

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

City

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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.

Against the backdrop, the BB yesterday issued a notice unveiling the policy for banks to calculate the interest rate on short-term foreign loans.

Banks will have to consider the benchmark rate of the respective central bank before setting a lending rate.

For instance, if exporters plan to secure loans from the US, they will have to follow the secured overnight financing rate (Sofr) set by the Federal Reserve, the central bank of the United States.

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Along with the benchmark rate, borrowers will be charged a risk premium of 2.50 per cent and a markup rate of 3.50 per cent. The markup is added after the lender determines an approved rate based on the consumer's credit history.

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Restaurants spring up in past decade

Changing lifestyle, increasing mobility of people key factors



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 East Zindabazar area yesterday afternoon.

REZAUL KARIM BYRON and ARKANDA MUHAMMAD JAHID

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

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.

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	FY2009-10	FY 2019-20
No (in lakh)	2.75	4.36
Jobs (In lakh)	9	22.8
Gross Value Added (Tk)	11956	87926

SHEIKH NASIR

GP retrenches 159 employees

They refused to accept voluntary retirement scheme

SHAHID BAPPI and KHONOKER MD SHOYEB

Grameenphone retrenched 159 employees on Sunday after they refused to accept its voluntary retirement scheme (VRS).

One hundred employees left Grameenphone in 2020 when the carrier urged its redundant employees to leave the organisation under the scheme.

The operator revived the scheme on June 3 and asked the employees to inform it by June 17 whether they wanted to accept the offer.

One hundred employees showed interest this time as well. But an additional 159 employees lost jobs after the operator sent the "notice of retrenchment" to them on June 20 with immediate effect.

The Daily Star obtained some of the notices issued by Grameenphone.

In one of the letters, GP said in the view of the ever-changing dynamics of the needs of customers and service delivery modalities, the retail functions of Grameenphone had been restructured, making the operations of Grameenphone centre functions redundant.

In a statement, Grameenphone said it retrenched redundant employees who had no role in the organisation for more than 13 months.

The current VRS scheme of GP offers financial safety covers up to 100 months basic salary, subject to employees'

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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.

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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.

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 face an adverse impact as foreign loans will turn into local loans.

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.

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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.

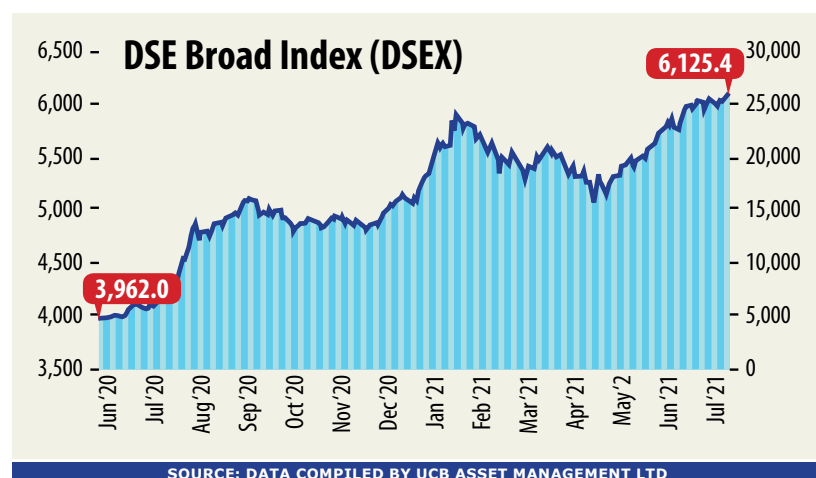
The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), was up 56 points, or 0.92 per cent, to 6,125, the highest since January 30, 2018.

"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 freeze after the coronavirus pandemic struck the country.

"Now, institutional investors are



kept 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.

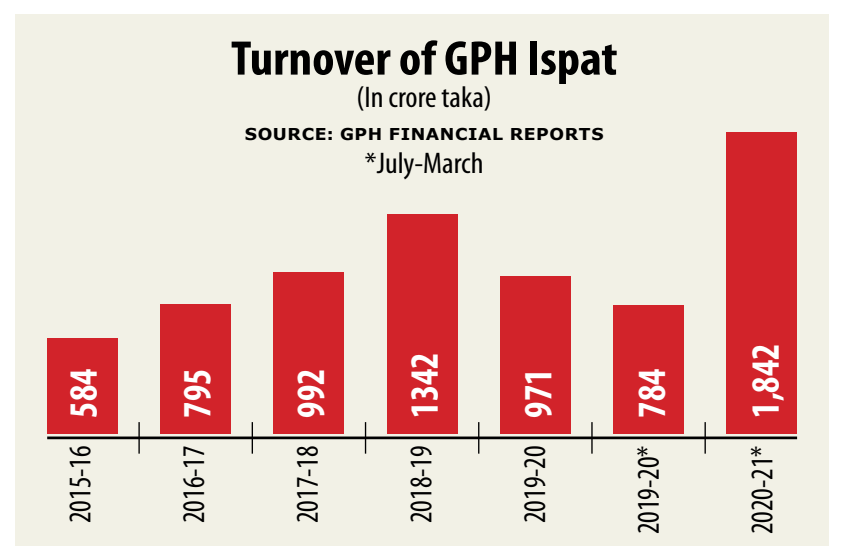
The stock rose to Tk 37.40 on the Dhaka Stock Exchange (DSE) after the Chattogram-based steel maker informed investors that its newly commissioned plant was now operational.

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, Primal 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 Primal 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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