

## MFIs' loan disbursement rebounds

STAR BUSINESS REPORT

Loan disbursement by microfinance institutions (MFIs) rebounded in the last fiscal year (FY) of 2020-21 as demand grew thanks to the ongoing recovery of economic activities from pandemic-induced shocks.

MFIs disbursed Tk 151,209 crore in FY21, up 11 per cent from Tk 136,275 crore a year ago.

During the 2018-19 fiscal year, the disbursement was Tk 140,600 crore, according to a paper presented by Mohammad Yakub Hossain, director of the Microcredit Regulatory Authority (MRA), at a workshop on Wednesday.

The MRA organised the event to discuss the publication of the annual statistics of microfinance in Bangladesh at the Centre on Integrated Rural Development for Asia and the Pacific in Dhaka.

Some 3.50 crore marginal people have come under the services of 740 MFIs with 22,000

**MFIs disbursed Tk 151,209 crore in FY21, up 11 per cent from Tk 136,275 crore a year ago**

branches, he added.

At the event, Md Fashiullah, executive vice-chairman of the MRA, said his organisation is set to publish the annual statistics under its new name "Microfinance in Bangladesh" instead of the current "NGO MFIs" by May this year. It will contain an extensive version of the information on microfinance in the country.

"Along with microfinance, we will also include information related to microfinance provided by different government bodies, non-government organisations, Grameen Bank and commercial banks," he added.

Sheikh Mohammad Salim Ullah, secretary of the Financial Institutions Division of the finance ministry, said MFIs should disburse loans to low-income people instead of lending to comparatively well-off families so that poor people can get out of poverty.

At the event, the MRA also launched a mobile app to facilitate communication and make information regarding microfinance more available.



A worker is seen inspecting racks of vermicelli that were hung out to dry at a factory in Kahaloo upazila of Bogura. Producers are now grappling with higher raw material costs following poor sales for the last two years amid the Covid-19 pandemic, raising concerns over their recovery.

PHOTO: MOSTAFA SHABUJ

# Recovery of vermicelli makers stunted by high input costs

MOSTAFA SHABUJ, Bogura

Makers of shemai, a type of roasted vermicelli used in traditional desserts, are struggling to recover from two years of strife caused by decreased demand amid the Covid-19 pandemic coupled with higher raw material costs.

Vermicelli is consumed year-round but demand is particularly high during the two Eid festivals.

However, the coronavirus pandemic made it near impossible for people to celebrate any occasion as the government imposed various restrictions in a bid to tame the spiralling infection rate.

To make matters worse, the price of key cooking ingredients such as oil rose from Tk 25,000 to Tk 32,000 per drum while the cost of butter went from Tk 900 to Tk 1,100 per carton in the past two years, according to Hasan Ali Alal, proprietor of Akboria Limited.

Similarly, the price of flour doubled from Tk 800 per sack to Tk 1,200 for the same amount, he added.

Akboria produces five to seven varieties of vermicelli worth about Tk 4-5 crore each year with most sales coming during the Eid seasons.

"Most of the vermicelli made in northern districts comes from Bogura but this year traders are producing less due to the rise in input costs," he said.

"Last year, we sold 500 gram packets of premium quality vermicelli for Tk 900 but this year we are compelled to sell at Tk

1,100 per packet considering the higher production cost, which increased by around 25-30 per cent," Alal added.

Echoing the same, Abdur Rashid, a resident of Shajahanpur upazila who has been in the business for around 36 years, said many traders started producing vermicelli just one or two months ahead of the upcoming Eid-ul-Fitr as customers are now less inclined to buy the product at higher prices.



"I made just 150 sacks of vermicelli weighing 37 kilogrammes each targeting Eid sales this year," he added.

Fine vermicelli was first introduced in the region around 50 to 60 years ago in Naogaon district, where people made the product by hand.

"After the process became automated about 30 years ago, I started producing

vermicelli by machine," said Afsar Uddin, proprietor of Janata Foods.

Uddin now has six machines at his factory that can produce more than 1,000 sacks of shemai annually.

"But I am producing only 500 sacks this year due to the increased price of raw materials," he added.

Shahidul Islam, a resident of Bogura's Jahurul Nagar area who bought seven kilogrammes of shemai yesterday, said eating the dish during Eid has become tradition.

However, people like Rezaul Karim, a resident of Bogura's Timmatha area, bought less shemai this year in the face of unreasonably high prices.

"Chikon shemai used to cost just Tk 36 per kilogramme before but now the same amount costs Tk 50," Karim said.

Mahfujul Islam Raj, vice-president of the Bogura Chamber of Commerce and Industry, said there are now more than 200 shemai factories in the region that employ some 4,000 workers, most of whom are women.

"The producers make different types of shemai worth over Tk 200 crore a year," he said.

There are more than 50 factories in Bogura that are dedicated to making chikon shemai, which is the most popular variety of the dish.

"Bogura's chikon Simai is gaining popularity across the country day by day as it's become a traditional ingredient for Eid-ul-Fitr," Raj added.

## Regulator's move lifts stocks for 3rd day

STAR BUSINESS REPORT

Shares on the Dhaka Stock Exchange rose for the third consecutive day yesterday thanks to a regulatory move that aims at raising the participation of institutional investors in the market in order to reduce the volatility caused by the majority retail investors.

The DSEX, the benchmark index of the premier bourse in Bangladesh, advanced 55 points, or 0.84 per cent, to close at 6,662. In the last three days, the index added 180 points.

The turnaround came after the Bangladesh Securities and Exchange Commission (BSEC) initiated a move recently to give a boost to the stake of institutional investors in the stock exchanges. It has officially asked them to increase their share.

At present, institutional investors account for 20 per cent of the market capitalisation. This means 80 per cent of the market is controlled by retail investors, a majority of whom are panic-driven.

In contrast, investors such as mutual funds, pension funds and insurance companies hold 41 per cent of global market capitalisation.

The DS30, the blue-chip index, and the DSES, the Shariah index, were up 14 points and 10 points, respectively.

Turnover on the DSE surged 24 per cent to Tk 754 crore from the previous day's Tk 605 crore. Gainers outperformed losers 300 to 55, with 25 companies remaining unchanged.

Regulatory steps to increase the institutional fund flows supported the market strongly, said International Leasing Securities Ltd.

**The turnaround came after the Bangladesh Securities and Exchange Commission initiated a move recently to give a boost to the stake of institutional investors in the stock exchanges**

"The regulator urged the state-owned banks, brokers, dealers, merchant bankers and asset management companies to take initiatives to make fresh investments in the market. As a result, the investors got back their confidence," it said in its market analysis yesterday.

BDCOM Online topped the advancers' list with a gain of 9.73 per cent. IPDC Finance was up 7.3 per cent, NRB Commercial Bank rose 7.1 per cent, Mozaffar Hossain Spinning Mills added 6.83 per cent, and Eastern Lubricants edged up 6.25 per cent.

Premier Bank was the worst-performing stock on the day, dropping 13.58 per cent as there was no circuit breaker on its price on the day following its record date on April 20.

Circuit breakers function automatically by stopping trading when the price of a stock hits predefined levels. But on the record date, the cut-off date established by a company to determine which shareholders are eligible to receive a dividend, a stock can move freely.

On the other hand, the rest of the stocks can go up by a maximum of 10 per cent and go down by a maximum of 5 per cent in a single day under the current circuit breaker.

Prime Bank was down 4.98 per cent, ICB Islamic Bank slipped 4.17 per cent, Familytex BD decreased 4.08 per cent, and Bangladesh Industrial Finance fell 4.05 per cent.

Beximco Ltd was the most-traded stock with its shares worth Tk 52 crore changing hands. JMI Hospital, Bangladesh Shipping Corporation, IPDC Finance, and Sonali Paper also saw higher turnover.

The Chittagong Stock Exchange also rose. The CASPI, the main index of the bourse in the port city, closed the day at 19,593 after it rose 143 points or 0.73 per cent.

Of the 292 stocks witnessing transactions, 192 rose, 82 fell, and 18 did not see any price movement. Turnover stood at Tk 32.42 crore, slightly down from Tk 32.44 crore a day ago.

## China slowdown raises risks for global economy

IMF chief says

REUTERS, Boao, China

A prolonged slowdown in China would have substantial global spillovers, IMF Managing Director Kristalina Georgieva said on Thursday, but added that Beijing has room to adjust policy to provide support.

The International Monetary Fund on Tuesday cut its growth forecast for China this year to 4.4 per cent, well below Beijing's target of around 5.5 per cent, on the risks of widespread Covid-19 lockdowns and supply chain disruptions.

In a video speech to the annual Boao Forum for Asia, Georgieva said China's actions to counter its economic slowdown are vital for the global recovery.

"Fortunately, China has policy space to provide macroeconomic policy support, including shifting the focus toward vulnerable households to strengthen consumption, which can also help support China's climate goals by steering economic activity to lower-carbon sectors," Georgieva added.

"Stronger policy efforts in the property sector can also help secure a balanced recovery."

At the same venue, China's President Xi Jinping said China's economy is resilient and that its long-term trend had not changed.

In light of growing headwinds, foreign brokerages have also been slashing GDP forecasts for China, after weakness in March activity data raised outlook risks as the lockdown in the mega city of Shanghai drags on.



Workers assemble power distribution cabinets at a site in Hangzhou in eastern China's Zhejiang province. The International Monetary Fund has cut its growth forecast for China this year to 4.4 per cent, well below Beijing's target of around 5.5 per cent.

PHOTO: AFP/FILE

## Receding pandemic boosts US industry: Fed

AFP, Washington

American firms are seeing increased business as Covid-19 cases decline across the world's largest economy, even as they struggle with rising prices and scarce staff, the Federal Reserve said Wednesday.

The central bank's latest "beige book" survey of business conditions depicted an environment that remains challenging for industries as they seek a return to normal following the pandemic downturn, in an economy that has grown too hot.

"Consumer spending accelerated among retail and non-financial service firms, as Covid-19 cases tapered across the country," according to the report, which is based on information collected nationwide through April 11.

However, "inflationary pressures remained strong" and companies are

READ MORE ON B2