

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 1.05%	▲ 1.13%	\$1,737.20	\$63.27	▲ 0.94%	▲ 0.12%	▼ 0.37%	▼ 0.10%	BUY TK 83.95	98.56	115.18	12.60
5,337.33	9,312.29	(per ounce)	(per barrel)	49,661.76	29,730.79	3,195.76	3,479.63	SELL TK 84.95	102.36	118.98	13.25



# Star BUSINESS

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## Govt failing to put money where the mouth is

Beaten twice, SMEs and farmers still struggle for stimulus

AKM ZAMIR UDDIN

Key contributors to the economy such as small and medium enterprises, farmers and lower-income professionals had gone through their worst-ever crisis because of the first wave of the coronavirus pandemic.

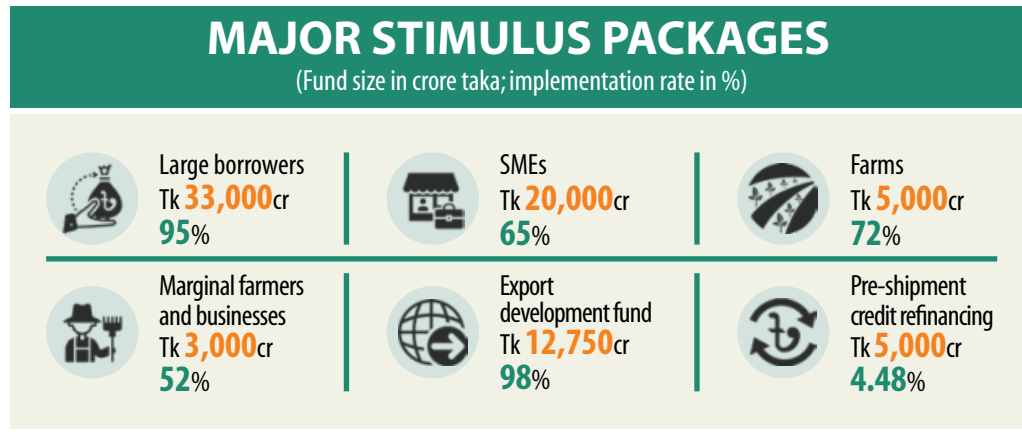
The second wave has not spared them either. But the stimulus packages that were unveiled last year with a promise to help SMEs, farmers, and lower-income professionals make a turnaround have not seen their desired results.

One year passed since the announcement of the packages in April last year, but banks are still reluctant to give out much-needed loans to them under the taxpayer-backed funds.

Banks, however, have shown generosity in extending loans to the large borrowers under the stimulus package of large industrial and service sectors amounting to Tk 40,000 crore.

Experts say banks should take necessary measures in the quickest possible time to cater the credit support to small businesses and farmers as the severity of the second wave will be deeper than the first one.

Since Covid-19 hit Bangladesh on March 8, the government has announced 23 stimulus packages involving Tk 124,053 crore, which



is more than 4 per cent of the country's gross domestic product.

Banks have been given the responsibility to distribute more than Tk 80,000 crore of the packages in the form of soft loans.

As of March 18, banks disbursed about Tk 13,011 crore among 89,892 borrowers under the stimulus package worth Tk 20,000 crore dedicated to the SME sector, data from the central bank showed.

Half of the package would be provided from the BB in the form of the refinancing scheme.

The loan will be given at a 9 per cent interest rate. Of the interest rate, 4 per cent will be borne by the borrowers and 5 per cent by the government.

Despite extending the deadline twice by the central bank, many banks showed unwillingness to disburse loans to the SME sector, which is considered the bedrock of the

economy. The last deadline to disburse the fund was March and the central bank may extend the deadline once again.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said that many banks did not have adequate structure to disburse SME loans.

"They will have to strengthen their capacity within a month or two such that the economy can tackle the business slowdown deriving from the second wave of the deadly flu."

In addition, the central bank will have to expand the package volume to reach out more SME clients given the severity of the second wave, he said. Banks have disbursed 72 per cent of the stimulus package for the farm sector, which received Tk 5,000 crore.

Like the SME stimulus package, the central bank was also forced to extend the deadline of the scheme due to the lukewarm response from banks.

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## Dutch dev bank invests \$50m in Brac

STAR BUSINESS REPORT

Dutch development bank FMO has invested \$50 million in Brac to accelerate innovations that impact the lives of underserved and marginalised people.

The five-year facility will be fully earmarked to the financing of the microfinance portfolio, confirmed Tushar Bhowmik, chief financial officer at Brac, in a press release issued by Brac yesterday.

"We are delighted to receive this investment from FMO. It is a milestone achievement for the microfinance sector as a foreign bank is directly investing in a microfinance institution in Bangladesh for the first time."

"The investment will help improve the livelihoods of people who need access to affordable financial solutions, especially in marginalised communities, in a more efficient way," he added.

Brac is the market leader for the microfinance sector in Bangladesh with a microfinance loan portfolio of \$3.2 billion serving more than 7.4 million customers, among whom 85 per cent are women, in more than 69,000 villages.

## Floor price removed for 66 listed firms



STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) yesterday lifted the floor price for 66 listed companies as it moved to put an end to its efforts to stop shares from any freefall.

Analysts, merchant bankers and asset managers welcomed the decision. But retail investors questioned the timing of the removal of the floor price as coronavirus infections are surging across the country.

On March 19 of 2020, the stock market regulator imposed the floor price on all stocks by calculating their average prices from the preceding five days to stop the index from falling amid the pandemic.

The decision was criticised by most analysts and foreign investors. However, the regulator continued with the floor price for one year as many general investors feared the market would fall if the floor price was lifted.

"In the first phase, we have decided to withdraw the floor price for 66 listed companies," said Rezaul Karim, spokesperson of the BSEC.

After analysing the impact, the regulator will decide on whether to do the same for other companies, he added.

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AMRAN HOSSAIN

Two delivery personnel go zipping down a road in Gandaria yesterday afternoon, a common sight now on the streets of capital Dhaka. From food items and other daily necessities to almost all other products one could wish for, the demand for home delivery in the country's retail sector has skyrocketed amid the ongoing pandemic restrictions.

## Gas crisis haunts Gazipur garment factories as well

REFAYET ULLAH MIRDHA

An acute gas crisis has continued to severely impact production in textile and garment factories not only in Narayanganj and Narsingdi but also in the country's largest industrial belt of Gazipur and Maona.

Factory owners in the latter two said they have been losing production and incurring financial losses for over six months.

Yesterday the gas pressure was so low in some places that production had been put on hold. In places where the pressure was a little bit high, factories could not run in full swing.

Nearly 500 textile, spinning, dyeing, finishing and weaving mills have been impacted in the industrial belts of Narayanganj, Narsingdi, Madhabdi, Maona, Bhabanipur and Kanchnpur.

However the plight of just around 100 came to the fore, primarily because they were members of Bangladesh Textile Mills Association (BTMA) and were the bigger gas consumers.

All of these units are subscribers of the state-owned Titas Gas



### KEY POINTS

- Industries use gas to generate captive power for their own energy consumption
- Impacted: nearly 500 textile, spinning, dyeing, finishing, weaving mills
- Industrial belts: Narayanganj, Narsingdi, Madhabdi, Maona, Bhabanipur, Kanchnpur
- All subscribers of Titas Gas Transmission and Distribution Company

Transmission and Distribution Company. The gas supply is critical for production since the industrial and commercial energy users convert it to generate captive power for their own energy consumption.

"I could not run my factory since Tuesday night as the gas pressure varies between 1 to 1.5 pounds per square

inch (PSI) rather than the required 15 PSI," said Fazlul Hoque, managing director of Ishraq Spinning Mill.

"Despite having the low pressure I managed to produce 60 tonnes to 70 tonnes every day over the last few months," said the owner of the Maona-based factory in Gazipur.

## UNPAID VAT

### NBR rejects Dhaka Club's plea for Tk 33.7cr waiver

STAR BUSINESS REPORT

The National Board of Revenue (NBR) has rejected a plea of Dhaka Club for a waiver of Tk 33.7 crore in unpaid value-added tax (VAT) and supplementary duty (SD).

The field offices of the NBR claimed the indirect tax in line with the VAT law. Hence, there is no scope to waive the amount.

"For this reason, the NBR expresses its inability," the VAT wing of the tax administrator said in a letter to Dhaka Club.

The issue of unpaid VAT and SD of Dhaka Club came to the surface after the Dhaka South VAT office found that one of the oldest elite clubs did not deposit Tk 26.69 crore in VAT and Tk 7 crore in SD.

The VAT and SD were due against sales of services such as booking charge, service charge, rent, bar, beauty parlour, guest house rent, health service, mess, cardroom and laundry between October 2009 and September 2014.

The field office also found Tk 7.05 crore of unpaid VAT by the club through an audit into its accounts from period between September 30, 2015 and June 2016.

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## Rice stock still scarce

Govt now plans to import another 1.5 lakh tonnes from India

REJAUL KARIM BYRON and DWAIPIYAN BARUA

Despite taking aggressive measures to import rice in the last three months, the government has so far failed to replenish the country's depleting grain stocks.

The current stock of food grain is at its lowest in the last few years.

Both the cabinet committee on economic affairs and purchase approved a number of proposals in the past three months to import a total of 15.5 lakh tonnes of rice under government-to-government (G-to-G) arrangement and through international tenders.

The latest move to import rice came yesterday, when the two cabinet committees approved two proposals to import 1.5 lakh tonnes of rice from India.

During yesterday's cabinet meetings, chaired by Finance Minister AHM Mustafa Kamal, the cabinet committee on economic affairs approved the food department's proposal to import one lakh tonnes of rice from Indian state-owned National Federation of Farmer's Procurement, Processing and Retailing Cooperatives India (NACOF).

The rice would be imported under a G-to-G basis. Meanwhile, the cabinet committee on purchase approved another proposal from the food department to import 50,000 tonnes of



non-basmati boiled rice from India's M/S PK Agri Link at the cost of Tk 174.66 crore through an international tender.

The price of rice would be around \$411.93 per tonne. With yesterday's move, the government has so far taken the initiative to import 15.5 lakh

tonnes of rice. In February, separate agreements were signed to import 4 lakh tonnes of rice, including 3 lakh tonnes through international tenders and one lakh tonnes from India under a G-to-G arrangement.

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## BSEC approves country's first green zero coupon bond

STAR BUSINESS REPORT

Bangladesh Securities and Exchange Commission (BSEC) has approved the country's first green zero-coupon bond with the help of which Sajida Foundation will raise a fund of Tk 100 crore.

The stock market regulator took this decision during a meeting of the commission yesterday.

A zero-coupon bond is a debt security that does not pay interest.

Instead, it trades at a discount, rendering a profit at maturity, when the bond is redeemed for its full face value. Face-value of the country's first bond is Tk 10 lakh.

With the bond proceeds, Sajida Foundation

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