

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	
▲ 0.56%	▲ 0.62%	\$1,790.06	\$69.31	▲ 0.38%	▼ 0.36%	▼ 0.86%	▼ 2.00%	BUY TK	83.95	97.72	115.08	12.72
6,787.16	11,850.71	(per ounce)	(per barrel)	55,792.27	27,424.47	3,118.51	3,446.98	SELL TK	84.95	101.52	118.88	13.38

Star BUSINESS

DHAKA WEDNESDAY AUGUST 18, 2021, BHADRA 3, 1428 BS • starbusiness@thedailystar.net

\$250M CURRENCY SWAP WITH BB

Sri Lanka gets first tranche of \$50m this week

REJAUUL KARIM BYRON and AKANDA MUHAMMAD JAHID

The central bank will lend \$50 million to under-pressure Sri Lanka this week as part of Bangladesh's efforts to support the island nation suffering from a foreign exchange crisis.

The credit under the first-ever loan to any country from Bangladesh will be given under the currency swap agreement inked by the BB and the Central Bank of Sri Lanka (CBSL) on August 3.

As per the deal, the BB will provide a total of \$250 million to help prop up the island nation's fast-depleting foreign reserves and ease pressure on its exchange rate.

The financing will be given in three phases. The first tranche of the loan will be given this week, according to a top official of the central bank.

The remaining two tranches will involve \$100 million each.

Seeking anonymity, the BB official said the central bank would give the first tranche for three months.

If the CBSL fails to repay the loan within the deadline, it will get three more months to repay. If

CURRENCY SWAP AT A GLANCE

1st instalment: \$50m

2nd instalment: \$100m

3rd instalment: \$100m

Interest rate: LIBOR+2%

Repayment period: 3-9 months

SOURCE: BB

it fails to pay back again, it will be given three more months.

The CBSL will return the amount in three months at the interest rate of the London Interbank Offered Rate (Libor) plus 2 per cent. If it can't honour the deadline, the interest rate will not change.

But if the tenure goes up to six months, the interest rate will be Libor plus 2.5 per cent.

The Libor is the global reference rate for unsecured short-term borrowing in the interbank market and acts as a benchmark for short-term interest rates.

This week, the three-month Libor is 0.14 per cent and the six-



A man walks past the construction sites of new apartments and luxury hotels in the capital city Colombo of Sri Lanka.

REUTERS/FILE

month Libor is 0.18 per cent.

If the CBSL fails to return the money, the Sri Lankan government will pay back the loan as per the state guarantee attached in the agreement, the BB official

said, adding the outstanding balance limit will never exceed \$200 million. He said Bangladesh was not extending the loan for any commercial purpose.

"It is being given to help a

friendly Saarc member country which is in trouble. Bangladesh is, however, following the international best practices and maintaining due diligence."

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Cash incentive on loans for women-owned SMEs

STAR BUSINESS REPORT

Bangladesh Bank yesterday declared a cash incentive on dedicated small and medium enterprise (SME) loan programmes for female entrepreneurs.

Both the loan disbursing bank and female entrepreneur will avail 1 per cent incentive from Bangladesh Bank's own fund, according to a central bank notice.

A central bank official said female entrepreneurs would enjoy the incentive against the principal amount.

The incentive, which is styled "Cash Incentive Support to Disbursed Loans among Women Entrepreneurs in the CMSME sector", will be provided after the entrepreneurs pay their monthly or quarterly instalment to banks.

In addition, banks will also get a 1 per cent incentive such that they are prompted to disburse SME loans among women.

The central bank has set a target to disburse at least 15 per cent of the annual SME loans among women-owned businesses within 2024.

Women-owned enterprises now account for a maximum of 4 per cent of the total SME loans disbursed annually.

The incentive will be given between July 1 this year and December 2024.

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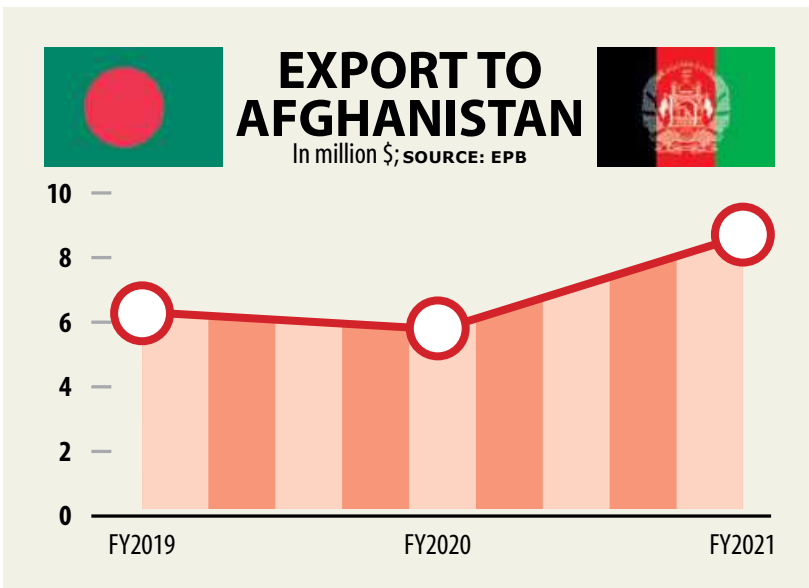


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Afghan changeover won't affect trade

Local businesses say



49.30 per cent from \$5.76 million in fiscal 2019-20, according to data from Export Promotion Bureau.

Almost all of it were pharmaceutical products. For instance, in fiscal 2019-20 the total earnings from merchandise shipment to Afghanistan were \$5.77 million, of which \$4.86 million were pharmaceutical products.

The other products include vegetables, textile fibres, paper yarn, cereals, flour, sugar and electrical items. On the other hand, the balance of trade is in favour of Afghanistan as Bangladesh avails from it a lot of fruits, nuts, textile and textile articles, plastic goods and rubber items, said data from the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

For instance, in fiscal 2019-20, Bangladesh imported goods worth \$9.2 million from Afghanistan and of it, some \$7.2 million was paid for fruits and nuts.

"It is very difficult to exactly state what will happen to bilateral trade... as the nature of the new government in Afghanistan is yet to be known," said Mostofa Azad Chowdhury Babu, senior vice-president of the FBCCI.

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REFAYET ULLAH MIRDHA

The changeover of state power in Afghanistan may not affect business with Bangladesh as the bilateral trade volume is not that significant, said local businesspeople yesterday.

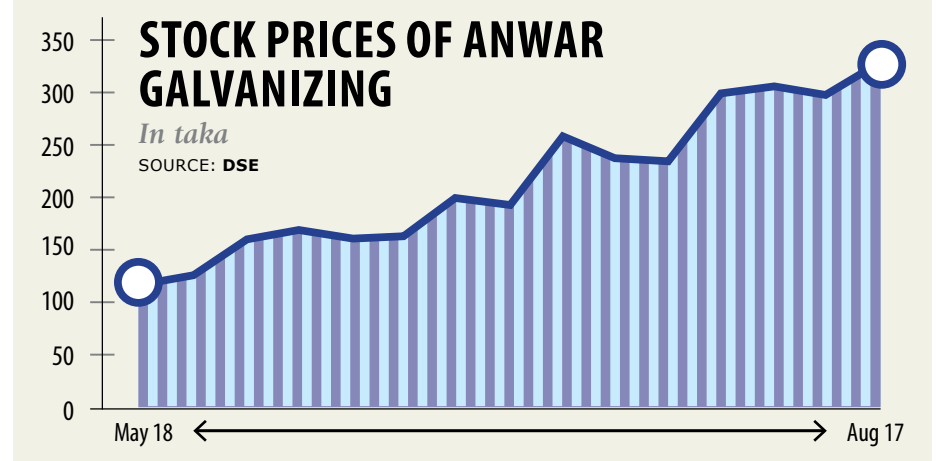
They said they were not too worried

about the trade.

The Taliban seized power in Afghanistan overthrowing the government of President Ashraf Ghani on Sunday.

Last fiscal year, Bangladesh exported goods worth \$8.64 million to Afghanistan, which was a rise of

Anwar Galvanizing to double production capacity



STAR BUSINESS REPORT

Anwar Galvanizing, a listed concern of the Anwar Group of Companies, has decided to double its production capacity within 2022 investing Tk 27 crore.

The increase by 2,417 tonnes will take its total capacity to manufacture galvanised corrugated sheets and iron fittings to 4,725 tonnes per annum.

After the expansion announcement was disclosed on the Dhaka Stock Exchange (DSE) website, the company's stock price

rose 3.15 per cent yesterday. In a span of three months, it has soared 195 per cent to Tk 343 from Tk 116. The new project will be financed from a mix of the company's own resources and borrowed finance. It hopes that the increase would take its market share from 25 per cent to 52 per cent.

The company also informed that it received a letter from Dhaka Electric Supply Company enabling an additional power supply of 1 megawatt that would support the expansion.

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Spinners won't cut yarn price

REFAYET ULLAH MIRDHA

Spinners are unwilling to reduce the prices of yarn in local markets even though apparel and terry towel exporters have demanded as much in order to remain competitive at the international level.

"I held an internal meeting with our members today [Tuesday] to discuss the prices of yarn and demand from garment makers and terry towel exporters," said Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association (BTMA).

"I even had to face a barrage of questions in the meeting regarding why I asked them to maintain the prices of yarn in local markets last week," he added.

Garment exporters want spinners to provide an

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NBFIs asked to ensure credit discipline

STAR BUSINESS REPORT

The Bangladesh Bank yesterday asked non-bank financial institutions to release approved loans to bank accounts owned by genuine borrowers.

Some NBFIs have recently credited funds to the accounts held by other persons or entities who have not applied for the loan, flouting rules, according to a central bank notice.

As per the Integrated Risk Management Guidelines for Financial Institutions-2016, the NBFIs have to disburse the loans to the borrowers' accounts.

Still, some NBFIs have breached the rules in recent years, the notice said.

Such a practice has already created a wide range of corruptions at some NBFIs, paving the way for scammers to

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A farmer transferring a floating bed of Aman saplings from the nursery for transplanting in his main cropland. According to Bangladesh Rice Research Institute, the country's annual requirement of rice for consumption is 35 million tonnes. The United States Department of Agriculture estimates 35.8 million tonnes of rice were produced in 2020. In 2021, production is projected to be more than 37 million tonnes. The photo was taken at Moddhom Rayapur village of Jhalakathi yesterday.

TITU DAS

IFC commits \$791m for private firms

STAR BUSINESS REPORT

The International Finance Corporation (IFC) has committed \$791 million to support Bangladesh's businesses amidst the coronavirus pandemic.

The sum is an increase of almost 33 per cent from last year, the private sector lending arm of the World Bank Group said in a press release yesterday.

Working capital facilities for financial institutions, mobile financial services, agribusiness, garment, telecom and e-logistics fall within the 2021 commitment, according to the IFC.



Amid a challenging year with massive and ongoing social and economic disruptions caused by Covid-19, the IFC committed more than \$3.8 billion in South Asia as of June 2021.

"The Covid-19 crisis has drastically impacted the region's private sector, which has severely affected the most vulnerable people," said Alfonso Garcia Mora, vice-president of the IFC for Asia and the Pacific region.

The Covid-19 has laid bare the region's existing vulnerabilities in the financial sector, disrupting businesses—particularly micro, small, and medium enterprises—and leaving many people exposed.

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