

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 0.43%	▲ 0.23%	\$1,789.91	\$68.60	▼ 0.95%	▼ 0.83%	▼ 0.18%	▼ 0.81%	BUY TK 83.95	100.77	115.60	12.73
5,535.48	9,645.13	(per ounce)	(per barrel)	48,253.51	28,812.63	3,179.13	3,446.86	SELL TK 84.95	104.57	119.40	13.38



# Star BUSINESS

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## BB clips National Bank's wings

Private lender barred from lending, appointing senior executives for gross irregularities

AKM ZAMIR UDDIN

In a rare move, the central bank has taken a raft of measures to put National Bank Ltd back on track in the wake of massive irregularities at the first-generation private lender.

The Bangladesh Bank said NBL, one of the oldest private banks in the country, would not be able to disburse fresh loans before bringing down the advance deposit ratio (ADR) to 87 per cent.

Conventional banks must maintain an 87 per cent ADR, meaning they can lend Tk 87 against every Tk 100 mobilised.

NBL has been maintaining more than 90 per cent ADR for a long time, breaching the rules, compelling the central bank to take such a decision, BB officials said.

The higher ADR indicates that the bank is lending aggressively, ignoring the interest

### BID TO BEEF UP NBL

No fresh lending until ADR is brought down to **87pc**

Will need prior BB nod to appoint senior officials

Credit growth will have to be contained at **10pc**

Large loan will be limited at **5pc** of capital

No loans can be taken over from other lenders

of the depositors.

The central bank issued a letter to the lender on May 3, asking it to follow a number of instructions strictly.

"The instructions have been given to the bank to improve its financial health and preserve the interest of the depositors," the letter said.

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## Japanese firms want to expand despite pandemic: survey

JAGARAN CHAKMA

The pandemic is showing no signs of abating but still 41.8 per cent of Japanese companies in Bangladesh during 2020 wanted to expand business in the next two years, according to a survey by Japan External Trade Organization (Jetro).

However, 70.3 per cent had sought to do so in 2019.

In 2020, another 49.3 per cent believed that their operations will remain the same while 6 per cent pondered over going for retrenching.

Besides, 3 per cent wanted to shift to another country withdrawing investments, failing to bear the difficulties of the ongoing Covid-19 fallouts.

The "2019 JETRO Survey on Business Condition of Japanese Companies in Asia and Oceania" was released on March 2021.

Over 300 companies are doing business in Bangladesh and the number has been rising in recent years due to continuous economic growth in the last decade.

Those expressing intent to expand business in Bangladesh cite growth potential and sales increases enabled through exports and the domestic market.

According to the Jetro report, 9 per cent of the companies in Bangladesh have already recovered from the

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Panjabis at prices suiting people with budget limitations adorn this stretch of footpath in front of General Post Office on Bangabandhu Avenue in the capital. Customers are aplenty now for the fact that the upcoming Eid-ul-Fitr is of the few times of the year Bangladeshis are more prone to purchase new attires for themselves and their loved ones. The photo was taken on Monday.

FIROZ AHMED

## UCB to form Tk 700cr funds

To accelerate startup, e-commerce growth

STAR BUSINESS REPORT

United Commercial Bank (UCB) has decided to form two funds totalling Tk 700 crore to cater to a growing demand for finance among promising local startups and e-commerce companies.

The UCB will invest Tk 100 crore to set up a Tk 350 crore "UCB Venture Capital Fund-One" following approval from Bangladesh Bank and the Bangladesh Securities and Exchange Commission, reads a Dhaka Stock Exchange website post yesterday.

A little venture capital fund is available in the country, despite which there has been a proliferation of startups over the past couple of years thanks to increased entrepreneurial enthusiasm among youths.

Bangladesh currently has more than 1,200 active startups with over 200 new companies being born each year, according to a study by business consultancy firm LightCastle Partners.

Besides, prospective startups brought in more than \$308 million from international venture capital funds in the last decade.

But still, funding for startups in Bangladesh as a percentage of the country's GDP is significantly low, said LightCastle in a paper released last September.

"We want to quench the thirst for equity for innovative startups. We see many startups have innovative ideas but they are struggling for funding," said ATM Tahmiduzzaman, deputy managing



director of the UCB.

"We think there is a vacuum in this regard and financing from large institutions like the UCB will likely have a huge impact in accelerating the growth of startups and IT firms," he added.

The deputy managing director went on to say that there were over 2,000 e-commerce entities active in the country.

The UCB's board also decided to form a Tk 350 crore private equity fund called "UCB Private Equity Fund-One". The private bank plans to invest Tk 100 crore as a sponsor after getting the required approval.

"This alternative investment scheme is a virgin field too," said Tahmiduzzaman.

"So, we should invest here to bring maximum growth for both investors and entrepreneurs and finally contribute to the national economy," he added.

The board also decided to establish UCB Alternative Investments to ensure the smooth and successful management of alternative investment funds such as venture capital, private equity and impact funds.

## 5 economic zones to get modern telecom network

Ecneec okays 10 projects of Tk 11,901cr

STAR BUSINESS REPORT

The government will set up a modern and high-frequency telecommunication network at five economic zones and tourism parks in Sylhet, Jamalpur and Cox's Bazar, with an aim to accelerate the country's economic development.

During a virtual meeting yesterday, the Executive Committee of the National Economic Council (Ecneec) approved a project of the posts and telecommunications division named "Setting up Telecommunication Network at Economic Zones (Phase-1)", involving Tk 95.12 crore.

Ecneec Chairperson and Prime Minister Sheikh Hasina presided over the meeting from Gono Bhaban.

After the meeting, Planning Minister MA Mannan said the government was going for a modernised telecommunication network at the under-construction economic zones as foreign investors sought assurance of quality telecommunication and internet services before investment.

The Ecneec approved a total of 10 projects involving an estimated cost of Tk 11,901.33 crore.

Of the sum, Tk 8,991.44 crore will come from the state coffers, Tk 809.98 crore from related government agencies, and Tk 2,099.91 crore as project assistance.

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## Bring social protection to the fore

Experts say at ICAB-ERF webinar on upcoming budget



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The national budget for fiscal 2021-22 should focus on enhancing healthcare, social security, education, and employment in the country while also protecting its industrial units from the Covid-19 fallout, analysts say at a webinar yesterday.

Besides, the provision of stimulus funds for cottage, micro, small and medium enterprises should continue in order to help them weather the current economic crisis, they said.

Various government officials, economists, businessmen, and researchers participated in the event, styled "Macro Economy: Expectation from National Budget 2021-22", jointly organised by the Institute of Chartered Accountants of Bangladesh (ICAB) and

Economic Reporters Forum (ERF). Instead of being obsessed with the country's GDP growth, the government should focus on improving the quality of life and public spending on development projects, they added.

"At least 1 per cent of the total allocation for the next budget should be set aside for social safety net programmes," said Masrur Reaz, chairman of the Policy Exchange, a local think tank.

The government should put more focus on ensuring a full economic recovery from Covid-19 and the effective implementation of allocated funds to avoid wastage, according to Nihad Kabir, president of the Metropolitan Chamber of Commerce and Industry.

For instance, even though the garment sector was given a stimulus package, around 8 per cent of its total workforce lost their jobs.

"So, the authorities concerned should find a link between the funds and job protection," he added.

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The low-income group hit hard by the Covid-19 pandemic needs more focus from the government now.

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