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Small businesses struggle to repay stimulus loans

Lenders face troubles implementing 2nd phase stimulus

AKM ZAMIR UDDIN

Lenders are failing to implement the second phase of the stimulus package for the CMSME sector as clients struggle to repay the loans secured under the first round.

The majority of clients in the cottage, micro, small and medium enterprises (CMSME) sector have recently asked lenders to renew loans as their businesses are still struggling to recover and return to pre-pandemic levels even though the crisis has waned, bankers and businesspeople say.

In April last year, Bangladesh Bank unveiled a stimulus package worth Tk 20,000 crore for the CMSME sector to protect it from the impacts of the coronavirus pandemic. Of the sum, 77 per cent was disbursed.

As per rules, the funds, which are given in the form of working capital, have to be paid back within a year from the disbursement date.

The tenure of the first round of the





BANKERS AND BUSINESSES SAY

- >>> Businesses failed to repay loans due to prolonged slowdown
- >> Lenders are in uncertainty about achieving 2nd round target
- >>> BB should extend timeframe of loan repayment
- >> Govt should provide interest subsidy for more than 1yr

stimulus loans expired in June. The central bank has allocated another Tk 20,000 crore for the current fiscal year as the economy is yet to return

to normalcy from the slowdown.

The stimulus programme will continue for three years.

Sixty-three banks and nonbank financial institutions signed a participation

SME STIMULUS SITUATION

Lenders disbursed 77% of Tk 20,000 cr ≫ from 1st round

- Only 7.75% of another Tk 20,000 cr disbursed in 2nd phase
- **59** lenders failed to meet guarterly targets

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BB issued letter to banks to speed up disbursement



agreement with the central bank to give the loans.

They lent out only Tk 1,555 crore between July 1 and October 23 under the second round.

Fifty-nine lenders have failed to hit at least 25 per cent of their disbursement target in the first quarter of the current fiscal year.

disbursed Twenty-five lenders less than 5 per cent of their target, according to data from the BB.

The dismal lending performance prompted a majority of lenders to inform the central bank at a meeting the programme, where **READ MORE ON B3**

Govt to form cell for agriculture entrepreneurs

STAR BUSINESS REPORT

The agriculture ministry will open a dedicated cell for local agricultural entrepreneurs with an aim to facilitate investment in farming and the expansion of agro-based businesses across the country.

"We will soon form a cell to promote and create new entrepreneurs in the agriculture sector,' said Agriculture Minister Muhammad Abdur Razzaque.

conference on agricultural "Bhorosar Notun Janala" (New window of hope).

The event, organised by the Bangladesh Safe Agro Food Efforts (BSAFE) Foundation in association with United Commercial Bank Limited (UCBL), was held at the Bangladesh Agricultural Research Council (BARC) in Dhaka

yesterday. Over 100 farmers and agri-business entrepreneurs from 33 districts attended

READ MORE ON B3

REFAYET ULLAH MIRDHA Opex & Sinha Textile Group, once one of Asia's largest garment and textile makers, has decided to close big operations at Kanchpur, Narayanganj following a reduction of work orders and financial losses

Narayanganj operations

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The group's chairman, Anisur Rahman Sinha, decided to bring the decision into effect from October 19, said Baniz Ali, acting director (admin) of the group, in a notice issued on October 18.

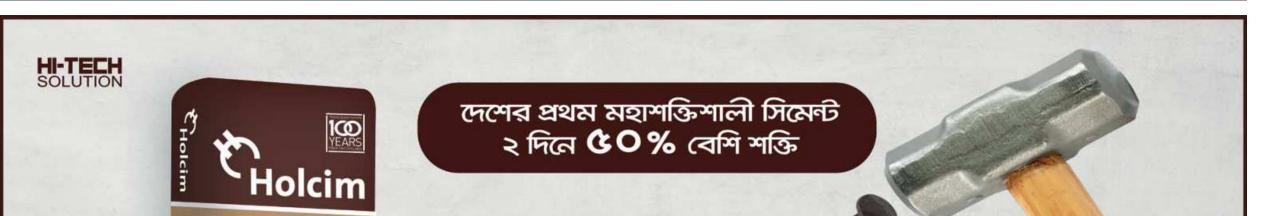
Sinha had been trying to run the factories even after incurring losses since 2012. He

even sold land and other properties to pay workers' salaries so that production continued smoothly, it said.

PHOTO: SANAD SAHA

But he gave up due to financial losses, a reduction of work orders in the severe fallout of the Covid-19, workers' indiscipline and lower efficiency, read the notice hung on the factory gate.

The notice also said all arrears would be paid following the country's labour laws and the factory management was preparing to pay workers' dues in consultation with the labour ministry and the Department of Inspection for Factories and Establishments. READ MORE ON B3



Factories of Opex & Sinha Textile Group at Kanchpur of Narayanganj that have been shut down since October 19 for a number of reasons, including financial losses. **Opex & Sinha Textile shuts**

¥CNY

Razzaque made

these comments while addressing a day-long entrepreneurship styled



