

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	
▲ 0.92%	▲ 1.00%	\$1,778.71	\$73.38	▲ 0.44%	▼ 3.29%	▼ 0.84%	▲ 0.12%	BUY TK	83.95	98.50	114.95	12.73
6,125.41	10,689.53	(per ounce)	(per barrel)	52,574.46	28,010.93	3,117.87	3,529.18	SELL TK	84.95	102.30	118.75	13.38

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Star BUSINESS

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Bangladesh prepares for Libor phase-out

BB draws up policy for short-term foreign loans

AKM ZAMIR UDDIN

The Bangladesh Bank yesterday issued a policy on calculating the interest rate of short-term foreign loans as the London Interbank Offered Rate (Libor) is set to be phased out gradually from next year.

The policy will help exporters and importers prepare for the discontinuation of the global benchmark rate so that their borrowing does not suffer.

The Libor is a benchmark interest rate at which major global banks lend to one another in the international interbank market for short-term loans.

Like most of the borrowers in other countries, Bangladesh's businesses also take foreign loans based on the rate.

The Financial Conduct Authority (FCA), which regulates the financial services industry in the United Kingdom, said in 2017 that the rate would be phased out gradually from 2022 before abolishing it completely from July 2023.

According to the FCA, the Libor was unable to reach its objective of assessing the cost of bank borrowing as its activity had diminished sharply since the global financial crisis in 2008.

The Libor, once dubbed the world's most important number, was discredited after the financial crisis when authorities in the United States and Britain found traders had manipulated it to make a profit, according to Reuters.

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Restaurants spring up in past decade

Changing lifestyle, increasing mobility of people key factors



SHEIKH NASIR

After staying closed for months on end for the Covid-19 pandemic, restaurants have been permitted to open, albeit through maintaining health safety protocols. However, people crowding such places are apparently oblivious of the regulation. The photo was taken at Panshi Restaurant in Sylhet city's Zindabazar area yesterday afternoon.

REZAUL KARIM BYRON and AKANDA MUHAMMAD JAHD

The number of restaurants and the people involved in the sector has significantly increased over the decade to 2019-20 thanks to changing lifestyle, increasing mobility of people, and demand for dining-out, according to a new survey.

The Hotel and Restaurant Survey 2020 was released on Sunday, the first of its kind in 10 years. It found that the number of

restaurants rose to 4.36 lakh in 2019-20, reflecting a 59 per cent increase from a decade ago.

The survey, carried out by the Bangladesh Bureau of Statistics (BBS), however, did not assess the Covid-19 impact on the hotel and restaurants, which have been severely affected by the lockdowns enforced by the government to curb the spread of the disease.

Akhtaruzzaman Khan, president of the Bangladesh Hotel Restaurant Sweets Bakery

Workers Union, said as much as 45 per cent of the people engaged in hotels and restaurants lost jobs due to the closure of thousands of restaurants amid the Covid-19.

"People in the sector are now passing miserable days. They are yet to get any support from the government," he said.

The BBS survey finds that hotels and restaurants employed 22.8 lakh people as of 2019-20, up from 9 lakh a decade ago.

The contribution of the sector to the

gross domestic product has risen to 0.75 per cent. In terms of monetary value, it was Tk 87,926 crore in fiscal 2019-20 against Tk 11,986 crore in 2009-10.

"It shows that the hotel and restaurant sector expanded rapidly, and the sector is making valuable contributions," said BBS in the report.

Along with the growth of the sector, employment cost per person nearly doubled to Tk 69,048 per year in 2019-20. Employment cost includes salary, wages and cash and non-cash benefits.

The state agency carried out the survey by collecting data from 6,734 hotels and restaurants during March-April 2020.

Selim Raihan, executive director of the South Asian Network on Economic Modeling, said the number of hotels and restaurant had increased sufficiently as the lifestyle of people and their food habit had changed, and the demand for food items had increased in this decade.

"Nowadays, people buy food online," he said.

About the increased number of women workers in the sector, Prof Raihan said if the BBS report had been correct, the sector would have been just behind the garment industry in terms of female workers employed.

"But there has not been that much presence of female workers in the restaurant and hotel sector," Raihan said, calling the increase in the wage nominal.

The sector has been affected hugely by Covid-19, and this should have been included in the BBS report, he said.

"The Sanem conducts surveys every three months where hotels are also included. We have seen that many hotels have closed due to Covid-19. These issues should have come up in this report."

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Vaccination key to fast business revival

STAR BUSINESS REPORT

Vaccination of 12 crore more people within the next one year is a must to restore confidence and revive Bangladesh's businesses and economy, said analysts yesterday.

Major trading partners have already vaccinated a majority of their people and normalcy have started to be restored in their businesses and economy whereas Bangladesh is still lagging behind in vaccinating its people, he said.

"Bangladesh needs 24 crore doses of vaccines and I hope the government will get businesses and people vaccinated by the end of June next year. It is possible," said Ahsan H Mansur, executive director of the Policy Research Institute (PRI).

"We do not have any benefit only discussing the money and economic growth. We do not have the vaccine," he said.

Addressing a virtual post budget discussion, the former International Monetary Fund (IMF) economist said there was really no allocation for the new poor in the budget.

The allocation for social safety net programmes, which includes freedom fighters and pension schemes, has been increased, not for the new poor and cottage, micro, small and medium enterprises (CMSMEs), he said.



SK ENAMUL HAQ

A medical college student gets a jab at Mugda Medical College and Hospital in the capital on Saturday when the nationwide vaccination campaign against Covid-19 resumed after a two month break.

BUDGET REVIEW

Mansur said the total budget outlay of over Tk 6 lakh crore was not too big of an amount considering the current size of the economy.

In 1972 the then finance minister Tajuddin Ahmed's budget amounted to Tk 700 crore, which was 15 per cent of the GDP, whereas the current amount is 17.5 per cent of the GDP, he said.

The discussion on "Budget 2021-22: Bangladesh Towards a Resilient Future, Protecting Lives and Livelihoods" was jointly organised by the Metropolitan Chamber of Commerce and Industry (MCCI) and PRI and attended by business chamber leaders, government high-ups, researchers and lawmakers, including a minister.

Planning Minister MA Mannan echoed Mansur's views on vaccination. He acknowledged that Bangladesh required vaccines on a priority basis.

"However, I am cynical about the behaviour of some rich countries. They are sending vaccines to their favourite countries... (on) flights but some low income countries are not getting the vaccine," said Mannan.

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Keep 5pc cash collateral with guarantor of foreign loans

BB asks banks

STAR BUSINESS REPORT

Private sector borrowers will have to keep at least 5 per cent in cash collateral against foreign loans with the associated guarantee-providing banks.

The Bangladesh Bank issued a notice yesterday, saying such banks had to repay the loans to foreign lenders if borrowers failed to repay on time.

Borrowers require a guarantee from local banks in order to manage funds from foreign lenders.

Information regarding local businesses is usually not available with the foreign lenders, for which they seek guarantees from local banks before giving out loans to the businesses. This means local banks have to pay foreign lenders the entire loan if the borrowers become defaulters. In such a situation, local banks will end up facing an adverse impact due to the failure of borrowers.

Against this backdrop, the central bank said borrowers would have to keep at least 5 per cent of the guarantee amount as cash collateral with the banks providing the guarantee.

This will help banks lessen the risk of providing guarantees to businesses, a BB official said.

Banks have to ensure all applicable credit norms and prudential parameters, including the single borrower exposure limit set by the central bank, while providing guarantees to borrowers.

Lenders will have to take prior approval from the central bank and the Bangladesh Investment Development Authority to provide the guarantees. A total of 147 Bangladeshi companies borrowed \$13.24 billion from external sources as of March last year, BB data showed.

Floor price removal takes Dhaka stocks to new high

STAR BUSINESS REPORT

Dhaka stocks rose to a three-and-a-half-year high yesterday as institutional investors received a boost following the complete withdrawal of the floor price for all companies by the regulator.

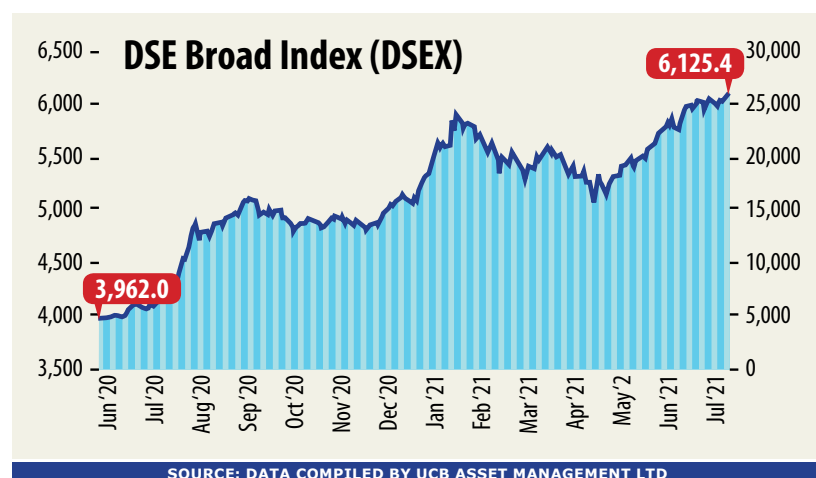
The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), was up 56 points, or 0.92 per cent, to 6,125, the highest since January 30, 2018.

"Participation of institutional investors increased after the removal of the floor prices," said a top official of an asset management company.

In April, the Bangladesh Securities and Exchange Commission removed the floor price for 66 companies to see the market's reaction. The full withdrawal came on Sunday.

The commission imposed the floor limit on March 19 last year to stop any stock freefall after the coronavirus pandemic struck the country.

"Now, institutional investors are



keen to pour money in the stocks that are still lucrative," the asset manager said.

Yesterday, British American Tobacco Bangladesh had the highest impact on the market, and its contribution to the key index was 10.36 points. It was followed by Walton Hi-tech

Industries, Robi Axiata, Beacon Pharmaceuticals, Grameenphone, and Marico, showed data from amarstock.com, a web portal.

On the DSE, 224 stocks rose, 119 declined, and 29 remained unchanged.

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GPH begins production at new plant

Stock up 2.47pc

AHSAN HABIB

Stocks of GPH Ispat rose 2.47 per cent yesterday after news that the company's Tk 2,390-crore plant has begun commercial production.

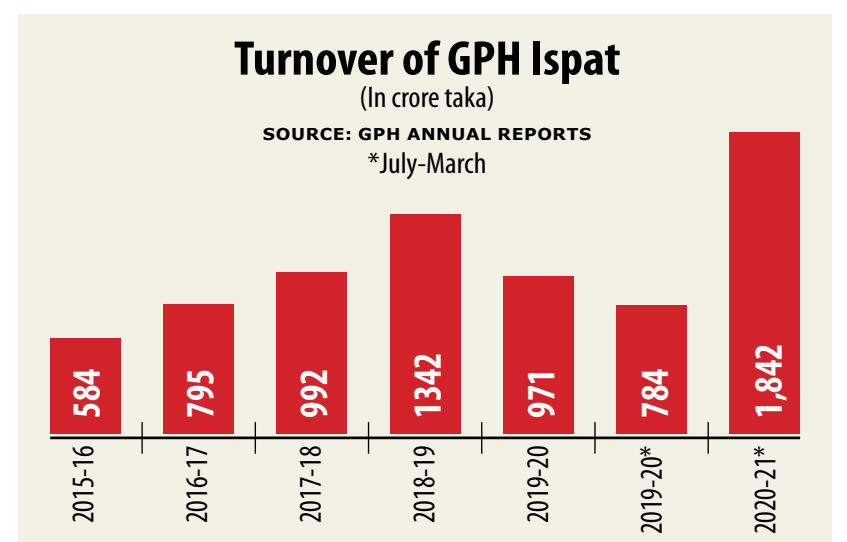
The stock rose to Tk 37.40 on the Dhaka Stock Exchange (DSE) after the Chattogram-based steel maker informed investors that its newly commissioned plant was now operational.

The new plant has a capacity to produce 8.4 lakh tonnes of mild steel (MS) billet and 6.40 lakh tonnes of MS rod, steel beam, angle, channel, and flat annually.

The company would have to wait for a while to start manufacturing products as per its capacity, according to technicians who were part of the plant's commissioning.

The commissioning was done with the help of local technicians as well as online support of the technology supplier, Primetal Technologies Austria GmbH, GPH Ispat said in a disclosure posted on the DSE website.

Due to the coronavirus pandemic,



it was not possible to avail the on-site support of technicians from Primetal Technologies Austria, the main technology supplier to the plant. This acted as a barrier to the completion of the plant.

According to local technicians, the

plant is capable of starting commercial production of certain items, particularly MS rod and MS billet.

The company has a great potential to grab more share in the MS rod and MS billet market, so its stock price

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