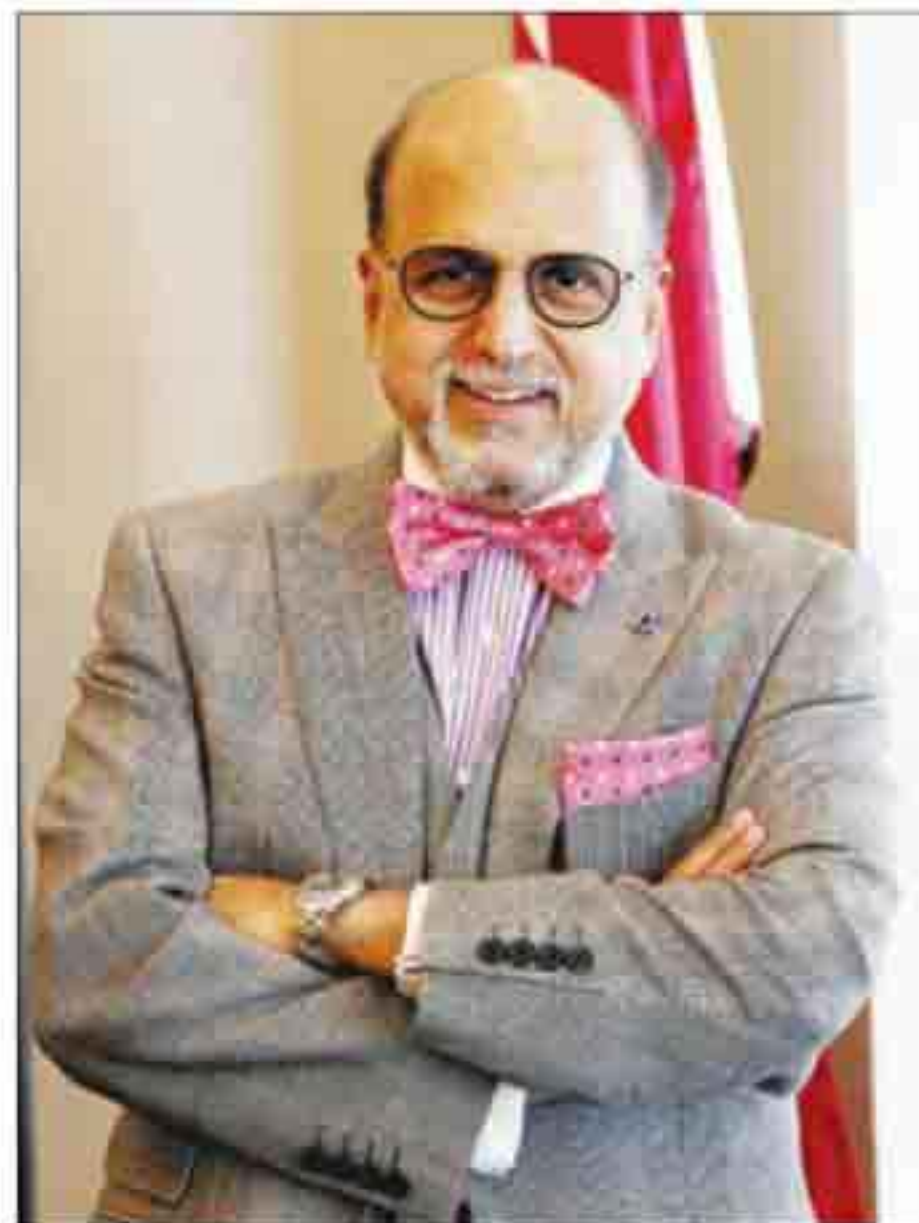




QR75bn stimulus key to ensure sustainability of businesses: Seetharaman



The decision to inject QR10bn into the Qatari bourse is a "major step" that infused enormous amount of confidence in the market, says Dr R Seetharaman, Doha Bank's CEO.

By Pratap John
Business Editor

Qatar's QR75bn financial and economic incentives programme is "very important and plays a key role in sustainability of businesses and avoiding a setback to the economy," says Doha Bank CEO Dr R Seetharaman.

Aviation, hospitality, food and transportation are some of the priority sectors under the stimulus package, Seetharaman said in an interview with *Gulf Times*.

The government's decision to inject QR10bn into the Qatari bourse is a "major step" that infused enormous amount of confidence in the market, he noted.

Asked whether the QR75bn economic stimulus will help the Qatari private sector manage through the critical phase of the Covid-19 situation, Seetharaman said, "The six-month grace period provided to the private sector for the repayment of their loans is a big relief to the struggling companies. Banks can benefit from the QCB's (Qatar Central Bank) decision to bring down the repo rate to zero.

"The measures will also benefit small businesses and private sector's cash flow manage-

ment. The postponement of outstanding loan instalments and interest on loans held by the affected sectors would certainly allow the affected organisations to recover from the losses incurred during these challenging times."

Local banks have partnered with the Qatar Development Bank (QDB) for the National Response Guarantee Programme (NRGP) announced by the State of Qatar. The programme offers "guarantees" backed by the Ministry of Finance to the value of QR3bn.

Seetharaman noted that guarantee is for eligible sectors operating in private sector.

"This product has recognised the current liquidity issues faced by private sector so as to enable them to pay staff salaries, rental payment and ensuring business continuity," he said.

On whether the Qatari private sector needs a special package to deal with the post-coronavirus phase, the Doha Bank CEO said the private sector in Qatar is keen to support the efforts of the State to face the consequences of Covid-19 pandemic.

"Likewise, the private sector would welcome any reforms from the Qatar Government to support them so they could enable the economy to move forward by resuming its normal activities gradually after the Covid-19 pandemic is over.

I take this opportunity to thank the Qatar Government for its pro-active efforts to support the Qatar private sector," Seetharaman said.

The small and medium-sized enterprise (SME) sector is a key driver of the State's economic diversification, and a tool to promote the country's industrial and productive potential in line with the Qatar National Vision 2030.

SMEs are the primary component of liberal economy and social stability, he said. SMEs not only contribute to output, fulfil social objectives, attract considerable foreign reserves into a country but also have a clear importance in providing employment; they are the backbone of the private sector all over the world, which drives the impact to a sustainable economy.

"So, it is very important to support SMEs time to time, depending upon the market situation," Seetharaman said.

Asked whether the Qatari private sector needs to equip itself to face such major challenges in future, Seetharaman said, "The measures taken by Doha Bank for the SME sector based on Qatar Government directives include the liquidity support provision to SMEs for the payments due between March 16 and September 15, 2020. There is deferment by six months of all the term loan instalments.

"Also, there is deferment of Loan Trust Receipt (LTRs), import finance by six months. The receivable financing-invoice discounting has also been given deferment by six months. The above, we believe is a major liquidity support for the Covid-19 impacted SME sector to face the challenges better."

Sharing Doha Bank's experience with the private sector (with focus on lending) as one of the top Qatari lenders, Seetharaman said, "Doha Bank recognised the opportunity for the SME sector, and is a pioneer in appreciating the importance of the 'very critical role' being played by SMEs in the development of Qatar's economy."

Doha Bank, he noted, was the first to launch 'Tatweer', a dedicated SME unit in 2006. The bank has been further recognised by the QDB through the "Best Partner Bank" award for exposure growth under its Al Dhameen Programme which encourages commercial banks in Qatar to lend financial support to SMEs by way of guaranteeing 75% to 85% of the principal outstanding to new as well as existing entities.

The Qatar Business incubation Centre (QBIC) fits within the entrepreneurship, startup development and incubation aspects of the SME vision that the QDB is executing, Seetharaman added.