

BB sets rules for banks to disburse Tk 500cr fund for start-ups

STAR BUSINESS REPORT

Bangladesh Bank yesterday set eligibility requirements for banks to disburse loans from the Tk 500 crore fund aimed at helping start-ups expand and flourish, according to a central bank circular.

As per the prerequisites, all state-owned and private commercial banks or specialised banks can avail the refinancing facility.

However, their classified loans cannot be more than 10 per cent.

The lenders will also have to maintain regulatory requirements in the form of their cash reserve rate (CRR) and statutory liquidity ratio (SLR) with Bangladesh Bank.

Besides, they must have a minimum one-year of banking experience to manage the funds, the central bank said.

On March 12, Bangladesh Bank decided to form a Tk 500 crore fund to help start-ups smoothly secure financing.

As per the draft guideline, it would be disbursed through a refinance scheme, meaning that banks would first disburse loans among clients and the central bank would later reimburse the fund to banks.

Entrepreneurs aged 21 years and older will be eligible to avail a maximum of Tk one crore from the fund with the highest interest rate set at four per cent while banks will get it from the central bank at 0.50 per cent interest.

The repayment tenure will be a maximum of five years.

Entrepreneurs with innovative ideas will get top priority while their educational qualification, technical expertise, experience

and social acceptance will be considered the same way as collateral would.

Banks will be allowed to keep lower provisioning against the loans compared to that required for regular loans.

Currently, 20 per cent of a classified loan of sub-standard category has to be kept as provisioning.

But lenders will be allowed to keep 5 per cent in provisioning against the start-up loans.

Banks will have to keep 30 per cent provision for doubtful loans and 50 per cent for bad loans under the start-up fund whereas it is 50 per cent and 100 per cent respectively for the two types of general loans.

Keeping lower provisions against the start-up fund will encourage banks to disburse loans to new entrepreneurs, the central bank said.



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Bangladesh High Commissioner to Malaysia Md Golam Sarwar, Standard Chartered Malaysia CEO Abrar A Anwar, Standard Chartered Bangladesh CEO Naser Ezaz Bijoy, Rizwan Rahman, president of the Dhaka Chamber of Commerce and Industry, Ahsan Khan Chowdhury, chairman and CEO of PRAN-RFL Group Bangladesh, and Bitopi Das Chowdhury, head of corporate affairs, brand and marketing, Standard Chartered Bangladesh, attended a webinar titled "Halal360: Connecting your business to the halal ecosystem" jointly organised by Standard Chartered Bangladesh and Standard Chartered Malaysia yesterday.

India may build new coal plants due to low cost despite climate change

REUTERS, India

India may build new coal-fired power plants as they generate the cheapest power, according to a draft electricity policy document seen by Reuters, despite growing calls from environmentalists to deter use of coal.

Coal's contribution to electricity generation in India fell for the second straight year in 2020, marking a departure from decades of growth in coal-fired power. Still, the fuel accounts for nearly three-fourths of India's annual power output.

Environmental activists have long rallied against India adding new coal-fired capacity. Solar and wind energy prices are falling to record lows, which would help the world's third-largest greenhouse gas emitter cut emissions.

U.S. Special Presidential Envoy for Climate John Kerry this month said India was "getting the job done on climate, pushing the curve," as he began talks with government leaders aimed at cutting carbon emissions faster to slow global warming.

But a 28-page February draft of the National Electricity Policy (NEP) 2021 - which has not been made public - showed India may add new coal-fired capacity, though it recommended tighter technology standards to reduce pollution.

"While India is committed to add more capacity through non-fossil sources of generation, coal-based generation capacity may still be required to be added in the country as it continues to be the cheapest source of generation," the NEP draft read.

All future coal-based plants should only deploy so-called "ultra super critical" less polluting technologies "or other more efficient technology", it added.

State-run NTPC Ltd, India's top electricity producer, said in September it will not acquire land for new coal-fired projects. Private firms

and many run by states across the country have not invested in new coal-fired plants for years saying they were not economically viable.

A source with direct knowledge said a government panel of various power sector experts and officials will discuss the draft and could make changes before seeking cabinet approval. India's power ministry did not immediately respond to a request for comment on Sunday.

The draft document also proposed trade of renewable energy in day-ahead markets, creating separate tariffs for electric vehicle charging stations and privatizing electricity distribution companies. The NEP 2021 is India's first attempt at revising its electricity policy enacted in 2005, when the country produced negligible renewable energy.

Experts say phasing in renewable energy

sources and phasing out conventional sources such as coal and natural gas rapidly could lead to instability in the electricity grid, potentially causing blackouts.

While suggesting flexible use of coal-fired and natural gas-fired power to ensure grid stability in the coming years, the draft policy lists promoting clean power as its primary objective. The policy draft suggested expediting adoption of "cost effective" pumped hydro storage to support the electricity grid, adding that only 4.8 gigawatts of a potential 96.5 GW of pumped storage capacity has been developed so far.

The policy also recommends compensating natural gas-fired plants for operating at reduced efficiency to ensure grid stability, and for suffering higher wear and tear due to fluctuations in generation.



REUTERS/FIL

Chimneys of a coal-fired power plant are pictured in New Delhi, India.

European shares hit highs as markets upbeat about recovery prospects

REUTERS, London

World shares traded near record highs on Monday, as markets were generally upbeat about the prospects for a global economic recovery from COVID-19, ahead of a busy week for earnings.

Europe's STOXX 600 reached a record high and was up 0.2 per cent at 0736 GMT. Asian shares hit one-month highs overnight.

MSCI world equity index, which tracks shares in 49 countries, was flat on the day, having come close to but not surpassed Friday's record high. MSCI's main European Index was up 0.1 per cent.

Matthias Scheiber, global head of portfolio management at Wells Fargo Asset Management cited low interest rates, the rollout of COVID-19 vaccines and the fiscal stimulus package in the United States as reasons for his bullish stance on equities.

"Risk is coming down, volatility is coming down we see the slow reopening of global economies, the rollout of the vaccine and the huge catch-up in demand so from that perspective it should be positive for economic growth." "We had a strong rally in cyclical and value stocks since the start of this year - we would like to see confirmation in the earnings." Earnings from IBM and Coca-Cola are due later in the session. Netflix reports on Tuesday.

Later in the week, American Airlines and Southwest will be the first major post-COVID cyclical to post results.

The European Central Bank meeting on Thursday will also be in focus this week. ECB President Christine Lagarde said last week that the euro zone economy is still standing on the "two crutches" of monetary and fiscal stimulus and these cannot be taken away until it makes a full recovery.

Euro zone government bond yields were lower, with the benchmark German 10-year yield down one basis point at -0.27 per cent.

The benchmark US Treasury yield, which dropped as low as 1.528 per cent last Thursday, was at 1.5606 per cent.

The US economy is set to take off this year as more Americans get COVID-19 vaccinations and become comfortable engaging in a wider range of activities, but any accompanying spike in inflation is likely to be temporary, the Federal Reserve's newest board member said on Friday.

In currency markets, the dollar index was down 0.4 per cent at its lowest levels in more than a month, at 91.259, having weakened since its recent peak of 93.439 at the end of March.

Dollar-yen was also down 0.5 per cent, changing hands at 108.250. The euro was up 0.3 per cent versus the dollar at \$1.20165.

Go on with policy support to fight second wave: IMF

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The Bangladesh Bank has recently asked banks to disburse the fund by June.

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 BB was also forced to push back the deadline of the scheme due to the lukewarm response from banks. It directed lenders to disburse the targeted fund under the package by June.

The implementation rate is also feeble when it comes to Tk 3,000 crore scheme for low-income professionals, small businesses, and marginal farmers. Banks disbursed 52 per cent of the fund through microfinance institutions as of March.

But the picture is quite different for the stimulus fund introduced for the large borrowers: banks lent 95 per cent of the fund, amounting to Tk 33,000 crore.

The BB also expanded the fund to Tk 40,000 crore to provide loans to the large businesses located at economic and export processing zones.

"Going forward, there is always the need to strengthen the fiscal revenue capacity of the economy to support expenditures," Ostry said.

Working with development partners will also help fiscal cushioning, he said.

Earlier, the IMF said despite the recent spike in Covid-19 infections, South Asia, excluding India, was recovering, led by Bangladesh.

The higher-than-expected exports and remittances are playing a positive role in boosting the growth, it said.

The lender revised its GDP projection for Bangladesh upwards to 5 per cent in 2021, up from October's projection of 4.4 per cent.

The economy is expected to grow 7.5 per cent in the next year, it said.

Bankers' families to get up to Tk 50 lakh

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Each family will receive Tk 25 lakh if they pass away after catching the deadly pathogen.

The compensation scheme will be applicable for the bankers and employees who have died since March 29 last year. It will be in addition to other existing financial benefits or incentives for the death while on the job.

The compensation will have to be given to the spouse and son or daughter of the expired employees. If the expired

employees are single, the fund will go to their parents.

Banks will not be allowed to adjust the payout with the previous liabilities of the employees, said the BB notice.

In April last year, the central bank announced health insurance coverage for both infected and expired employees. Yesterday discarded the instruction and replaced it with the new policy yesterday.

Now, bankers will not get any compensation if they get infected and recovered.

Turkey farming drops as demand crashes

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My dream was shattered in the middle of my journey," Rahman said.

The loss was so profound that he lost the ability to try to make a turnaround again, said the 35-year-old. All in all, he suffered a loss of Tk 20 lakh.

Zakir Hossain Palash, a turkey farmer from Jashore, has had a similar story to share.

The proprietor of Bismillah Turkey invested Tk 1 crore and reared 1,000 chicks, building three sheds on one acre of land. He also rented a showroom in the district town to sell frozen meat.

The monthly cost of the farm averaged Tk 40,000 but he was compelled to sell the meat for Tk 250 per kg against a production cost of Tk 450 to Tk 500.

"In the beginning, people bought it out of curiosity. At one stage, the demand almost evaporated, and the market went down completely," Palash said.

Moreover, the price of turkey was much higher than that of broiler chicken. It was beyond the reach of the common people, he said.

In Bangladesh, turkey farming started in 2002 when some varieties of the bird was brought in from India. It then became popular in 2016.

Two and a half years ago, there were 250,000 to 300,000 turkey farmers. About 2,500 farms

sold their products online, said Shakil Mahmud Milon, president of the Turkey Bird Development Association, Bangladesh.

He started his turkey farm in 2003.

"The industry is now ruined. Most of the farmers have shut their farmhouses. Some have converted into native chicken, layer or broiler farms."

At present, there are no more than 20 to 30 farmers who are only raising turkeys, according to Milon.

He blamed the obstacles from various syndicates, including a section of businesspeople involved in poultry and other chicken varieties, profiteering mentality among a section of farmers and middlemen, and the lack of a proper market chain for the ruin of the industry.

He conducted many seminars, workshops and other programmes across the country to revive the industry. His efforts did not give much yield, leading him to give up in despair.

Milon now has only 35 turkey birds out of 2,500 chickens on his farm, Sundarbans Agro, in Bagerhat.

A number of farmers from different parts of the country said they had shut their business due to the higher cost of production.

This correspondent went to visit a farm in Keraniganj recently. But no sign of the farm

could be found as construction work was going on there.

Locals said the farm was shut a couple of months ago as it was not running well.

Debashis Das, director for extension of the Department of Livestock Services, said the farming began as part of an individual initiative.

In the beginning, many people became enthusiastic and bought the chicken at higher prices. Initially, they got a better price, he said.

A turnkey egg was sold for Tk 200 to Tk 250, a turkey chick for Tk 400 to Tk 500, and the meat was retailed at Tk 800 to Tk 1,000 per kg.

But when the demand dwindled, farmers could not continue anymore, Das said.

The taste for turkey has not developed in Bangladesh in the way people eat poultry or other varieties of chicken. As a result, there is no market for turkey birds right now.

"There is no commercial future for the industry at the moment. Some people are mainly doing the farming as a hobby."

According to the Bangladesh Bureau of Statistics, the turkey population in Bangladesh was estimated at 1.44 million.

The main impediments to the turkey industry are price falls, substandard feed at a higher price, and a lack of proper marketing facilities, the livestock department said in a study.

Pandemic gives a boost to ambulance business

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Ambulance sales may fall this year, as businesses imported more than the requirement in 2020, he said.

"The drivers under our association have slowly learned how to handle patients infected with coronavirus during their journey to the hospitals," said Md Liton Ali Sarder, publicity secretary of Dhaka Metropolitan Ambulance Owners Association.

"We regularly clean the vehicles and use sanitisers to ensure health safety of the drivers and passengers."

Sarder said vehicles under his association provide other emergency services.

"We also work under the government's national emergency services, for which people have to dial 999."

According to the BRTA data, there are 4,702 registered ambulances in the capital and 6,938 in the entire country.

The rise in the number of coronavirus-infected patients has given a boost to the demand for ambulance services, said Md Billal Hossen, owner of Alamin Ambulance Service.

"We did not carry Covid-19 patients last year. But this year we have ensured foolproof health safety for the patients, their attendants, drivers and helpers in our ambulances."

Ctg port deliveries slow amid lockdown

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Moreover, some 1,927 TEUs of ICD-bound import containers were on board different vessels anchored at the port jetties.

These containers need to be removed within four days in order to keep the port's operational activities smooth and active, the letter stated.

The CPA also sent separate letters to eight private ICDs where these containers were bound for.

On Sunday the CPA sent separate letters to leaders of the Chittagong Chamber of Commerce and Industry (CCCI), Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

It requested to give directives to their members

who were importers to fast take deliveries in order to avoid a possible container congestion and keep the vessels' turnaround time normal.

Timely and fastest deliveries will help loading and unloading of containers to and from the vessels smooth, it said.

Syed Nazrul Islam, newly elected first vice president of the BGMEA, told The Daily Star that the deliveries from the port remained slow as the work schedules have been reduced in all related offices due to the lockdown and Ramadan.

Overall work usually slows in the early week of Ramadan but this time both office hours and manpower have been reduced for the Covid lockdown, he said.

Office hours and manpower in all the related offices like that of shipping agents, banks, customs house and others have been reduced

delaying the activities related to release of consignments from the port, he informed.

But all the stakeholders including the port authority are giving much effort to bring pace, he said. CPA Secretary Md Omar Faruk said experience from last year's severe congestion prompted them to take different preventive measures from the very beginning to expedite daily deliveries and as a result the overall occupancy at the port was still tolerable.

Sources said the port authority also sent a proposal to the shipping ministry to pursue the National Board of Revenue (NBR) to take step for taking all types of import containers to the private ICDs for delivery from there for an interim period.

Faruk said the ministry had sent a recommendation to the NBR in this regard.