

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	
▲ 0.09%	▼ 0.04%	\$1,722.56	\$68.65	▲ 0.50%	▲ 0.60%	▲ 0.85%	▲ 2.36%	BUY TK	83.95	99.08	116.08	12.68
5,568.85	9,749.95	(per ounce)	(per barrel)	51,279.51	29,211.64	3,106.01	3,436.83	SELL TK	84.95	102.88	119.88	13.33



# Star BUSINESS

DHAKA FRIDAY MARCH 12, 2021, FALGUN 27, 1427 BS • starbusiness@thedailystar.net

## SMEs face long road to recovery

REFAVET ULLAH MIRDHA

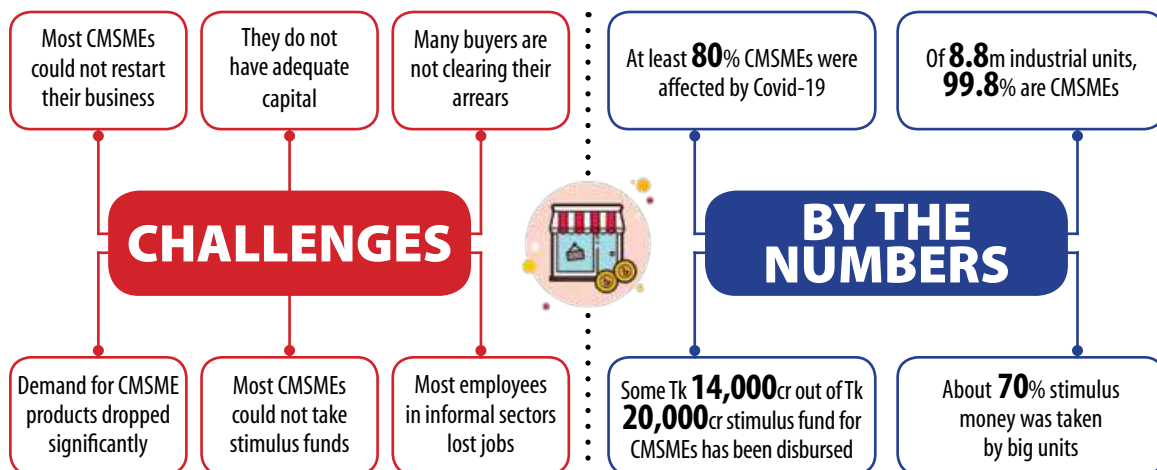
Cottage, micro, small and medium enterprises (CMSMEs), which are the backbone of the economy, have been struggling to revive their battered business as the country entered into the second year of the pandemic.

The income and profitability of CMSMEs took a massive beating from the pandemic that hit the country in March last year.

Activity in many sectors has picked up in recent months. But the recovery rate of the CMSME sector is weaker-than-expected because of feeble financial health compared to that of the medium and large industrial units.

Most of the CMSMEs were closed for a long time due to the countrywide lockdown announced by the government last year and for the shortage of funds.

The highest number of job losses also



took place in the CMSME sector.

For instance, Design by Rubina, a small leather and jute goods factory at Mirer Bazar in Gazipur, resumed its operation from December with only eight workers instead of 22 workers who were employed

before the pandemic.

The factory was closed between April and November last year. Its pre-pandemic monthly sales amount was \$5,000, which included exports.

The fallouts of Covid-19 shattered the dream of Rubina Akter Munni, managing director of Design by Rubina.

Her buyers in Dubai, the Philippines, Qatar and China are yet to pay her \$1 lakh yet, hurting her incomes, the fashion designer-turned entrepreneur said.

She is not alone. The pandemic has shattered the dreams of thousands of budding entrepreneurs in almost all sectors,

from garments, leather, jute, food-processing to plastic goods, printing and packaging.

The country's main export-earning garment industry witnessed the severest impact when international clothing retailers and brands either cancelled or put hold work orders worth \$3.18 billion. As the situation has improved to some extent, 90 per cent of the cancelled orders have so far been reinstated.

Naim Bazul Karim, managing director of APT Sweater Ltd, a small garment exporter based in Kamarpara area in Dhaka, faced a significant loss as his factory was closed for three months from April to June.

READ MORE ON B3

## BB to form Tk 500cr fund for startups

STAR BUSINESS REPORT

Bangladesh Bank yesterday decided to form a Tk 500 crore fund to help startups commence business.

The central bank's board of directors took the decision to enable the new entrepreneurs to avail financing from banks smoothly.

"It is really a good initiative, no doubt," said Syed Almas Kabir, president of the Bangladesh Association of Software and Information Services.

"Access to finance has been a big challenge for startups over the last couple of years. This will help address that challenge," he said.

An Entrepreneurship Support Fund formed earlier by the central bank is yet to become popular, he said. It is not possible for many IT entrepreneurs to comply with its collateral conditions, such as land and flats, said Kabir.

"We expect that the learnings of the fund should be taken into account during policy formulation related to the fund. Our asset is intellectual property and there is no guideline for valuation of intellectual property such as software," he said.

"If a guideline on valuation of intellectual property is developed, entrepreneurs will be able to get finance against their software. This will encourage startups and growth of a culture of innovation," he said.

Shameem Ahsan, president of the Venture Capital and Private Equity Association of Bangladesh, also welcomed the decision.

"We think the fund should be channelled through venture capital firms in order to ensure proper compliance with the regulation," he said.

"The startups will also get mentorship.



Expected outcome may not come if the finance is disbursed through government agencies," he said. Bangladesh Bank is yet to draw up a detailed policy to this end, said a central bank official.

However, a draft Bangladesh Bank guideline says it would be disbursed using a refinance scheme, meaning banks would first disburse loans among clients and the central bank would later reimburse the fund to banks.

Entrepreneurs of age 21 years and above will be eligible for a maximum of Tk 1 crore from the fund paying a maximum four per cent interest rate while banks will get it from the central bank at 0.50 per cent interest rate.

The repayment tenure will be a maximum five years.

Entrepreneurs with innovative ideas will get top priority while their educational qualification, technical expertise, experience and social acceptance will be taken into consideration in the same way collateral would.

READ MORE ON B3

## Local pharma makers fare well

Thanks to sanitisers, face masks, says drug administration official

STAR BUSINESS REPORT

Local pharmaceutical companies have fared well amid the ongoing coronavirus pandemic due to increased sales and export of hand sanitisers and face masks, according to a senior official of the drug administration on Wednesday.

"When the Covid-19 made its outbreak, there were just three face mask manufacturers and seven hand sanitiser producers in the country," said Maj Gen Mahbubur Rahman, director general of the Directorate General of Drug Administration.

"Within a short period, the pharma industry of Bangladesh came forward and took initiative," he said.

"Today, more than 70 companies are producing hand sanitisers while more than 30 others are producing face masks and exporting them to other countries like the US," Rahman added. As of yet, there is no drug that can cure Covid-19 infections.

But Bangladesh's pharma sector took to boosting immune systems by manufacturing different vitamins, zinc tablets and other relevant medicine and making those widely available in the country at moderate prices, he said.

Rahman was addressing a webinar on the "Evolution & Success of Pharmaceutical Sector in Covid-19 Management", organised by the Bangladesh-German Chamber of Commerce and Industry (BGCCI).

One of the major challenges faced by the industry during the pandemic was in sourcing raw materials for medicine, said Nazmul Hassan, president of the Bangladesh Association of Pharmaceutical Industries (BAPI) and managing director of Beximco Pharmaceuticals.

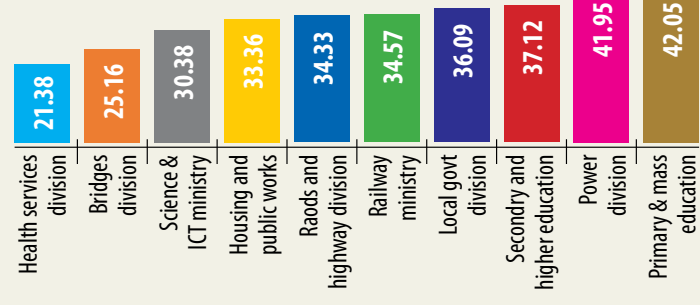
READ MORE ON B3

## Development spending at decade low

### ADP IMPLEMENTATION BY TOP 10 MINISTRIES

In % of total allocation; Jul-Feb period

SOURCE: IMED



STAR BUSINESS REPORT

Bangladesh's development expenditure was recorded at its lowest in a decade during the July-February period of the current fiscal year as government agencies were able to spend just 33.83 per cent of the allocation, according to the Implementation Monitoring and Evaluation Division (IMED).

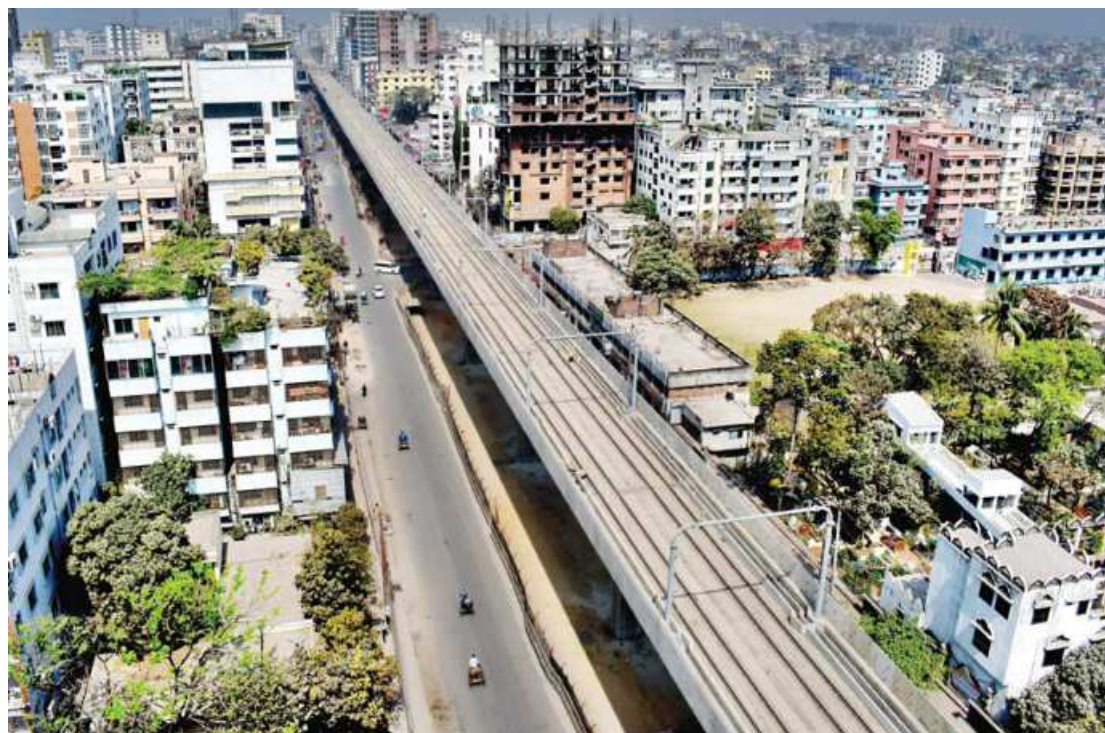
The annual development programme (ADP) dropped 9.4 per cent to Tk 72,603.35 crore in the first eight months of fiscal 2020-21, down from Tk 80,143.06 crore in the previous fiscal. This means the country's

economy is still struggling to surge out fully of the pandemic-induced downturn.

The expenditure from the state coffers took a huge blow as it dropped 12.19 per cent to Tk 46,139 crore in the first eight months of the fiscal year.

Spending from foreign funds also declined marginally during the same period.

The government allocated Tk 214,611 crore to spend on development projects for fiscal 2020-21. However, the rate of spending on development projects in February suppressed that of pre-pandemic levels.



STAR

A view of the metro rail project in Dhaka. Implementation of many infrastructure projects slowed down due to Covid-19, planning ministry officials said.

The projects spent 5.38 per cent of the total allocation for ADP in the budget in February, up from 5.19 per cent in the same month in a year ago, due to an increase in

people's mobility that propelled economic activities.

"Many ministries typically lag behind in implementing the ADP, but since March last year, the

implementation has been further reduced due to Covid-19," an official of the planning ministry told The Daily Star.

READ MORE ON B2

## Investors still chasing junk stocks

Misinterpreting BSEC initiatives

AHSAN HABIB

Junk stocks have frequently featured on the top gainers' list for the past few weeks, bringing into question investors' preference for such shares despite their substandard performance.

A company's stocks are termed as junk when its commercial production is shut or it is failing to provide dividends to shareholders or to hold an annual general meeting.

While hanging around Brac EPL Stock Brokerage in the capital's Motijheel on Tuesday, this reporter asked an investor the reasons for him buying a junk stock.

"Gamblers are going to play with the company," he said on condition of anonymity.

"On the other hand, the market regulators' recent steps to enable a rebound of their performance also instigated me," the investor



Investors watch price movements of stocks on a screen at a brokerage house in Dhaka.

STAR/FILE

added. The Bangladesh Securities and Exchange Commission (BSEC) has taken the initiative to restructure companies whose performance is below par.

Till date, the BSEC has replaced boards of directors of six listed

junk companies -- Emerald Oil, C&A Textiles, Ring Shine Textiles, United Airways, Familytex (BD) and Alhaj Textile Mills.

Market analysts believe that investors are misinterpreting the regulators' steps, which could

blow up their portfolios.

It cannot be said for certain whether the new boards will be successful in bringing the companies back on track.

Take the case of United Airways. Its newly formed board already

informed the BSEC that it would need a huge amount of fund to make a comeback.

A similar situation prevails for all other junk stocks and so bouncing back will be no easy task.

READ MORE ON B3

## Denim Expert's Mostafiz 'sustainable fashion champion'

STAR BUSINESS REPORT

Mostafiz Uddin, managing director of Chattogram-based exporter Denim Expert, has been accorded a "Sustainable Fashion Champion" title at Drapers Sustainable Fashion Awards 2021.

Drapers, a 134-year-old fashion magazine based in the United Kingdom, introduced the awards last year at its annual Sustainable Fashion Conference, which brings together global fashion stakeholders.

The award is said to recognise strides in reducing the fashion industry's environmental impact and creating fairer working conditions across the supply chain so that lessons can be taken from the best practices, according to a message from Mostafiz.

This year the conference took place virtually on March 10 where he received the accolade from an independent panel of sustainability and fashion retail experts for promoting sustainability and driving expected changes.

READ MORE ON B3



Mostafiz Uddin