

STIMULUS FOR SMALL FIRMS

Disbursement to run till June

AKM ZAMIR UDDIN

Bangladesh Bank yesterday extended the deadline for disbursing a Tk 20,000 crore stimulus package for cottage, micro, small and medium enterprises (CMSME) by another three months to June.

The extension comes in response to a slow pace in the lending of loans from the package.

The central bank declared the package in April last year to help the businesses cope with the economic slowdown caused by the coronavirus pandemic.

Banks disbursed 72.31 per cent of the package as of March 31, according to data from the central bank.

Though the deadline has already been extended twice, many banks showed unwillingness to disburse loans to the SME sector, which is considered the bedrock of the economy.

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

The stimulus scheme of a three-year tenure acts as a revolving fund, meaning banks would disburse money recovering

those from clients.

But banks have showcased a lacklustre performance in the first year of the package's disbursement.

The loans will be provided 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.

Meanwhile, the central bank has also extended the deadline of relaxed restructuring and rescheduling facilities for tanneries.

The tanneries, which have been facing the burden of default loans for years, will be allowed to enjoy the relaxed facility until June instead of the previous deadline of March, according to a central bank notice.

The decision has been taken as businesses of the tanneries might face another shock due to the second wave of the coronavirus pandemic, it said.

A good number of loans disbursed among the tannery owners have become defaulted due to their failure to repay instalments on time on different grounds, according to a previous central bank notice issued in January.

DISTRICTS IN FOCUS

QUAMRUL ISLAM RUBAIYAT, Thakurgaon

Boutique operators in eight northern districts are worried about their survival as they now fear counting huge losses for the second year in a row due to the ongoing pandemic.

As a result, many of these boutique owners, who are mostly women, could quit the business as they predict poor sales ahead of the year's two most lucrative selling periods -- Pahela Baishakh and Eid-ul-Fitr -- due to all the social restrictions in place to curb the spread of Covid-19.

Besides, around 10,000 female artisans, who hand-stitch clothes for these boutiques, will also be in trouble if sales are poor ahead the two festivals.

During a visit to the Thakurgaon and Panchagarh districts, this correspondent found that there were just a few shoppers at local boutiques.

To offset the poor turnout of customers, some of the entrepreneurs tried their hand at e-commerce.

However, there too the response from buyers was inadequate.

While speaking to The Daily Star, several boutique owners said they are yet to see the required levels of customer turnout ahead of Pahela Baishakh due to the resurgence of Covid-19 cases across the country.

"We made about 500 pieces of Baishakhi and Eid dresses, including saris, salwar-kamiz, fatuas and baby clothes, at a cost of around Tk 4.5 lakh," said Chondona Ghosh, owner of the Karupanya Boutique.

Boutiques make most of their annual income just from these two festivals.

"But the situation is similar to that of last year when we missed two major selling periods amid a countrywide lockdown," said

Boutiques in a bind

The businesses in north fear mounting losses due to scanty Pahela Baishakh sales



QUAMRUL ISLAM RUBAIYAT

Around 400-500 female entrepreneurs, who sell clothing and accessories in the eight northern districts of Rangpur division, are concerned about how to sustain their operations. The photo was taken from Thakurgaon town on Sunday.

Chondona, also Thakurgaon's district representative of the Bangladesh Women Chamber of Commerce and Industry.

In hopes of recovering last year's deficit, she invested a total of Tk 4.5 lakh, of which Tk 2 lakh was financed by a government incentive package.

"But unfortunately, we are going to meet the same fate this year," she added.

Chondona said she previously got orders from wholesale markets in Dhaka worth about Tk 3 to Tk 4 lakh ahead of the two festivals.

This time though, she only got orders worth only about Tk 54,000. Other than wholesale orders, these boutiques also set up shop at

different fairs in Dhaka year-round to bolster sales.

Since the main customers of boutique houses—lower middle-income families—are sheltering at home in fear of being infected with Covid-19, sales have dropped drastically, she added.

Mokseda Begum, owner of the Ananya Hasta Shilpa boutique in Munshirhat, said she made a range of clothes worth over Tk 3 lakh, of which one third was invested in Pahela Baishakh dresses.

However, almost all her products remain unsold as the government imposed strict restrictions on public gatherings, such as celebrations and fairs.

To survive the initial pandemic-

induced economic downturn, she borrowed money from various local sources to keep the business afloat.

But despite her efforts, the situation is once again turning bleak. Begum went on to say that several boutique owners have the same concern.

Similarly, the artisans who hand-stitch the clothes are concerned for their wages and also fear job loss if the situation prolongs.

Bilkis Begum, an artisan of Gilabari village in Thakurgaon Sadar upazila who makes clothes for Karupanya, said the owners of boutique houses usually pay for a major portion of their outsourced products after selling them.

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Many banks show unwillingness to disburse loans to the SME sector, which is considered the bedrock of the economy.

PHOTO: STAR/FILE

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GLOBAL BUSINESS

Fed chair says cyberattacks main risk to US economy

AFP, Washington

Federal Reserve chairman Jerome Powell said he was more worried about the risk of a large-scale cyberattack than another financial crisis like that of 2008. The risks of a 2008-like crisis with a need for government bailouts of banks were "very, very low," the head of the US central bank said during an interview aired Sunday on CBS's "60 minutes." "The world changes.

The world evolves. And the risks change as well. And I would say that the risk that we keep our eyes on the most now is cyber risk," he said, adding that that concern was shared by multiple governments and private businesses, particularly in finance.

Additionally, those organizations invest the most against cyberattacks, he noted.

Powell stressed that the Federal Reserve was considering different types of scenarios: "There are scenarios in which a large payment utility, for example, breaks down and the payment system can't work. Payments can't be completed. There are scenarios in which a large financial institution would lose the ability to track the payments that it's making and things like that," he said.

The Fed was also looking at the possibility that part or even a large part of the financial system could shut down.



REUTERS/FILE

Federal Reserve Chair Jerome Powell testifies before the Senate Banking Committee hearing on "The Quarterly CARES Act Report to Congress" on Capitol Hill in Washington.

"We spend so much time and energy and money guarding against these things," he said, noting that cyberattacks on major organizations happen "every day."

Powell was also asked about the

possibility of creating a digital dollar, as China last month became the first global economic power to unveil a cryptocurrency. He said that for now, the Fed was evaluating the possibility. "We

feel it's our obligation to understand it. How would it work? What would the features of it be?" Powell said. He also said the Fed was developing software and even designing the look of a digital US dollar, but the final decision on whether to make it public would only be made once its impact was fully understood.

The dollar is "the world's reserve currency. The dollar is so important... We do not need to be the first ones to do this. We want to get it right. And that's what we're going to do," he said.

Last October, Powell had already indicated that the United States was thinking about issuing its own cryptocurrency, but he warned then that a full assessment of the benefits and risks would take time.

But the creation of a digital dollar could benefit the US economy, Treasury Secretary Janet Yellen said in a New York Times interview published February 22. She highlighted the need for central banks to properly assess the associated issues, particularly consumer protection.

Regarding the US economy, Powell said it was "at an inflection point": growth and employment would accelerate in the coming months, he predicted.

But he once again insisted that the Covid-19 pandemic continued to present a risk.

NEWS In Brief

India tells fertiliser companies not to raise prices

REUTERS, Mumbai

The Indian government has told fertiliser producers they cannot make immediate price increases, a junior minister said on Friday after some companies raised prices this week.

"It has been decided that in the present circumstances there shall be no immediate increase in prices of fertilisers," Mansukh Mandaviya, the junior minister responsible for chemicals and fertilisers, said in a statement after a meeting with producers.

Fertiliser companies this week raised prices by more than a third after potash and phosphate prices jumped in the global market.



REUTERS/FILE

A farmer sprinkles fertiliser on a paddy field on the outskirts of Ahmedabad, India.

After sanctions, Huawei turning to businesses less reliant on high-end US tech

REUTERS, Shenzhen, China

Chinese telecoms equipment maker Huawei Technologies will invest more in businesses that are less reliant on advanced process techniques, it said on Monday, citing US sanctions that have reduced its access to high-end semiconductors.

Huawei's rotating chairman, Eric Xu, also said the company has "no expectation" of being removed from the US Entity List, which has been used to limit the flow of US technology and products to Huawei and others, under the administration of US President Joe Biden.

Speaking to analysts, Xu said that the company would invest more in components for self-driving vehicles, with investment in

its intelligent driving business exceeding \$1 billion this year.

He also said that Huawei's global rollout of 5G telecoms networks has "exceeded expectations".

Huawei was put on an export blacklist by former US President Donald Trump in 2019 and barred from accessing critical technology of US origin, affecting its ability to design its own chips and source components from outside vendors.

Xu told a briefing that this year the company can focus on forming a clear strategy after last year's sanctions impact, which he said led some Chinese companies to stockpile three to six months of semiconductors and was the main cause of a global chip shortage.



REUTERS/FILE

A view shows a Huawei logo at Huawei Technologies France headquarters in Boulogne-Billancourt near Paris, France.

Pakistan's overseas remittances exceed \$2b for 10th straight month

REUTERS, Karachi, Pakistan

Remittances of \$2.7 billion in March from Pakistani workers employed abroad exceeded \$2 billion for the 10th consecutive month, and were up 43 per cent from a year earlier, the central bank said on Monday.

Proactive policy steps by the government and State Bank to spur inflows through formal channels, combined with limited cross-border travel, medical expenses and altruistic transfers amid the pandemic to fuel the rise, it said in a statement.

"The love and commitment of overseas Pakistanis to Pakistan is unparalleled," Prime Minister Imran Khan said on Twitter.

"You sent over \$2 billion for 10 straight months despite COVID, breaking all records. We thank you."

The inflows came mainly from the nations of Saudi Arabia, standing at \$5.7 billion; the United Arab Emirates, at \$4.5 billion; with \$2.9 billion from Britain and \$1.9 billion from the United States, the central bank said.