

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
0.04%	0.07%	\$1,785.50	\$74.13	1.09%	0.16%	0.08%	0.07%	BUY TK 84.85	94.59	111.60	13.07
6,754.44	11,818.22	(per ounce)	(per barrel)	56,930.56	28,562.21	3,087.51	3,622.62	SELL TK 85.85	98.39	115.40	13.74

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Tk 500cr stimulus for pandemic-hit people who returned to villages

AKM ZAMIR UDDIN

Bangladesh Bank has decided to roll out a stimulus package of Tk 500 crore to support people who migrated back to their villages due to the ongoing economic hardship.

A good number of urban people who lost their jobs at the height of the coronavirus pandemic are now leading a difficult life without any employment in villages, according to a central bank paper.

This will put an adverse impact on the rural economy, which is why the BB has decided to bring the people under the stimulus package titled Refinance Scheme for "Ghore Fera" (homecoming).

The returnees will be able to get funds at six per cent interest rate from the scheme.

Lenders will get funds at 0.5 per cent interest rate, meaning that they will enjoy an interest margin of 5.5 per cent for disbursement of the loans.

Borrowers who will avail Tk 1 lakh to Tk 2 lakh will be allowed to repay the loan by 18 months, which includes a grace period of three months.

The repayment tenure will be two years, including a six-month grace period, if the amount of loan ranges between Tk 2 lakh and Tk 5 lakh.

Clients will not need to provide any collateral.

The tenure of the refinance scheme will end on October 30, 2024. The loan recovery, however, will continue afterwards, according to the BB document.

A study found that 27.3 per cent of the urban population temporarily migrated from cities, particularly Dhaka, on depleting savings for lockdown extensions and rising expenditures, mainly

PACKAGE FOR PEOPLE WHO HAVE RETURNED TO VILLAGES

Tk 500cr fund
Interest rate: 6%
No collateral
Maximum Tk 500,000 loan
2yrs for repayment



WHERE WILL THE FUNDS GO?

- Small business
- Small vehicles purchase
- Light engineering
- Fisheries and livestock farming
- IT related service
- Vegetables and fruits cultivation
- Agri-machinery
- Home construction & repair

rent and utilities.

A portion later returned but 10 per cent stayed back, according to the third round of the survey done in March 2021. The study by the Power and Participation Research Centre and the Brac Institute for Governance and Development began in April 2020.

"The rural economy will receive a boost if jobs can be generated for the returnees," said the central bank in its paper.

The BB has selected eight sectors to provide the fund: for local businesses with small capital; purchase of small vehicles in the transport sector; light engineering;

fisheries and livestock; setting up service centres for information technology; cultivation of vegetables and fruits; purchase of agriculture equipment; and building and repairing houses.

State-run banks will not need to ink any participation agreement with the central bank to take part in the refinance schemes, but this will not be applicable to private and foreign commercial lenders, which will have to sign the agreement to disburse the loans.

A BB official said the central bank would issue a notice to this end within a day or two.

Since the inception of the pandemic, the central bank has rolled out 10 stimulus packages involving Tk 160,000 crore.

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BSEC speeds up IPO approval process

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) can approve a company's proposal to raise funds from the capital market within two weeks, provided the firms produce the required documents, according to a senior official of the regulator.

"We have a checklist, and if the issuer companies follow the list and submit the necessary papers accordingly, we can approve their initial public offering (IPO) within two weeks," said Prof Shibli Rubayat-Ul-Islam, chairman of the BSEC.

"We have recently given nod to an IPO within two weeks."

Islam's comments came at a conference on the "Capital Market of Bangladesh: Prospects and Opportunities for the Corporate Entities", at the auditorium of the Dhaka Stock Exchange (DSE) on Tuesday.

"For a sustainable business, entrepreneurs should come to the stock market as it will ensure long-term financing and corporate governance," Islam said.

"Although corporate governance looks tough at first, it is good for the company's long-term existence."

Many corporations in Bangladesh depend on banks for funding. But long-

term loans from the financial sector creates problems.

"Banks' liquidity management is falling into crisis as they got funds from short-term deposits. On the other hand, the higher interest rate is creating pressure on entrepreneurs and so, non-performing loans are rising," the BSEC chairman said.

"As a few entrepreneurs may have bad intentions, we remain aware so that they cannot harm our general investors."

Islam thanked the country's premier bourse for organising the programme to invite corporations to the stock market.

Prof Shaikh Shamsuddin Ahmed, a commissioner of the BSEC, said the stock market regulator is open to all entrepreneurs and has introduced many changes.

"Each of our desks is a helpdesk," he said, adding that they want the stock market to be an easy and sustainable source of long-term capital for entrepreneurs.

"Our changes came in efficiency, better processing, and a variety of products," said Tarique Amin Bhuiyan, managing director of the DSE.

He went on to say that they are ensuring the use of better technology so that it becomes easier to get listed with the country's bourses.

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Points raised by companies

- Lengthy IPO approval process
- Availability of easy bank loans
- Large number of shareholders
- Various compliance requirements

Points raised by the BSEC and the DSE:

- IPO approval within two weeks
- Bank loan is costly and creates repayment pressure
- Public listing increases efficiency, corporate governance

44 companies participated

Locally made Hyundai cars to hit roads by 2022

Fair Technology launches Santa Fe model

JAGARAN CHAKMA

Fair Technology Limited (FTL), a subsidiary of Fair Group, plans to introduce locally made Hyundai cars in Bangladesh by the end of 2022.

The company is setting up a plant at the Bangabandhu Hi-tech Park on Dhaka's outskirts Kaliakair to produce the cars.

"In order to provide locally manufactured cars at reasonable prices, we have teamed up with the Korean automobile giant Hyundai. We will set a target to manufacture low-end sport utility vehicle (SUV) to serve customers," said Mesbah Uddin, chief marketing officer at Fair Group.



He shared the plan at a press conference organised to launch 'Santa Fe 2021' model of Hyundai at The Westin Dhaka.

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Union Capital MD barred from joining Islamic Finance

NBFI's financial health worsened under his leadership

AKM ZAMIR UDDIN

The central bank has asked Islamic Finance and Investment Ltd (IFIL) not to recruit Chowdhury Manzoor Liaquat as its managing director.

Liaquat is now currently serving Union Capital, another non-bank financial institution, as its managing director.

The central bank has taken the decision as the financial health of Union Capital deteriorated under the leadership of Liaquat.

Islamic Finance and Investment in September requested the central bank to inform it whether it had any objection to the lender hiring Liaquat. The BB gave its reply on December 21.

The central bank instead asked the NBFI to recruit a transparent and qualified person for the post immediately.

Officials of the BB said Union Capital was now facing a lack of corporate governance and Liaquat was one of the persons responsible for its current state.

The central bank has recently unearthed that Union Capital had waived loans given to a subsidiary of the NBFI. The total outstanding loans extended to the subsidiary stood at Tk 500 crore.

"Waiving a loan is a gross violation of banking norms as it reduces the asset of a lender. Union Capital has followed the practice that is eroding its capacity to repay depositors," said a central bank report.

With Union Capital repeatedly failing to repay depositors despite their funds reaching maturity, the BB ordered the NBFI on November 3 not to disburse any loans exceeding Tk 1 crore.

Up until June, default loans at Union Capital stood at Tk 130 crore, which is 11 per cent of its outstanding loans. But BB officials say the actual amount of bad loans might be higher.

It also faced a provision shortfall of Tk 19 crore. Liaquat told The Daily Star yesterday that Islamic Finance and Investment had made the offer to him to take up the post.

"I have accepted the offer. But, it is not possible to join Union Capital as the central bank has not given the permission," he said.

Liaquat joined Union Capital as deputy managing director in February 2018 and was subsequently promoted to the position of additional managing director in January 2019.

He was appointed managing director in October 2019. Central bank officials said Liaquat had submitted a resignation letter to Union Capital in October, which would come into effect on December 31.



Chowdhury Manzoor Liaquat

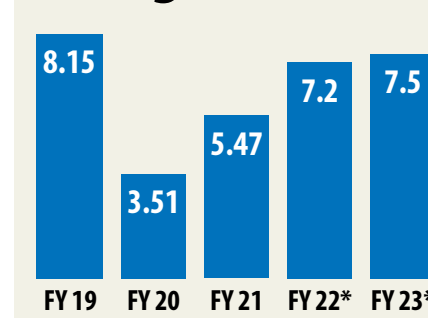
Govt to target 7.5pc GDP growth next year

REJAUJ KARIM BYRON and REFAJET ULLAH MIRDHA

The government plans to raise its economic growth target to 7.5 per cent for the next fiscal year, banking on the recovery of business activities and rising export earnings.

The government aims to ensure a 7.2 per cent expansion of the gross domestic product (GDP) in the current fiscal year, ending in June 2022.

GDP growth (%)



SOURCE: BBS AND FINANCE MINISTRY * TARGET

The target is higher than forecasts by various international agencies, such as the International Monetary Fund (IMF), which projects that the country's economy will grow 6.6 per cent in FY2021-22.

The 7.5 per cent growth projection for FY2022-23 was shared at a virtual

fiscal coordination council meeting held yesterday with Finance Minister AHM Mustafa Kamal in chair, according to a source in the finance ministry.

The high-ups of different ministries and government agencies attended the meeting.

Kamal is upbeat about the potential higher GDP growth in the next fiscal year on the back of Bangladesh's speedy economic recovery from the Covid-19 fallout, increasing trend of export earnings, and higher revenue generation, the source said.

Bangladesh's exports surged in November as it raked in \$4.04 billion, reflecting the strong demand for apparels from the country following the reopening of western economies.

November was the third time export earnings from merchandise shipments crossed the \$4-billion mark in a single month in the country's history.

Exporters brought home a record \$4.72 billion in October and \$4.16 billion in September. November's receipts were 31.25 per cent higher year-on-year.

This week, the IMF projected that Bangladesh would have GDP growth of 6.6 per cent by the end of the current fiscal year. The IMF also said the country's GDP growth for fiscal 2022-23 will be 7.1 per cent.

Citing the IMF's higher growth projection for the next fiscal year, Kamal said the organisation has recognised Bangladesh's speedy economic recovery from the Covid-19 fallout.

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UCB to issue Tk 1,000cr bond

STAR BUSINESS REPORT

United Commercial Bank (UCB) has decided to issue a subordinated bond worth Tk 1,000 crore for seven years in a bid to strengthen its capital base.

This is the fifth subordinated bond of the bank, said UCB in a post on the website of the Dhaka Stock Exchange (DSE) yesterday.

Subordinated debt is an unsecured loan or bond that ranks below other, more senior loans or securities with respect to claims on assets or earnings.

In the case of borrower default, creditors who own subordinated debt will not be paid out until after senior bondholders are paid in full. The bond is unsecured, non-convertible, and redeemable.

The bond would be issued as a part of Tier-II Regulatory Capital, subject to the



approval of regulators, UCB said in the disclosure.

"As our balance sheet is big, our capital requirement is also high," said ATM Tahmiduzzaman, company secretary of UCB.

"On the other hand, our previous subordinated bonds are mostly close to redemption. So, we are going to issue the bond."

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