

DHAKA MONDAY MARCH 15, 2021, CHAITRA 1, 1427 BS starbusiness@thedailystar.net

# BB policy support for exporters extended

STAR BUSINESS REPORT

Bangladesh Bank yesterday extended the deadline for export proceeds repatriation in its bid to help entrepreneurs withstand the fallout of the coronavirus pandemic that continues to keep shipments in the negative.

Export receipts declined 1.45 per cent yearon-year to \$25.86 billion in the July-February period of the current fiscal year as the surge in coronavirus infections continues to ravage

In a circular yesterday, Bangladesh Bank said until June this year, exporters would get seven months to bring their export earnings.

The central bank, in March last year, allowed exporters to fetch their export proceeds within seven months from the date of shipment instead of the previous four months.

The facility is scheduled to expire this month. "It is a good initiative," said AK Azad, managing director of Ha-Meem Group, one of the leading exporters of readymade garments

He said problems related to exports still persist. "We are anxious. Only 10.5 per cent of people have been vaccinated. People are still dying. A large number of people are in

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"The situation is similar in Europe. England is



RAJIB RAIHAN

still in lockdown," he said.

The entrepreneur said businesses might need another stimulus package to help them continue

> At the same time, the BB should consider a new package so that factories, which have been shut, could reopen and ensure jobs for the jobless,

The surge in coronavirus infections continues to depress shipment.

Azad, a former president of the Federation of Bangladesh Chambers of Commerce and Industry, said the central bank should allow a loan rescheduling facility so that borrowers can

reschedule loans without any down payment in logical cases.

The repayment period for the back-to-back letters of credit opened under suppliers' and buyers' credit was earlier extended to one year from six months. This means importers can pay back the loans within a year against imported goods.

The support, set to expire this month, has been extended until June.

Buyers' credit refers to the finance for the payment of imports arranged by the importer (buyer) from a financial institution outside of the country.

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### Another Tk 1,863cr bank fund for stock market

Bank funds amounting to Tk 1,863 crore are headed for the stock market as the investors are deeming it a better mode for gaining higher, cost-effectiveyields compared to other forms.

Some 26 banks have formed funds of around Tk 2,900 crore utilising a Bangladesh Bank incentive. Of the funds, around Tk 1,037 crore has already been

On February 10, the banking regulator rolled out the package that allows banks to set up a Tk 200 crore fund by taking it from Bangladesh Bank through a repurchase agreement against treasury bills and bonds

The banks will have to pay 5 per cent interest for the fund and the credit tenure will be up to February 2025.

Such investments by banks may give a boost to the stock market, which is already showcasing an upward trend, opined AB Mirza Azizul Islam, a former caretaker government finance and planning adviser,

However, investing in stock markets is not the primary function of banks, so they should focus on lending money to the real economic sector, he reminded.

As banks' credit growth is falling, they are searching for other sources of income, said Islam, also a former chairman of the Bangladesh Securities and Exchange Commission (BSEC).

This is not a serious problem but banks should not invest too high of an extent, he said. Private sector credit growth decreased to 8.32 per cent in the first month of 2021 from 8.37 per cent a month earlier.

Banks are now enjoying a huge amount of liquidity but demand is scarce, for which they are investing funds in the stock market, said Syed Mahbubur Rahman, managing director of Mutual Trust Bank.

The surplus liquidity stood at Tk

Some 26 banks have formed funds of around Tk 2,900 crore. Of the funds, around Tk 1,037 crore has already been invested.

204,070 crore as of January, a year-on-year surge of 97 per cent. The amount stood at Tk 103,358 crore in the same month a year

Meanwhile, the market has been faring comparatively well in recent times, he said, adding that the stock market regulator's activities gave banks the confidence to make prompt investments.

"Trade and demand are low, so we have to think of other ways of generating income because we have costs to bear against the excess liquidity," Rahman added while talking to The Daily Star yesterday.

As banks' core business of lending money has been yielding low profits due to the interest rates being capped to single digits, they are trying to invest in other sources of income, said a top official of

another bank preferring anonymity. Banks' earnings can be summarised as income from interests, investments (treasury bills and stock market), commission and charges.

Abiding by a government order, the Bangladesh Association of Banks (BAB) decided to bring down the deposit rate to 6 per cent and lending rate to 9 per cent from April 1, 2020.

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### Investors can now open bank accounts through 4 dedicated platforms

STAR BUSINESS REPORT

Local and foreign investors from now will be able to open bank accounts through websites of four authorities dedicated to serving entrepreneurs of specialised economic

The four are Bangladesh Investment Development Authority, Bangladesh Economic Zones Authority, Bangladesh Export Processing Zones Authority and Bangladesh High-Tech Park Authority.

Bangladesh Bank has enabled the service as part of efforts to strengthen a form of one-stop service for investors such that they can smoothly channel their funds without facing any hassle, said the banking regulator in a notice issued yesterday.

The websites, web portals and mobile applications of banks will have to be integrated with the websites of the

Investors will also be allowed to fill up their Know Your Client (KYC) forms through the virtual platforms

Foreign investors in some cases face problems in opening accounts with local banks as they are not familiar with lenders of the country, said a central bank

The latest initiative helps resolve that problem, he

## Tax support needed for job recovery

Say employers, economists



REJAUL KARIM BYRON and JAGARAN CHAKMA

improvement in the ranking of the Ease of Doing Business Index, and special allocation for SMEs should get priority in the upcoming budget to draw investment and revive the job market, employers and economists

economy is definitely recovering towards the pre-pandemic levels, but it is still not quite there particularly in terms of returns to employment. This was one key finding from the latest employment survey of the South Asian Network on Economic Modeling (Sanem).

The other key finding is the uneven distribution of recovery across sectors

and types of employment.

restaurants, manufacturing have recovered the least, while the wage employed have recovered relatively better.

Around 7.8 per cent of wage employees in different sectors who lost their job are still unemployed, the Sanem said.

"Employment generation must ascend in the priority list of the budget for the fiscal year of 2021said Zahid Hussain, a former lead economist of the World Bank's Dhaka office. "Both expenditure and tax policies

will have to be reoriented to focus more on augmenting opportunities for the unemployed and the underpaid self-employment.' Abul Kasem Khan, chairperson

of the Business Initiative Leading Development, said the government should emphasise improving the country's ranking in the Ease of Doing Business Index to draw investment that will go to job creation.



Workers protest the loss of jobs amid the ongoing pandemic. Although Bangladesh's economy is READ MORE ON B3 on a recovery curve, it is yet to reach pre-pandemic levels, particularly in terms of employment.

### Will mobile phone service improve now?

Recent allocation of spectrum will bring some short-term improvements, say analysts

SHAHID BAPPY

Last week, Grameenphone and Robi were involved in an intense battle to buy five megahertz of spectrum in 2100 band during an auction.

The top two operators were particularly keen on getting the spectrum as they were the last block of the unused spectrum in the

country also sold all of its The wavelengths in the 1800 band. So, the two operators went to great lengths to post record bids as they needed the spectrum as they look to improve service quality amid surging subscribers.

Market leader Grameenphone had the last laugh at the end of the day. It bought the five MHz. On the day, it purchased a total of 0.4 MHz in 1800 band and 10 MHz in 2100 band at a combined price of \$378.75 million.

Robi, the second-largest operator, took home 2.6 MHz and 5 MHz in the two bands, respectively. It will have to pay

\$225.6 million. Banglalink took 4.4 MHz in 1800 band and 5 MHz in 2100 band for \$281 million.



In order to bring long-term benefits, the government needs to improve the optical fibre The government is set to receive more infrastructure, says an expert.

than \$885 million from the operators by selling a total of 27.4 MHz of spectrum in the first auction since 2018.

Operators will pay 25 per cent of the spectrum price by March 23. The rest will be paid in instalments over a period of five years, meaning 15 per cent per year.

Because of the latest auction, GP now has 47.4 MHz of spectrum, Robi 44, Banglalink 40, and Teletalk 25.2 MHz.

GP hopes that the new spectrum will help it improve customer service. It will not pass on the cost to customers.

Robi says the quality of voice and internet service will be further enhanced through the use of the additional

Abu Saeed Khan, a senior research fellow at LIRNEasia, a digital policy research organisation based in Colombo, is sceptical about any major improvement in service quality.

"The new allocation of spectrum will bring some short-term improvements to telecom services, but not long-term benefits. In order to bring long-term benefits, the government needs to improve the optical fibre infrastructure.

#### Mercantile Bank posts Tk 223cr profit

Its net interest income drops 45pc, but lower provisioning saves the day

STAR BUSINESS REPORT

Mercantile Bank's income rose 0.39 per cent year-on-year to Tk 223 crore in 2020 thanks mainly to the lower provisioning by the third generation private financial institution.

Depending on the profit, the listed bank recommended 10 per cent

cash and 5 per cent stock dividends for its shareholders. The dividend declarations boosted its share price to hit Tk 13.3 each yesterday, posting a 3.91 per cent increase from the previous day. However, the bank's audited financial report indicated that its net interest income dropped 45

per cent to Tk 273 crore during the period. The bank was actually saved by the lower provision, which dropped 67 per cent year-on-year to Tk 127 crore.

Its profit before provision fell 45 per cent to Tk 408 crore. The bank's net investment income that comprises of Treasury bill bonds and investment in equities rose 8 per cent year-on-year to Tk 416 crore.

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