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BB aid for stocks ends up salvaging Beximco sukuk

AHSAN HABIB

The central bank announced a special package in February 2020 to prop up the stock market as the benchmark index of the Dhaka Stock Exchange (DSE) was hovering around a seven-year low of 4,385 points.

As part of the package, scheduled banks had decided to form a fund of Tk 5,470 crore by borrowing from the central bank.

They have so far invested around Tk 3,300 crore, BB data showed. Of the sum, Tk 1,900 crore was invested in shares, and around Tk 1,400 crore was used in subscribing to the Islamic bond of Beximco Ltd.

As a result, Beximco turned out to be the ultimate beneficiary of the scheme as most banks subscribed to its Green Sukuk Al Istisna'a, thanks to the liberty extended by the Bangladesh Bank to the lenders.

As banks invested a huge amount of the fund in the sukuk instead of stocks, the main goal of the BB package was not achieved, said a top official of an asset management company, preferring anonymity.

On the other hand, banks have emerged as the key source of the fund for the sukuk though the bond was supposed to mobilise funds from the public, he said.

So, it is nothing but banks' lending through a different instrument, according to him.

The package allows banks to set up a Tk 200 crore fund each by taking it from the BB through a repurchase agreement against the Treasury bills and bonds they own.

Banks will have to pay 5 per cent interest for the fund and the credit tenure is up to February 2025.

Because of the stock market volatility, many banks were reluctant in setting up the fund and investing in equities.

Meanwhile, Beximco Ltd was trying to raise a fund worth Tk 3,000 crore

through Sukuk Al Istisna'a since July last year to bankroll solar projects and expand its textile factory. Banks were not showing enthusiasm to invest in it either.

As per plan, half of the fund of the Islamic bond was supposed to be raised through private placement, Tk 750 crore from the existing shareholders of Beximco and Tk 750 crore through an initial public offering (IPO).

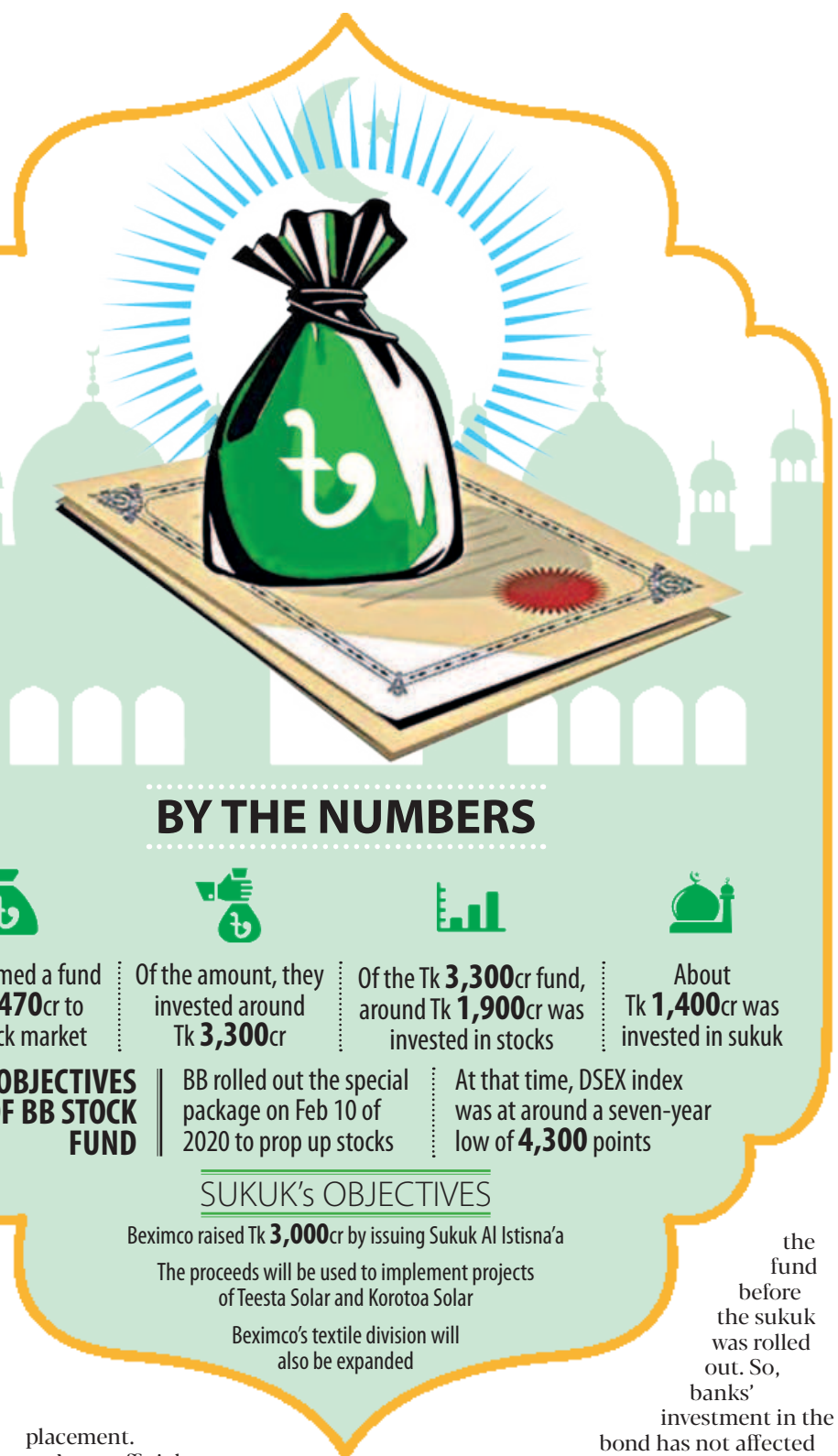
It managed to raise about Tk 450 crore from the existing shareholders and the IPO.

But the Bangladesh Securities Exchange Commission (BSEC) had earlier allowed the company to interchange the sukuk subscription amount between the IPO and the private placement if any of them remains undersubscribed.

The stock market regulator extended the subscription period several times.

In September, the BB allowed banks to buy private sector-issued green sukuk by using the special funds. This led banks to use the fund to subscribe to the sukuk.

Finally, Beximco raised most of the amount from banks and other institutional investors through private



placement.

A top official of a listed bank says his bank subscribed to the sukuk as this is comparatively a low risk bearing instrument than shares.

"As the Bangladesh Bank has allowed us to utilise the fund to buy sukuk, we have made the investment."

Ershad Hossain, CEO of City Bank Capital, the issue manager of the sukuk, said it was the central bank's policy decision that allowed banks to invest in the bond using the special fund.

Actually, many banks had not used



BB rolls out 2nd credit guarantee scheme

STAR BUSINESS REPORT

Bangladesh Bank yesterday rolled out a Tk 500 crore credit guarantee scheme intending to help banks feel more comfortable in disbursing loans from a refinance scheme dedicated for marginal and landless farmers, low-income professionals and small businesses.

This is the second credit guarantee scheme following a Tk 2,000 crore one launched in July 2020.

The first scheme is facilitating banks in disbursing loans under a stimulus package of Tk 20,000 crore for small and medium enterprises.

The latest one will cover the lenders' financing for underprivileged persons who are allowed to open accounts with initial deposits of Tk 10, Tk 50 and Tk 100 playing a role in speeding up financial



Boro farmers in haor areas in Sylhet, Sunamganj and Moulvibazar are passing busy times caring for their croplands. Many had been apprehending delays in cultivation for a shortage of farm hands and water taking longer to recede at the turn of the season. Some 2.82 lakh hectares of land have been planted around the country this year, with the Department of Agricultural Extension targeting to reach 48.26 lakh hectares. The photo was taken at Putamara Haor of Sylhet sadar upazila recently.

Qcoom refund begins today

REFAYET ULLAH MIRDHA

Foster Corporation from today will start providing refunds to Qcoom customers whose advance payments got stuck with the payment gateway for non-delivery of products by the e-commerce platform.

"On the first day we will provide refunds to 20 consumers and gradually to all the 6,721 consumers in the first phase," Md Al-Beruni, senior manager of Foster Corporation, told The Daily Star yesterday.

The returns will be made through the respective customers' mobile financial service (MFS) and bank accounts.

For cases where customers had not used personal accounts, it will take a bit more time for identification and reaching the correct person, said Beruni. Either way, no commission will be charged.

The two entities jointly submitted a list at the commerce ministry on January 10 detailing a portion of customers who were owed Tk 59.05 crore in refunds. They sought time to provide the comprehensive list.

Japan Tobacco accuses BATB of anti-competitive practices

SUKANTA HALDER

The Bangladesh Competition Commission (BCC) is investigating a complaint of anti-competitive practices filed by Japan Tobacco International (JTI) against British American Tobacco Bangladesh (BATB).

In its complaint, United Dhaka Tobacco Company Ltd (UDTCL), a concern of JTI, alleged that BATB was abusing its dominant position.

JTI filed the case in March last year -- three years after it entered Bangladesh's tobacco market by acquiring UDTCL for \$1.47 billion (about Tk 12,430 crore) in 2018 from Akij Group.

Bangladesh is one of the largest tobacco consumers in the world, and nearly 8,400 crore sticks of cigarettes are sold annually.

And when JTI entered Bangladesh, UDTCL had a 19.8 per cent share in the cigarette market. The share has since slipped to 12.6 per cent, what JTI said, is due to BATB's anti-competitive practices.

BATB is the leading cigarette seller in the country, followed by JTI and Abul Khair Tobacco Ltd.

Ctg-Kuwait direct flights from today

STAFF CORRESPONDENT, Chattogram

Low-cost Kuwaiti airline Jazeera Airways is going to launch direct flights between Chattogram and Kuwait from today.

The airline will initially run three flights per week, offering a chance for Kuwait-bound migrant workers and other passengers to avail direct flights to and from Chattogram after a long gap.

In 2010, Kuwait Airways started direct flights between the port city and Kuwait but it remained operational for a few months, said sources.

The airline would operate the flights on Mondays, Wednesdays and Fridays, said Shamim Ul Islam Joy, sales manager of Jazeera Airways Bangladesh.

Passengers would also be able to travel to Dubai, Jeddah and Dammam from Kuwait on the same day using connecting flights.

This service is the second provided by the airline to Bangladesh following the launch of its Dhaka-Kuwait service in October 2020, serving over 200,000 Bangladeshis living in Kuwait.

The new service would serve the large community of Bangladeshis working in Kuwait and help connect with other Gulf countries with very competitive fares, Joy added.

STOCKS		
	DSEX ▲	CSCX ▲
	0.46% 7,073.00	0.54% 12,436.45

COMMODITIES			AS OF FRIDAY
	Gold ▼	Oil ▲	
	\$1,834.58 (per ounce)	\$84.76 (per barrel)	

CURRENCIES					STANDARD CHARTERED BANK
	\$ USD	€ EUR	£ GBP	¥ CNY	
BUY TK	85.05	95.42	114.45	13.18	
SELL TK	86.05	99.22	118.25	13.86	

ASIAN MARKETS					FRIDAY CLOSINGS
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
	▼ 0.72% 59,037.18	▼ 0.90% 27,522.26	Flat 3,294.86	▼ 0.91% 3,522.57	

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