

ADB gives \$250m loan for economic recovery

STAR BUSINESS REPORT

The Asian Development Bank (ADB) has approved a \$250 million policy-based loan to support Bangladesh's economic recovery following the Covid-induced pandemic.

This is the first subprogramme of the programmatic \$500 million Sustainable Economic Recovery Programme, ADB said in a statement yesterday.

The objective of the programme is to facilitate a rapid and sustainable recovery from the Covid-19 pandemic, generate employment, and expand economic activities for micro-entrepreneurs and small businesses, it said.

"This will be pursued through policy reforms that will create fiscal space to enhance public expenditure and support the recovery and growth of cottage, micro, small, and medium-sized enterprises (CMSMEs)."

The loan will also support the government's planned public investment in education, health, social protection, and infrastructure and help to stimulate economic activities and economic recovery.

"The fiscal space created under the programme will allow the government to prioritise expenditures and upscale investment in social and economic infrastructure," said Srinivasan Janardanam, principal financial management specialist of ADB.

"The programme is expected to increase the efficiency in public investment management and create a favorable environment for access to credit, particularly for the poor and vulnerable."

To promote fiscal sustainability, the programme will help the government address a couple of key constraints to public investments in critically needed physical and social infrastructure, ADB said.

Zimbabwe bolsters emissions targets

REUTERS

Zimbabwe has adopted a more ambitious target for emissions reduction ahead of a United Nations climate conference in November, the country's new climate change plan showed.

The southern African country is now committed to a 40 per cent drop in greenhouse gas emissions by 2030 across all sectors of the economy, compared to a "business as usual" scenario in which emission reduction policies are not implemented.

Zimbabwe had previously committed

to a 33 per cent emissions reduction in its first Nationally Determined Contribution (NDC) in 2017.

NDCs are non-binding plans for climate action submitted by countries since the Paris Agreement of 2016.

The new target is for Zimbabwe's total greenhouse gas emissions to be curbed to 44.7 million tonnes of carbon dioxide equivalent (Mt CO₂e) by 2030.

If no action is taken emissions are projected to hit 75.4 Mt CO₂e by then.

Emissions in 2017 were 35.84 Mt CO₂e, according to the NDC's most recent national-level estimate.

AFP, London

Stock markets mostly dropped Friday, as traders closed out a largely positive week for global equities by booking profits on renewed concerns over troubled Chinese property developer Evergrande.

Evergrande's silence over an interest payment that had been due Thursday fuelled investors' fears that its potential collapse could spill over into the broader economy.

Indexes were down across much of Asia, Europe and the US, where lawmakers are also struggling to raise a debt ceiling that has the potential to shut the government down.

"The stall this morning is not surprising. The major indices have come a long way in a short amount of time and, consequently, would be seen as needing to take a breather for a bit," said Briefing.com analyst Patrick O'Hare.

News from China also sent cryptocurrencies plunging as the country ruled all transactions in the digital assets illegal.

Bitcoin, which had already been falling before the announcement, dropped as much as 8.9 per cent in value before trimming losses to stand at \$42,059, down 4.1 per cent.

Markets across Europe were in the red in afternoon deals, while on

Wall Street the Dow Jones Industrial Average ticked lower and the tech-heavy Nasdaq dropped.

US traders had seen the Fed's Wednesday move towards tapering its massive stimulus programme as a vote of confidence in the world's top economy. But as well as Evergrande, "the continued stalemate among lawmakers on whether to raise the debt ceiling, the Delta variant, and supply chain challenges continue to fester," Charles Schwab analysts commented.

The supply chain woes were highlighted by sports giant Nike Thursday as it cut its sales forecast for the coming quarters. Brent oil prices, meanwhile, jumped close to a three-year peak, boosted by tight supplies particularly in the United States.

Market players are keeping close tabs on Evergrande, with no sign that it had paid interest to overseas bondholders on a note due Thursday.

While the firm has a 30-day grace period to stump up before it

is considered in default, the lack of information is keeping investors anxious.

Markets were sent spinning at the start of the week by fears that the company -- one of China's biggest developers in the crucial property sector -- would go under and drag others with it, in turn jolting the domestic economy and possibly beyond.

But for now, there is a feeling that there will not be a "Lehman Moment", such as when the bankruptcy of Wall Street titan Lehman Brothers in 2008 sparked a collapse on world markets.

Stock markets had enjoyed a couple of strong days prior to Friday on what appeared to be easing concerns over Evergrande.

But its share price tumbled more than 11 per cent Friday, having surged more than 17 per cent a day earlier.

It was not all gloom in Asia, as the Bombay Stock Exchange Sensex index crossed the 60,000 mark for the first time.

India's markets have enjoyed whirlwind growth despite the outbreak of the coronavirus pandemic, more than doubling in value since April last year.

"Expectations of solid economic recovery and sustained growth in the next couple of years is keeping the bulls enthused," Sandeep Bharadwaj of IIFL Securities said.

Global stocks retreat on renewed Evergrande fears



AFP/FILE

Investors are keeping a close eye on developments surrounding Chinese developer Evergrande.

Britain runs coal power stations amid energy crisis

AFP, London

Britain, which faces soaring natural gas prices, has been forced to run coal-fired power stations in order to secure energy supplies, electricity generation company Drax said on Thursday.

The country is particularly exposed to Europe's ongoing energy crisis due to its reliance on natural gas to generate electricity. The price of European gas futures has more than doubled since May.

"These facilities have fulfilled a critical role in keeping the lights on at a time when the energy system is under considerable pressure," the group said in a statement emailed to AFP.

Drax -- which owns the nation's biggest facility in Yorkshire, northern England -- had planned to switch from coal to biomass this year to help tackle climate change.

The group could now extend the use of coal, Chief Executive Will Gardiner told the Financial Times.

"We're very aware that the country might have a significant problem and if there's something Drax can do we will absolutely think about doing that," Gardiner told the business-focused newspaper.

RBI to retain cash surplus

REUTERS, New Delhi

India's central bank is likely to retain a surplus of liquidity in the banking system and announce another round of bond purchases, but will avoid adding incremental cash in the near future, two sources said on Friday.

Funds parked with the Reserve Bank of India (RBI), in its reserve repo window, have averaged about 7 trillion rupees (\$95 billion), while the government's cash balances with the central bank are about 3.4 trillion.

This fiscal year, the RBI has bought bonds worth 2.05 trillion rupees in auctions forming part of its government securities acquisitions programme (GSAP).

"All our objectives with surplus liquidity are not yet met," said a senior government source directly aware of the matter.

"For example, credit growth is not at desirable levels and this needs to increase, for which surplus liquidity is something we need," added the source, who asked not to be identified as he was not authorised to speak to media.

"Also the US tapering could be bit more aggressive than we had expected so we want to ensure our market liquidity remains in surplus."

A banking source said the RBI was in no hurry to withdraw the existing surplus, and would probably unveil another GSAP round at a monetary policy review on October 8.

"The RBI does not want to add to the surplus liquidity, at least, not immediately, but they will announce a GSAP 3.0, or possibly a calendar which could include simultaneous buying and sale of bonds that is liquidity neutral," said the source,

who sought anonymity as the matter is a sensitive one.

The RBI did not immediately respond to a request for comment.

The government source added, "I expect RBI to keep liquidity neutral or positive, compared to current levels. So GSAP 3.0 should be announced. This is the time to push economic growth. We cannot sap liquidity from the market."

Most market participants expect the RBI to announce more bond purchases to help absorb the government's programme of borrowing to the tune of 12.06 trillion rupees.

"The RBI may not want to add to it anymore, but we don't think they are going to undertake measures to permanently withdraw liquidity," said Suyash Choudhary, head of fixed income at IDFC Asset Management.

Default loan recovery plunges

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Zaid Bakht, a former research director of the Bangladesh Institute of Development Studies, said the default loan recovery was low because of the payment holiday.

"Now, the focus should be on getting back the loans. We will have to enhance our efforts to recover the loans. Otherwise, the financial performance of banks will deteriorate."

Agrani Bank, where Bakht is the chairman of the board, has undertaken a 100-day initiative to accelerate the recovery of the defaulted loans.

He says banks have to be supportive to clients as economic recovery is picking up the pace.

"If we remain conservative, the ongoing economic recovery will not gain the much-needed momentum."

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said: "Courts were closed for an extended period last year, so we could not initiate the legal process to realise the loans."

"We also could not maintain regular communication with the borrowers because of the pandemic."

Bangladesh joins New Dev Bank

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Right now, the country's share in the bank stands at 1.84 per cent, the official said, adding that some other countries are likely to join the bank. However, Bangladesh's share will not go below 1 per cent.

Before making the payment of \$188.4 million to the NDB, the government will have to pass a law to this effect.

Then, the country will be able to join the next board meeting of the bank, and from then on, Bangladesh will start getting loans.

The joining was confirmed on September 16 after Bangladesh submitted its

instrument of accession to the government of Brazil, said the finance ministry in a press release.

NDB President Marcos Troyjo conveyed the matter to Finance Minister AHM Mustafa Kamal through a message and extended warm congratulations. On August 20, the NDB board of governors approved Bangladesh as a new member.

Since its inception, the NDB has provided about \$30 billion in loan assistance to member countries for 80 different projects related to physical and social infrastructure and urban development.

Shun protests that disrupt trade

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The sector has coped with the disaster with prompt support from the government and is currently trying to recover by welcoming a new flow of orders with cheaper rates, he said.

Islam informed that Chattogram's share of garment export had come down from 40 per cent in the mid-80s to 15 per cent at present.

Meanwhile, almost 400 of the region's 697 registered factories are now closed, he said.

He said high land prices and a lack of decision-taking authority in banks in Chattogram discourages entrepreneurs from investing here.

Pointing out that the region housed no bank head office, Islam stressed on allowing Chattogram offices to take decisions, such as those of the export promotion bureau, investment board and joint stock company, to resolve industrial issues.

Entrepreneurs will not need to go to Dhaka, he added. The BGMEA leaders at the meeting demanded allocating land at low price and infrastructure facilities at special economic zones in Mirsarai and others to set up exclusive garment villages.

BGMEA former first vice president Nasir Uddin Chowdhury urged introducing a one-stop service to reduce time taken for importing and exporting goods, aiming at reducing the sector's lead time.

BGMEA former first vice presidents SM Abu Tayyab, MA Salam and Moinuddin Mintu also spoke.

Trial 5G on Dec 12 or 16: Jabbar

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In its 2018 election manifesto, the current government promised to provide 5G services across the country between 2021 and 2023.

Recently state-owned telecom company Teletalk has been conditionally allotted 60 megahertz (MHz) of radio frequency (spectrum) to launch the 5G service.

Bangladesh Telecommunication Regulatory Commission (BTRC) has allocated 460 MHz for 5G. Apart from that for Teletalk, the remaining 400 MHz will be auctioned off by December 2022.

The Ecnec recently approved Tk 2,140 crore under a project to take Teletalk's 4G network to villages and upgrade the existing core and transmission networks to make it ready for the launch of the fifth-generation technology (5G) by 2023.

"The matter of launching 5G in Dhaka city within this year is in the final stage. To this end, the state-owned mobile operator Teletalk has started taking preparations," said BTRC Chairman Shyam Sunder Sikder.

"The BTRC has already formed a committee comprising operators, telecom sector stakeholders and law enforcement agencies on the 5G issue," said AKM

Shahiduzzaman, a BTRC commissioner and head of a 5G guidelines committee.

"Work is underway to create a common guideline for mobile operators, which will contribute to the mass adoption of 5G," he said.

"The BTRC is working on allocating spectrum at comparatively low prices in consideration of the standards followed by different countries of the world. And any decision in this regard will be finalized in consultation with the operators," he added.

Industry stakeholders shed light on different aspects and challenges of rolling out 5G technology in the country.

Among them were Yasir Azman, CEO of Grameenphone; M Riyaz Rasheed, acting CEO of Robi; Erik Aas, chairman of the Association of Mobile Telecom Operators of Bangladesh and CEO of Banglalink; Md. Shahab Uddin, managing director of Teletalk; Taoguangyao, COO of Huawei Bangladesh, and Abdus Salam, country manager of LM Ericsson (Bangladesh).

Samir Kumar Dey, general secretary of the TRNB, presented the keynote speech at the event, moderated and presided over by Rased Mehedi, president of the TRNB.

Investors cautious as market index teeters on top

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Considering the situation though, he sold off some stocks to secure enough funds to buy others should the market fall.

However, many well-performing stocks did not appreciate in value alongside the soaring market index. Instead, companies with low paid-up capital and junk stocks enjoyed a steep rise.

"So, well performing stocks are not sellable yet but these are still lucrative,"

he added. In answer to a query, the asset manager said the overall market is not overvalued but many stocks are.

"That's why people should choose stocks very cautiously," he added.

Pacific Denims topped the gainers list last week, soaring by 25 per cent, followed by Eastern Insurance 21 per cent, Alif Manufacturing 19 per cent, Bangladesh National Insurance 17 per cent and KDS Accessories 17 per cent.

Panel to recommend law to form regulatory authority

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E-commerce firmly began to put down roots in Bangladesh back in 2009 and since then has gone on to become a mainstay in the retail landscape.

But with no definitive e-commerce policy or regulatory body for the fast-growing industry to ensure discipline, some rogue players started expropriating money from unassuming consumers.

Ghosh also said the long lockdowns have dented efforts of the ministry to protect the interests of e-commerce consumers and merchants.

The secretary also said the recovery of consumers and merchants' money from errant e-commerce and multi-level marketing companies was very difficult and the government itself could not recover the money to pay back victims as it was not encompassed in the country's laws.

However, consumers have the right to lodge complaints with the Directorate of National Consumers Rights Protection to get back their money, he said.

They can also initiate legal action filing criminal cases citing fraudulence or cases

with the joint district judge court demanding compensation, Ghosh said.

In line with the cases, courts can appoint people in the companies to sell properties and pay back victims their money at least to some extent, said the secretary.

Welcoming the decision, Ahsan H Mansur, executive director of private think tank Policy Research Institute, said now was the most perfect time to formulate a regulatory framework to safeguard interests of the country's emerging e-commerce businesses.

He hoped for the new committee to be balanced in representation from all sides to protect the interests of the people.

"The e-commerce is the new reality of our life. We should not stop emergence of e-commerce business only because of some errant companies. We need to regulate the e-commerce businesses with laws but not to stop the business," said Mansur.

If the e-commerce companies are not regulated properly, bigger disasters may occur in the future, he also said.

If the errant companies can be run properly through the appointment of administrators, victims can be paid back their money to some

extent, Mansur also said.

But if the administrators cannot run the companies, the government should sell their properties to reimburse victims because many have already turned penniless losing everything, he said.

"However, firstly the government should take over the errant companies so that those did not go to waste or suffer damages. With the takeover of those companies, the affected consumers and merchants may get back at least a portion of their money," he added.

The victims have long been demanding return of their money and products from the companies.

The Daily Star talked to one victim, Rana Hossain, last week.

He said he and some of his friends paid e-commerce platform Eorange Tk 36.65 lakh for the purchase of some motorcycles. But the company neither delivered the goods nor returned the money till date.

Hossain said he had pooled his share borrowing from relatives and putting in his father's pension and mother's fixed deposits. He believes he has lost everything.

Build comprehensive trade partnership with China: experts

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Mahbub Uz Zaman, ambassador of Bangladesh to China, said many Chinese investors are showing interest in Bangladesh's leather, chemical, and various other sectors.

Regarding the duty-free access enjoyed by 97 per cent of Bangladesh's products to Chinese markets, Zaman said this benefit encourages Chinese investors to open operations in the country.

He also said the Chinese special economic zone will help to attract more Chinese investment.

However, these investors need support for supply chain development in Bangladesh, Zaman added.

MS Siddiqui, a legal economist, said Bangladesh has a positive image among Chinese investors and they are interested to invest here due to the cheaper labour compared to China and Vietnam.

He also emphasised developing skilled manpower for the investors.

There is good scope for Chinese small-and-medium enterprises (SMEs) to grow their business in Bangladesh.

But, there is no Chinese SME in Bangladesh despite the huge potential, Siddiqui said.

M Abu Eusuf, a professor of the economics department at the University of Dhaka, said Chinese investors can develop their businesses in Bangladesh as the domestic market size is growing rapidly.

Mohsina Yasmin, executive member of the Bangladesh Investment Development Authority, said China has been the largest source of foreign investment proposals in Bangladesh for the last five years.

Moderated by Siban Shahana, a researcher at the Bangladesh Institute of Development Studies, the seminar was also addressed by Gazi Golam Murtoza, president of the BCCCI.

Md Rakibul Hoque, associate professor of management information systems at the University of Dhaka, delivered the keynote.