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BUSINESS

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DBL Group gets \$52m British loan Will set up factory

STAR BUSINESS REPORT

DBL Group has availed itself of a \$52 million loan from British International Investment, a development finance institution of the UK, for the construction of a manufacturing facility.

With the credit facility, the DBL will establish a LEED (Leadership in Energy and Environmental Design)-certified green building for Jinnat Textile Mills, a cotton yarn spinning mill, at DBL Industrial Park in Shreehatta Economic Zone in Sylhet.

To this end, DBL Group recently signed an agreement with British International Investment, according a press release of the DBL.

This loan qualifies under a “2X Challenge” as the facility will contribute toward strengthening women’s participation in the economy and improving the quality of employment for women, it said.

The “2X Challenge” is an initiative launched by the development finance institutions of the G7 to mobilise capital to support increased economic empowerment for women in emerging economies.

The partnership “will increase job creation and business growth whilst also setting new industry standards for improved working conditions for women and

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CORRECTION

In an infographic with the story headlined “20 goods account for 51pc of total import spending” published yesterday, it was mentioned that edible oil worth Tk 407,332 crore was imported during the July-November period of FY23. Actually, the amount should be Tk 17,332 crore. We regret the error.

BY THE NUMBERS

Bankers say most small borrowers have paid back loans

28 stimulus packages involving Tk 237,679cr unveiled since March 2020

Tk 162,013cr disbursed as of Oct 2022

Recipients of 28 packages: 7.58cr

Recipient institutions: 213,467

STIMULUS AND DISBURSEMENT (Credit programmes)

SECTORS	ALLOCATION (In crore Tk)	DISBURSED (In crore Tk)	SPENDING In % of allocation
Industry and service sector	1,03,000	46,279	45
CMSMEs	60,000	39,853	66
Enhancing EDF's facilities	17,000	27,510	161
Pre-shipment credit	5,000	1,491	30
Farm mechanisation	3,220	2,134	66
Agri refinance scheme	8,000	7,344	92
Low-income farmers, businesses	3,000	3,430	114
Loans for job creation in villages	3,200	2,250	70
Credit guarantee scheme for SMEs	2,000	134	6.7
Loans for RMG and leather sector workers	1,500	9	0.2
Micro-loans thru 8 institutions	1,500	1,410	94
Additional funds for rural job creation	1,500	1,000	67

SOURCE: FINANCE MINISTRY

STIMULUS FOR LARGE, SMALL INDUSTRIES

Tk 50,000cr fresh funds see tepid disbursement

REJAUL KARIM BYRON and JAMIL MAHMUD

Two of the government’s 28 Covid-19 stimulus packages saw a fresh injection of Tk 50,000 crore in the ongoing financial year, but only 4 per cent of the fund was disbursed between July and October.

The two packages each aimed at providing working capital to large industries and service sector firms and cottage, micro, small, and medium enterprises (CMSMEs) saw a collective disbursement of Tk 2,151 crore as of October, according to a finance ministry report.

Officials said many of the borrowers who already took loans under the stimulus packages in the previous two rounds have not paid back. So, they have not

qualified for fresh loans from the allocations made in the latest round.

“At present, we are getting a tepid response from loan-seekers,” said Zaid Bakht, chairman of Agrani Bank.

“A reason behind this could be that the packages are in their final year of implementation.”

Some borrowers are repaying the loan on time while others

are unable to pay back and they are seeking extensions of the repayment period.

“If a borrower is granted an extension, he or she will not be eligible for a new loan at the subsidised interest rate,” Bakht added.

The overall interest rate on the loans made from the stimulus packages is 9 per cent. Half of the interest is borne by the

government as a subsidy.

The government introduced stimulus packages after Covid-19 was first detected in Bangladesh in March 2020.

It started with a Tk 5,000 crore stimulus package for apparel manufacturers, providing them low-cost funds so that they can keep paying wages and salaries to the workers in the country’s largest export-earning sector.

Since then, the government has announced 28 stimulus packages involving Tk 2,37,679 crore. Of the sum, Tk 1,62,013 crore, or 68.16 per cent, was disbursed as of October, according to the finance ministry report.

Of the total amount, Tk 1,63,000 crore has been allocated under the two large programmes for the large industries and

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The investment in the garment accessories sector stands at \$5 billion now with more than 1,900 factories operating and supplying almost all the required accessories to the garment industry.

PHOTO: STAR/FILE

Investment in RMG accessories slows

Trade shows from Wednesday

REFAYET ULLAH MIRDHA

The flow of fresh investments in the garment accessories segment slowed in the last two years mainly for the severe fallout of Covid-19, the Russia-Ukraine war, and the US dollar crisis.

Currently, the investment in the garment accessories sector stands at \$5 billion with more than 1,900 factories operating and supplying almost all the required accessories to the garment industry, according to data from the Bangladesh Garments Accessories and Packaging Manufacturers and Exporters Association (BGAPMEA).

The number of such factories was below 50 at the beginning of the garment accessories business in the country in 1989. And most of the essential items used to be imported from India, China, Hong Kong and other destinations.

Now, more than seven lakh workers are employed in the sector and the export value of the accessories is \$7 billion, BGAPMEA data showed.

Of the exported amount, \$6.25 billion comes in the form of deemed exports and \$0.75 billion in the form of direct exports.

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Narrow gap in dollar buy-sale rates

Exporters demand as they incur losses for volatility

REFAYET ULLAH MIRDHA

Apparel exporters have demanded that the government fast narrow down the gap between the rates at which the US dollar is bought and sold, citing that they were incurring losses for volatility in the exchange rate.

The local garment exporters demanded that the gap be a maximum of one taka, saying that banks were doing brisk business giving the excuse of a scarcity of dollars in the market.

Last week, the Bankers Association of Bangladesh and the Bangladesh Foreign Exchange Dealer’s Association (BAFEDA) declared the exchange rate on export receipts at Tk 102 per dollar from Tk 101.

However, the same exporters are having to buy each dollar at Tk 107 from banks if they wanted to open letters of credit (LCs) for importing raw materials, capital machinery and other products.

This means the banks are getting Tk 5, said the garment exporters, adding that this was “discriminatory”.

The local garment exporters demanded that the gap be a maximum of one taka, saying that banks were doing brisk business giving the excuse of a scarcity of dollars in the market

The gap should be at best Tk 1 per dollar, said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), and Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

It is true that a rise in the exchange rate was a bit beneficial for exporters but still the gap is too high for exporters and importers, said Hassan.

Because, of the total export value of the garment items, some 70 per cent goes behind importing raw materials, he said.

So, a big chunk of the profit from the export receipt is being taken away by the banks which should not be in the greater interest of the long-term sustainability of the businesses, added Hassan.

Narrowing the gap will be a business-friendly decision during this volatile time, he added.

Hassan also urged the government to retain the interest rates of 6 per cent for deposits and 9 per cent for lending in the banking sector during these volatile times.

If the bank interest rate cap is withdrawn, the cost of funds for investment will also go up. As a result, entrepreneurs will feel discouraged from going for making investments, he said.

Hatem said the banks were taking away Tk 5,000 crore from the garment exporters through the “discriminatory” exchange rate as the gap was too high.

“I have protested such a high gap for several times, but without any fruition,” he said.

The exchange rate for remittance is Tk 107 per dollar which is also “discriminatory” towards the exporters, he said.

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STOCKS

DSEX ▼ 0.02% 6,192.30

CASPI ▲ 0.04% 18,306.21

COMMODITIES

Gold ▲ \$1,866.13 (per ounce)

Oil ▼ \$73.72 (per barrel)

AS OF FRIDAY

ASIAN MARKETS

MUMBAI ▼ 0.75% 59,900.37

TOKYO ▲ 0.59% 25,973.85

SINGAPORE ▼ 0.48% 3,276.72

SHANGHAI ▲ 0.07% 3,157.64

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NOVOAIR