

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	BUY TK	EUR	GBP	CNY
1.64%	1.70%	\$1,780.34	\$76.18	52,925.04	29,066.18	3,121.60	3,607.56	83.95	99.12	115.60	12.76
5,992.73	10,441.02	(per ounce)	(per barrel)					84.95	102.92	119.40	13.42



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BUSINESS

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Stimulus fails to stimulate

Tk 20,000cr package way too inadequate for nearly 80 lakh small industrial units; banks find lending risky; majority of industries stare down the barrel

AKM ZAMIR UDDIN

Everything was in good shape for Akhtar Hossain Khan, an entrepreneur in Saidpur, until his business faced closure for two months after Covid-19 arrived on the shores of Bangladesh in March last year.

The proprietor of Khan and Sons used to produce exportable jackets, t-shirts and cargo pants for the buyers in India, Nepal, and Bhutan. His factory had employed 18 workers before the crisis.

"But, I was forced to shut down my 21-year long business all of a sudden due to the first wave of the pandemic," he said.

Khan is yet to summon the strength to restart the business.

"I do not know whether it will be

possible at all," said Khan, also the president of the Exportable Small Garment Owners Group in Saidpur.

He had borrowed Tk 5 lakh from a bank and repaid it by selling land just before the pandemic.

"Now, I do not have any capability to resume the business by taking another bank loan," he said.

Khan is not alone. Instead, his case reflected the unprecedented adversity confronting many entrepreneurs in the cottage, micro, small and medium enterprise (CMSME) sector across the country.

In Saidpur, 250 CMSMEs have recovered around 50 per cent of their businesses. Thirty industries have closed.

One of the significant barriers the sector has been facing is access to finance.

Although the central bank initiated a

stimulus package worth Tk 20,000 crore in April last year, this has yet to bring any positive impact on the CMSME landscape.

Only 10 businesses in Saidpur Pabna district

have managed loans from the stimulus package. Another 50 businesses have recently been enlisted for the loans.

Countrywide, 74 per cent of the fund was disbursed as of June 10.

The stimulus fund allocated to the CMSMEs is insufficient as there are around 80 lakh cottage and micro-enterprises, said Ahsan H Mansur, chairman of Brac Bank, the largest SME-focused lender in Bangladesh.

Some 94,445 borrowers have got loans from the scheme, data from the Bangladesh Bank showed.

"The number of the beneficiaries is small given the total number of cottage and micro-enterprises," Mansur said.

CMSMEs account for 11 per cent of the country's industrial establishments, 30 per cent of industrial employment, 40 per cent of the manufacturing output and 25 per cent of the gross domestic product, according to the Bangladesh Institute of Development Studies.

Smita Chowdhury, an entrepreneur who used to produce toys from jute for export markets in her factory in Kamalganj in Sylhet before the pandemic struck, said she had been compelled to squeeze the business drastically.

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STIMULUS FOR CMSME SECTOR

- Volume of stimulus fund is Tk 20,000cr
- 74pc of the amount disbursed as of June 10
- Number of total micro and small enterprises stands at around 80 lakh
- CMSMEs account for 25% of the economy
- Only 94,445 borrowers have so far managed fund from the scheme
- Many CMSMEs do not get access to finance due to a lack of documents

EXPERTS' VIEWS

- The economy will not get momentum without the recovery of CMSMEs
- Banks take a cautious stance in disbursing loans for economic slowdown
- MFIs should be allowed to disburse SME loans
- Fund size of the package should be increased



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BB eases rules for borrowers to avoid defaulting

STAR BUSINESS REPORT

Borrowers would be able to avoid falling into the default zone by repaying 20 per cent of their loan installment amount as of June, Bangladesh Bank said yesterday.

The BB has relaxed its loan classification policy given the ongoing business slowdown.

Borrowers will have to give the portion of their loan installments by August this year, according to a central bank notice.

In March, the BB provided a repayment deferral support to borrowers to allow them to repay the loans based on the bank-customer relation. This helped them repay the outstanding installments by June.

Three categories of loans - term, demand and working capital - are eligible for the relaxed facility.

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COVID FALLOUTS Incomes of 77pc people fall

Says Consumers Association of Bangladesh

STAR BUSINESS REPORT

Incomes of some 77 per cent of people in Bangladesh have declined in the throes of the Covid-19 fallout over the last one and a half years, said Consumers Association of Bangladesh (CAB) yesterday.

Expenditure increased by 6.31 per cent across the country for different reasons, said the CAB in its district and upazila level representatives' conference held virtually.

Prices of basic commodities and cost of some public services have soared in spite of some initiatives the government took up in response, said CAB Chairperson Ghulam Rahman.

For instance, water prices and public transport fares were not set reasonably, he said.

The Dhaka Water Supply and Sewerage Authority last month hiked the price of water by 5 per cent irrespective of whether it was used in residential areas or for commercial purposes, said Rahman.

Similarly, the government in March this year hiked bus fares by some 60 per cent, he said.

The bus operators were instructed to limit use of passenger carrying capacity to 50 per cent, which means one passenger could not sit right next to another, to maintain social distancing.

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Stocks plunge as panic grips investors

STAR BUSINESS REPORT

Shares on the Dhaka Stock Exchange plunged yesterday as uncertainty over the course of the pandemic and the future of the economy gripped investors following the announcement of a nationwide shutdown from July 1.

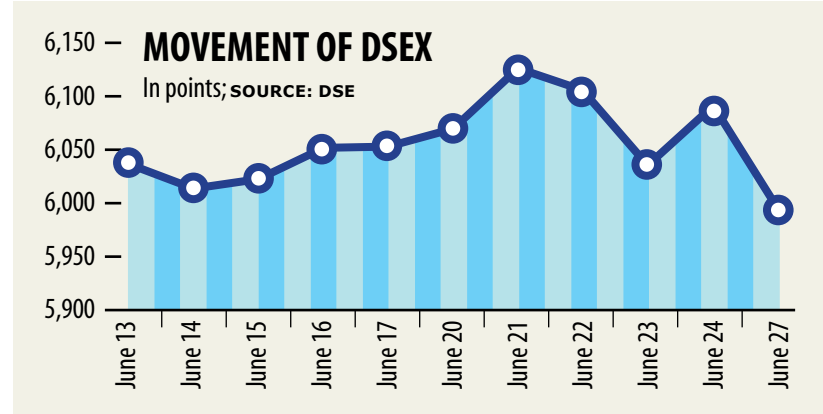
The DSEX, the benchmark index of the premier bourse, closed 100 points, or 1.64 per cent, down at 5,992. This was the first time since April 2 that the index shed 100 points.

The massive dip pushed the key index of the DSE below 6,000 after 14 sessions. Shares on the Chittagong Stock Exchange also declined.

"The market fell mainly due to the uncertainty whether it would remain open or not during the lockdown," said Sheikh Mohammad Rashedul Hasan, managing director of UCB Asset Management Ltd.

The "complete lockdown" will be enforced from July 1 to contain the virus, which is sweeping the country. Coronavirus-linked deaths numbered 119 in the last 24 hours to yesterday, the highest in a single day.

"Some people withdrew funds. As a



result, the market came under selling pressure," Hasan said.

Blue-chip stocks, which are seen as relatively safer investments with a proven track record of success and stable growth, did not drop to a large extent as institutional investors did not follow suit.

"We are very positive about the market," Hasan said.

After the country went into a lockdown in March last year, the market had dropped, but it bounced

back strongly.

The Bangladesh Securities and Exchange Commission said the market would remain open if banks were not closed.

A top official of the regulator said the commission was prepared to keep the trading open. Otherwise, it would send a negative message to the world, he said.

"No countries have shut the stock trading, so we will not close," he said.

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SC judges to get low-cost home loans

STAR BUSINESS REPORT

The judges of the Supreme Court, including the chief justice, will receive home loans up to Tk 1 crore at a lower interest rate, said the finance division yesterday.

The chief justice and judges will be able to borrow at a 9 per cent simple interest rate. The repayment period is 20 years, according to a circular, which comes into effect from July 1.

Of the cost of the fund, the borrowers will bear the interest rate equals to the bank rate, which is 4 per cent now. The government will pay the rest as a subsidy.

A recipient can receive the loan only once and has to apply for it at least one year before they retire. The government will provide the subsidy grant till the last day of retirement.

The borrowers can take the loans from state-owned banks, House Building Finance Corporation,

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These farmers have opted to harvest their jute plants 15 days in advance after this patch of land was suddenly inundated, an unexpected turn of events that had reduced the country's overall production last year. However, a bumper harvest is expected this year. The photo was taken at Talma village of Nagarkanda upazila of Faridpur recently.

COLLECTED

Jute growers expect good yield

SUZITI KUMAR DAS, Faridpur

Jute growers in its biggest cultivation hub of Faridpur are expecting a bumper production this current season thanks to favourable weather, a welcome development for the industry that suffered for high prices of raw materials resulting from reduced production the previous year.

The district accounted for 10 per cent of the 77.25 lakh bales of the natural fibre grown in Bangladesh last year. This year the region's output is expected to cross 10 lakh bales.

The amount is nearly 36 per cent higher than last year's 7.38 lakh bales, according to data from the Department of Agricultural Extension (DAE) and Bangladesh Bureau of Statistics (BBS).

"The jute plants seem to be growing well," said Asmat Mia, a cultivator for 31 years at Nagarkanda upazila.

Asmat has sown the cash crop on 6 bighas of land this year investing Tk 1.20 lakh. He expects to get over 95 maunds (one maund equivalent to around 37

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SMEs held back by lack of incentives

Experts say at ICAB webinar

STAR BUSINESS REPORT

Small and medium enterprises (SMEs) cannot grow substantially because of a lack of fiscal incentives, access to finance and skilled manpower, said speakers at a webinar yesterday.

The Institute of Chartered Accountants of Bangladesh (ICAB) organised the webinar on "Future-ready SMEs: vital for sustainable economy" to mark International MSME Day 2021.

Speakers also said that amid the pandemic, the situation became more aggravated as the cash-flow problem, liquidity crisis, IT skill gap, reduction of production costs, shifting to e-commerce practices and digitalisation of operations have emerged as the new challenges to the SME sector.

In Bangladesh SMEs are considered as the engine of economic growth that constitute over 90 per cent of business enterprises while it is 97.60 per cent in India, 99 per cent in China, 99.70 per cent in Japan and 60 per cent in Pakistan. The local SME sector contributes 25 per cent to the GDP, which is very low in comparison to other emerging economies.

Bangladesh has 17,384 micro enterprises out of which 15,666 are small, 6,103 are medium, and 3,639 are large-scale units.

As chief guest, Commerce Minister Tipu Munshi said that during the ongoing Covid-19 crisis, SMEs can play a great role.

"I believe SMEs have been able to demonstrate themselves to their clients as value advisers and help them build businesses that are sustainable for the long term," he added.

ICAB President Mahmudul Hasan Khusru said SMEs are providing services for technological advancements and meeting the evolving needs of their clients.

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