

Rwanda's infrastructure promising for Bangladeshi investors

Says DCCI leader

STAR BUSINESS DESK

Bangladesh's investors have a good prospect in the growing infrastructure sector of Rwanda, one of the promising countries in Africa, said a business leader yesterday.

Besides, generic medicine, jute, contract-farming and furniture have a good prospect for Bangladeshi entrepreneurs in Rwanda, said Arman Haque, senior vice-president of the Dhaka Chamber of Commerce and Industry (DCCI).

He made the remarks at a meeting with High Commissioner of Rwanda Mukangira Jacqueline, based in New Delhi, at the DCCI Gulshan Centre, according to a press release from the chamber.

Generic medicine, jute, contract-farming and furniture have also good prospects for Bangladeshi entrepreneurs in Rwanda, said Arman Haque, senior vice-president of DCCI

Haque requested Rwanda's importers to import steel, cement, eco-friendly brick, PVC pipe, electrical cable and skilled construction workers from Bangladesh.

Bilateral trade between Bangladesh and Rwanda is very insignificant.

But since Rwanda is a member of the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA), Bangladesh can explore opportunities and forge collaboration with the country in order to access other promising markets in the African continent, Haque added.

The EAC is a regional intergovernmental organisation of six partner states: Burundi, Kenya, Rwanda, South Sudan, Tanzania, and Uganda, while the COMESA comprises 21 African member states.

Haque assured the high commissioner that the Dhaka Chamber will extend its full cooperation to facilitate business delegations from Rwanda.

Mukangira Jacqueline

READ MORE ON B2



All Islamic banks, non-bank financial institutions and shariah-based windows of conventional lenders will disburse the fund to help the country's cottage, micro, small and medium enterprises hit hard by the pandemic.

PHOTO: STAR/FILE

SMEs to get Tk 398cr from Islamic Development Bank

STAR BUSINESS REPORT

The Islamic Development Bank (IsDB) will finance Tk 398 crore for the country's cottage, micro, small and medium enterprises (CMSMEs) with a view to propping up the businesses hit hard by the pandemic.

All Islamic banks, non-bank financial institutions (NBFIs) and shariah-based windows of conventional lenders will get the fund through Bangladesh Bank.

The government signed an agreement with the IsDB, a multilateral development bank headquartered in Jeddah, in June last year to manage the fund in order to bolster the country's CMSME sector.

The project will contribute to the economic stimulus packages launched by the government for combating the Covid-19 crisis

The project will contribute to the economic stimulus packages launched by the government for combating the Covid-19 crisis, according to a central bank notice.

As per the agreement signed between IsDB and the government, Bangladesh Bank is designated as the "executing



agency" of the project.

The IsDB will provide the entire fund of \$47 million, which is equivalent to Tk 398 crore (\$1 = Tk 84.80 on June 24 last year).

Lenders will take the fund from the project at a maximum profit rate of 4 per cent while the highest rate for end users will not surpass 7.18 per cent.

Banks and NBFIs will have to submit the list of qualified borrowers to the IsDB through the central bank, after which the funds will be released to them.

This means the fund disbursement will be carried out like a pre-finance scheme, a model that is followed by conventional banks.

Entrepreneurs of the CMSME sector will get working capital and mid to long-term

loans from the fund.

The repayment tenure for working capital will be a maximum of one year while the tenure will be three years for mid-term loans and five years for long-term loans.

Entrepreneurs who are qualified for mid to long-term loans will be allowed to enjoy a six-month grace period before starting to pay instalments.

Entrepreneurs will have to pay instalments either in a quarterly or half-yearly basis for mid and long-term loans.

All three sectors of the CMSME sector -- manufacturing, service and trading -- will be considered to get funds from the scheme.

Entrepreneurs having cottage industries will be able to take below Tk 10 lakh from

the scheme. An industry is considered as a cottage one when its number of employees is not above 15.

Medium enterprises can avail funds of between Tk 2 crore and Tk 3 crore from the project. The number of employees of a medium enterprise is set between 51 and 200.

Fixed assets, equipment machinery, raw materials and other tangible assets will have to be purchased with the fund.

Interested lenders will have to sign a participation agreement with the central bank within the next three months to disburse the fund to businesses.

The financing facility will be provided to lenders on a "first come, first served" basis.

The lenders, whose non-performing loans are more than 10 per cent, cannot participate in the project.

They also have to maintain the minimum capital requirement, cash reserve ratio and statutory liquidity ratio as stipulated by Bangladesh Bank.

Lenders which remained profitable for the last two years will be permitted to join the project.

A central bank official said that the project would give a boost to the country's CMSME sector as the businesses will get funds at a lower cost than the existing lending rate of 9 per cent.

NET ZERO EMISSION

What can banks and financial institutions do?

MESBAH UDDIN AHMED

Ascension of greenhouse gas (GHG) emission, air and water pollution, the eruption of the ozone layer and such devastating environmental events have drastically affected the climate, eco-system and livelihood.

The crisis started in the 18th century on the verge of the industrial revolution from Europe and the US when the people aspired heavily in consumption beyond their basic needs. With time, unprecedented events like the massive use of energy and environmental deterioration have resulted in



global warming, drought, the rise of sea level, loss of biodiversity, extreme heatwaves, catastrophic changes in climate and depletion of resources.

The impact of these events is quite evident and has become a global concern. If this continues, we are headed towards a mass extinction and every country, whether developed or developing, will be a victim of this drastic event.

Organisations like the United Nations, the United Nations Framework Convention on Climate Change, the United Nation Global Compact, the United Nation Environment Programme Finance Initiative (UNEP FI) are taking as many initiatives as possible to onboard stakeholders and entities to address the climate change and mitigate the ongoing catastrophe.

The Paris Agreement is an international legally binding treaty adopted by 196 Parties on the COP 21 in Paris where countries acknowledged the climate change and signed the treaty with an ambition of limiting global warming to well below two degrees Celsius, preferably below 1.5 degrees Celsius compared to pre-industrial level through reducing the GHG.

We believe the central bank will come up with pragmatic targets for banks and financial institutions for reducing carbon emission to attain sustainability in line with the global banking sector

Under the agreement, countries are required to strive towards a social and economic transformation and were asked to submit their intended nationally determined contributions (NDCs) by 2020. The Sustainable Development Goals (SDGs) of the UN, introduced in 2015, are also directed towards ensuring the long-term sustainability of society and the economy.

All these initiatives and evidence of radical climate change have made it obvious that each group and entity must participate in reducing GHG emission, conserving the limited resources and protecting biodiversity.

Banks and financial institutions (FIs) are not redeemed from this. FIs are the intermediary between households and businesses. These entities decide who should receive the savings of the individuals and where these would be invested for future growth and development of the economy. Thus, their responsibilities become enormous and vital when it comes to addressing climate change and reducing GHG emission.

The UNEP FI has been very steadfast in guiding the banks and FIs to acknowledge climate change and the impact of GHG emissions on the environment. It has initiated different programmes like the Collective Commitment to Climate Action (CCCA) and the Net Zero

READ MORE ON B2

China industrial profit up but mired in single-digit growth

REUTERS, Beijing

Profit growth at China's industrial firms accelerated in the first two months of the year in line with other signs of momentum in the economy, although the outlook is clouded by domestic Covid-19 outbreaks and the war in Ukraine.

Profits rose 5.0 per cent in from a year earlier, up from a 4.2 per cent gain in December, the National Bureau of Statistics said on Sunday.

The growth in January-February was driven by surging profits in the energy and raw materials sectors, thanks to higher prices of commodities such as crude oil and coal.

January and February data are typically combined to smooth out distortions from the Lunar New Year holiday, which can fall in either month.

Downstream, monthly profit growth among other industrial firms has been weighed down by high raw material costs, languishing in the single-digits since November.

The slightly faster industrial profit growth was in step with improvement in industrial output, retail sales and fixed-asset investment in January-February, suggesting the impact of recent policy measures were starting to be felt.

Still, challenges have emerged this year including China's most serious Covid outbreak since early in the pandemic in 2020, driven by the Omicron variant, threatening to disrupt local economies and further chill consumer spending.

"The gap between upstream and downstream profit margins widened as downstream profit margins fell further," Goldman Sachs analysts wrote in a note.

READ MORE ON B2



Employees work on a truck assembly line at a factory for the vehicle manufacturing company Jianghuai Automobile Group Corporation in Qingzhou in eastern China's Shandong province.

PHOTO: AFP/FILE

READ MORE ON B2

Samsung chief's mother sells stakes to pay taxes

THE KOREA HERALD/ANN

Hong Ra-hee, Samsung Electronics Vice Chairman Lee Jae-yong's mother, reportedly sold her shares in the company worth 1.3 trillion won (\$1.06 billion) in a block trade Wednesday, the latest stake sale by the Samsung family being carried out apparently to pay inheritance taxes.

According to industry sources on Thursday, Hong entrusted the sale of her 0.33 per cent stake in Samsung Electronics to KB Bank in September last year and the stake was sold in a block deal through Morgan Stanley and Goldman Sachs after Wednesday's closing.

The deal price was 68,800 won apiece, a 2.4 per cent discount on the closing price of 75,000 won.

The stake sale by Hong, the wife of late Chairman Lee Kun-hee, comes