric Coated Pellets (Assay 8.5%) Ph. Gr.<br>07. Ciprofloxacin Lactate INN/BP<br>08. Dexamethasone Sodium Phosphate BP | Tk. 2600.00/set<br>Equivalent to<br>US\$ 31.00<br>Non-refundable | Closing : 17/02/2021<br>At 11.00 AM<br>Opening : 17/02/2021<br>at 11.15AM |
| 03.      | IMP/RM/SEM/41/2020-2021 dated 25/01/2021   | <b>Pharmaceutical Raw Materials: (specification as per tender schedule):</b><br>01. Azithromycin Dihydrate Micronized USP<br>02. Cetyl Alcohol BP<br>03. Glycerine BP<br>04. Essence of Orange Sweet Ph. Gr.<br>05. Orange Flavour Powder Ph. Gr.<br>06. Amoxicillin Trihydrate (Micronized) BP  | Tk. 2000.00/set<br>Equivalent to<br>US\$ 24.00<br>Non-refundable | Closing : 18/02/2021<br>At 11.00 AM<br>Opening : 18/02/2021<br>at 11.15AM |
| 04.      | IMP/RM/SEM/42/2020-2021 dated 25/01/2021   | <b>Pharmaceutical Raw Materials: (specification as per tender schedule):</b><br>01. Lactose BP<br>02. Mannitol BP<br>03. Colloidal Anhydrous Silica (Acrosil - 200) BP<br>04. Cetrimide Strong Solution 40% BP<br>05. Chlorhexidine Gluconate Solution(20%) BP   | Tk. 2000.00/set<br>Equivalent to<br>US\$ 24.00<br>Non-refundable | Closing :22/02/2021<br>at 11.00 AM<br>Opening : 22/02/2021<br>at 11.15AM  |
| 05.      | IMP/RM/SEM/43/2020-2021 dated 25/01/2021   | <b>Pharmaceutical Raw Materials: (specification as per tender schedule):</b><br>01. Hyoscine Butyl Bromide BP<br>02. Terpineol BP<br>03. Povidone K -30 BP<br>04. Sorbitol Solution (70%) BP<br>05. Sulphamethoxazole BP<br>06. Trimethoprim BP<br>07. White Soft Paraffin BP  | Tk. 3450.00/set<br>Equivalent to<br>US\$ 41.00<br>Non-refundable | Closing :24/02/2021<br>at 11.00 AM<br>Opening : 24/02/2021<br>at 11.15AM  |
| 06.      | IMP/RM/SEM/44/2020-2021 dated 25/01/2021   | <b>Pharmaceutical Raw Materials: (specification as per tender schedule):</b><br>01. Dextrose Anhydrous BP (Anhydrous Glucose)<br>02. Sodium Chloride BP<br>03. Tri Sodium Citrate BP<br>04. Magnesium Hydroxide BP   | Tk. 3050.00/set<br>Equivalent to<br>US\$ 36.00<br>Non-refundable | Closing :25/02/2021<br>at 11.00 AM<br>Opening : 25/02/2021<br>at 11.15AM  |
| 07.      | IMP/RM/SEM/45/2020-2021 dated 25/01/2021   | <b>Pharmaceutical Raw Materials: (specification as per tender schedule):</b><br>01. Meropenem with Sodium Carbonate (Sterile) USP  | Tk. 2500.00/set<br>Equivalent to<br>US\$ 30.00<br>Non-refundable | Closing :28/02/2021<br>at 11.00 AM<br>Opening : 28/02/2021<br>at 11.15AM  |

Tender schedule will be sold from the Accounts Department of Essential Drugs Company Limited, Dhaka on payment as stated above during office hours on all working days (except Friday, Saturday and Govt. Holidays). No tender schedule will be sold on the opening date of the tender.

The tender will be accompanied by an amount of Earnest Money in the form of Bank Draft/Pay Order/Bank Guarantee from any Schedule Bank of Bangladesh in favour of "Essential Drugs Co.Ltd." without which the tender will be considered as non-responsive.

EDCL authority reserves the right to accept or reject any or all the tenders without assigning any reason whatsoever.

**N.B: This Information is also available at our Website : [www.edcl.gov.bd](http://www.edcl.gov.bd)**

General Manager  
Procurement  
For : Managing Director.

# Monetary policy: time to be unconventional



Salehuddin Ahmed

Gone are the days of disagreement over aggregate demand management policy based on Keynesian approach or a fixed target on quantity of money supply following the "monetarist approach".

In the wake of unprecedented time of Covid-19 pandemic, with fluid situations of vulnerability and uncertainty, time has come for an unconventional approach to the major public policies namely fiscal and monetary policies.

More so, for Bangladesh, which despite global experience of economic slowdown, has performed satisfactorily and aspires to march forward tackling the present external and internal shocks in economy.

Monetary policy is an important tool to help accelerate economic development of Bangladesh.

Bangladesh Bank in charge of monetary management through its monetary policy statement (MPS) gives stance of the policy dealing with monetary targets, instruments and implementation.

Starting from January 2006, MPS is usually given for six months, January to June and July to December of each year.

Exceptions are, however, made, rather in only few cases, where one year MPS was issued. The last MPS was unveiled in July 2020 for the fiscal year 2020-21.

This January, Bangladesh Bank is in the process of reviewing the monetary policy and adjust or reformulate the policy statement in view of the present situation and future need. First and foremost is to look into what happened to some key variables.

From November 2019 to November 2020, growth of credit to the government sector and government controlled other public enterprises were around 26 per cent and 14 per cent respectively whereas credit growth of the private sector during the same period was around 8 per cent.

This is not a good sign given the fact that the private sector is the driving force for the real growth, employment generation and income creation.



The Bangladesh Bank headquarters in Motijheel, Dhaka. The central bank through its monetary policy statement provides a stance dealing with monetary targets, instruments and implementation.

The average inflation in November stood at about 5.6 per cent, which basically is not demand driven, rather supply driven and also due to some effects of international commodity prices.

The share of classified loan is about 9 per cent, wherein the classified loan of the state owned banks, specialised and development financial institutions is quite high.

The Covid-19 recovery financial package consisting of 19 stimuli with a total of Tk 113,117 crore (3.7 per cent of our GDP) was a good step by the government, though in many countries such packages were high above our share of GDP.

But the implementation of the stimuli, which were loan based and bank oriented, is slow and unsatisfactory. Especially, the micro, small and medium enterprises hardly got the benefit, even disbursement to agricultural sector (crop production, fishery, livestock and others) was not prompt and adequate.

The foreign reserve has soared to very high, about \$23 billion, remittances were satisfactory and some RMG enterprises fared well, but now the whole RMG is facing

challenges. The export products have not shown good performance, mainly because of the glut in international markets. This is the overall scenario of the macroeconomic situation of the country.

Again this backdrop, our monetary policy has to be formulated and implemented with right earnest. Bangladesh, like many other developing countries, is faced with a fluid situation and the consequent uncertainties. Therefore, a country's monetary policy, moving away from conventional 'accommodating' or 'contractionary' policies towards a heterogeneous, unconventional and implementable policy should be taken.

In challenging time, we need policies to face the challenges. We got a 'routine' budget. Monetary policy for FY 2020-21, therefore in tandem, was accommodating, especially in the context of stimulus packages of the government.

The measures by Bangladesh Bank to solve the liquidity crisis of the banks were the right ones. The bank rate was reduced from 5 per cent to 4 per cent, CRR was reduced to 4 per cent, repo rate was reduced from 5.25 per cent to 4.75 per cent, the reverse

repo rate from 4.75 per cent to 4 per cent and the SLR was kept reasonably low at 13 per cent.

These along with some refinancing schemes of Bangladesh Bank has resulted in improving the liquidity position of the banks. In fact, given the fixation of deposit rate to 6 per cent and lending rate to 9 per cent, and increased savings rate have resulted in the excess liquidity of the banks, which is not at all healthy situation.

Time has come to reform and revitalise the financial sector (comprising of banks, financial institutions and capital market) and the role of banks in financial intermediation has to be made more proactive to the financially excluded enterprises and introduction of more innovative financial products like hedging, factoring and securitisation.

Let me give some of aspects which Bangladesh Bank should take into account for its future stance and policies for the financial sector.

- a) Monetary policy should be for six months not one year, mainly because rapid changes are taking place on domestic and external fronts.
- b) Setting inflation as a policy

*Bangladesh Bank is in the process of reviewing the monetary policy and adjust or reformulate the policy statement in view of the present situation and future needs. First and foremost is to look into what happened to some key variables.*

target should not be overemphasised, inflation and growth can be achieved through the coordination of monetary and fiscal policies and other sectoral policies like export policy, industrial policy, investment policy.

c) The policy rates should be revisited and excess liquidity in the banks should be taken care of. In the absence of investment demand and lack of opportunities in expanding businesses, Bangladesh Bank should take steps in liquidity management policies of the banks.

d) Time has come to look into the foreign exchange management of Bangladesh. The rate of exchange of Bangladeshi taka and the operations of foreign exchange market should be analysed and quick action to be taken by Bangladesh Bank. I am not advocating to align fully NEER with REER, but the relationship between the two and the fundamental factors to be taken into account to monitor movements of our NEER. The global situation with US dollar, other hard currencies and the recent move by China to delink its currency Renminbi from US dollar have created an atmosphere which Bangladesh cannot ignore.

e) Finally, Bangladesh bank should look into the impact of Covid-19 on the economy and future challenges, remove injustice and inequality created because of misplaced priorities for focus on growth only, facilitate employment generation and increase access to finance by small businesses, farmers and marginal people.

Having said all the things above, I would like to point out some basic issues, which Bangladesh Bank must consider for formulating its policies and guidelines, including next monetary policy and the subsequent ones, because the following issues cannot be resolved within a short period.

One important thing is the "transmission mechanism" of monetary policy, that is the effect of macro policy on the micro level like households and business enterprises.

There is one middle level through which any macro policy passes, that is the "meso level" which consists of markets, institutions like banks, financial institutions, merchant bankers and brokers for the capital market, regulatory agencies like Bangladesh Bank, Bangladesh Energy Regulatory Commission, Bangladesh Securities and Exchange Commission, promoting agencies like Bangladesh Investment Development Authority and Export Promotion Bureau.

Unless these institutions function properly, no monetary or fiscal policy measures will be properly implemented for effective impact on the desired entities.

What we need is "structural" reforms. There are four major weaknesses in this regard, firstly, as pointed out above, Bangladesh has problems with "institutions" (whatever definition is used).

Secondly, our goods and services markets are exposed to international influences, which have become more acute due to globalisation and then due to Covid-19 pandemic.

Thirdly, volatility arising out of domestic macroeconomic and political imperatives, greater incidence of default risk, corruption and lack of accountability in the banks and financial institutions.

Lastly, poor protection of small and marginal borrowers, lending and deposit operations made under administrative guidance and pressure groups working to create undue influence on the banks and even the central bank.

In conclusion, it is pertinent to point out that though the effects of monetary policy have some lags to work, but it is an important policy to build confidence of the people in the financial sector including the capital market. Bangladesh Bank policy should offer a road map for our rapid, sustainable and inclusive development.

*The writer is a former governor of Bangladesh Bank.*

## GLOBAL BUSINESS

### SpaceX launches record spacecraft in cosmic rideshare scheme

REUTERS  
A veteran rocket from billionaire entrepreneur Elon Musk's SpaceX aerospace company launched 143 spacecraft into space on Sunday, a new record for the most spaceships deployed on a single mission, according to the company.

Complex 40 at Cape Canaveral Space Force Station in Florida. It flew south along the eastern coast of Florida on its way to space, the company said. The reusable rocket ferried 133 commercial and government spacecraft and 10 Starlink satellites to space - part of the company's SmallSat Rideshare Program, which provides access to

space for small satellite operators seeking a reliable, affordable ride to orbit, according to the company. SpaceX delayed the launch one day because of unfavorable weather. On Jan. 22 Musk, also chief executive of Tesla Inc., wrote on Twitter: "Launching many small satellites for a wide range of customers tomorrow. Excited about

offering low-cost access to orbit for small companies!" SpaceX has previously launched to orbit more than 800 satellites of the several thousand needed to offer broadband internet globally, a \$10 billion investment it estimates could generate \$30 billion annually to help fund Musk's interplanetary rocket program, called Starship.

### Makers of Sophia plan mass rollout amid pandemic

REUTERS, Hong Kong  
"Social robots like me can take care of the sick or elderly," Sophia says as she conducts a tour of her lab in Hong Kong. "I can help communicate, give therapy and provide social stimulation, even in difficult situations."



REUTERS/FILE

Since being unveiled in 2016, Sophia - a humanoid robot - has gone viral. Now the company behind her has a new vision: to mass-produce robots by the end of the year.

Hanson Robotics, based in Hong Kong, said four models, including Sophia, would start rolling out of factories in the first half of 2021, just as researchers predict the pandemic will open new opportunities for the robotics industry.

"The world of COVID-19 is going to need more and more automation to keep people safe," founder and chief executive David Hanson said, standing surrounded by robot heads in his lab.

Hanson believes robotic solutions to the pandemic are not limited to healthcare, but could assist customers in industries such as retail and airlines too.

"Sophia and Hanson robots are unique by being so human-like," he added. "That can be so useful during these times where people are terribly lonely and socially isolated."

Hanson said he aims to sell "thousands" of robots in 2021, both large and small, without providing a specific number.

Social robotics professor Johan Hoorn, whose research has included work with Sophia, said that although the technology is still in relative infancy, the pandemic could accelerate a relationship between humans and robots.

"I can infer the pandemic will actually help us get robots earlier in the market because people start to realise that there is no other way," said Hoorn, of Hong Kong Polytechnic University.

Hanson Robotics is launching a robot

**Humanoid robot Sophia developed by Hanson Robotics makes a facial expression at the company's lab in Hong Kong, China.**

this year called Grace, developed for the healthcare sector.

Products from other big players in the industry are helping fight the pandemic as well. SoftBank Robotics' Pepper robot was deployed to detect people who weren't wearing masks. In China, robotics company CloudMinds helped set up a robot-run field hospital during the coronavirus outbreak in Wuhan.

The use of robots was on the rise before the pandemic. According to a report by the International Federation of Robotics, worldwide sales of professional-service robots had already jumped 32 per cent to \$11.2 billion between 2018 and 2019.

Some humans might be wary of putting robots in such sensitive roles. When asked whether people should fear robots, Sophia had an answer ready.

### US oil refiners set for worst earnings quarter

REUTERS, New York  
US refiners are gearing for a painful slate of fourth-quarter earnings, reflecting the pressure of rising crude prices, weak demand due to renewed COVID-19 travel restrictions, and higher costs of associated with blending of renewable fuels into their products. Seven US independent refiners are projected to post an average earnings-per-share loss of \$1.51, down from a loss of \$1.06 in the third quarter of 2020, according to IBES data from Refinitiv.



REUTERS/FILE

A general view of the Marathon petroleum refinery in Carson, California.

Both Credit Suisse and Tudor Pickering Holt cut lowered the price estimates of every US independent refiner for the fourth quarter.

"[This] would mark the weakest quarter of the year," said Matthew Blair, analyst at Tudor Pickering Holt and Co.

In the fourth quarter, independent refiners including Marathon Petroleum, Valero Energy and Phillips 66 coped with uneven demand due to a resurgence of coronavirus cases worldwide.

Consumption of liquid fuels globally is estimated to have fallen by 9 million barrels per day in 2020, according to the US Energy Information Administration. Crude oil benchmarks rallied more than 20 per cent in the quarter, which squeezed US refining margins to less than \$10 a barrel on average - the threshold for which most refiners make money - for the majority of the fourth quarter.

Meanwhile, tougher restrictions on socializing and businesses clamped down on traffic in states like California, the most populous US state and one of the largest driving markets in the world.