Star BUSINESS

DHAKA WEDNESDAY MARCH 18, 2020, *CHAITRA 4, 1426 BS* starbusiness@thedailystar.net

Coronavirus scarfs down restaurant business

MAHMUDUL HASAN

It started from the second week of this month. At first, Md Mahbub Zaman, the owner of Genial Buffet in the capital's Dhanmondi, thought the cancellations for party bookings were coincidental.

But soon it dawned on him that there was a common thread: the looming fear of coronavirus.

"At first, people would cite personal reasons when cancelling the booking. But now, they are upfront: it is because of coronavirus," Zaman told The Daily Star while sat in his sparsely-populated sprawling restaurant on Monday night.

In Bangladesh, the first reported case of coronavirus was on March 8. And since then, more than 15 reservations for parties, ranging from 20 to 120 people, have been cancelled.

Not only that, customer footfall in the restaurant that has an all-you-can-eat offer of 55 items for Tk 600 dried up to less than half of what it was in February.

"Fridays are always a good day for us. But last Friday was a gloomy day for us. If this goes on like this for a few more weeks, I don't know how I will pay the rent and staff salary," he added.

Zaman's predicament is not unique. Globally, with the view to flattening the curve of coronavirus, social distancing and avoiding public places have been advised, leaving the service industry staring at an increasingly complicated business reality.

Shumie Ali, a student in a public university, and her coterie of friends took the advice of staying in to heart.

She catches up over lunch in different restaurants in capital's Gulshan with her school friends every Saturday. But since the news broke of coronavirus in Bangladesh, their weekly ritual has been scrapped.

"I was not too keen on hitting the restaurants. Instead, I suggested we order in and watch a film on Netflix. We should all do our part to flatten the curve," Ali said.

And many are doing the same as her.

HungryNaki, the country's first food delivery platform in Dhaka, Chattogram, Narayanganj, Sylhet and Cox's Bazar, said its orders rose 30 to 40 per cent since coronavirus fears started to emanate.

"Our orders just picked up," said AD Ahmad, chief executive and co-founder of the food delivery platform.

However, as the people are increasingly staying home to be safe, they are also relying on home-made food as well, he said, adding that HungryNaki also beefed up personal hygiene practices and put in places masks and hand sanitisers for its workforce.

"People will not leave homes," said Maliha M Quadir, founder and managing director of Shohoz.com, whose arm Shohoz Food delivers food from 5,000 restaurants in Dhaka and 1,000 in Chattogram.

At the same time, they may feel fearful about the hygiene of the delivery system whether the restaurants or deliverymen are maintaining enough hygiene, she said, adding that since the maiden cases of coronavirus were announced, Shohoz has put in place in stricter measures for its office, depots as well as delivery personnel.

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Empty restaurant seats depict the scare coronavirus currently has on Dhaka. The photo was taken on Monday evening. MAHMUDUL HASAN

Govt again miskicks on the stock market

AHSAN HABIB

There is a Spanish proverb that goes along the lines of pouring water on a drowned mouse, which means putting in more resources into a losing battle.

At a time when stocks around the world are tumbling on coronavirus fears, the finance minister's move to summon all bank chiefs on Monday to his office to instruct them to take up on the Bangladesh Bank package for lenders with the view to propping up the ailing stock market -- felt something along the lines of the Spanish proverb.

Was it a wise move? Will it create more burden on the banking system that is already drowning under heaving default loans?

On February 10, the central bank announced a package for banks, allowing them each to set up funds worth Tk 200 crore by taking the funds from the central bank through repurchase agreements against treasury bills and bonds owned by them.

The banks will have to pay 5 per cent interest for the fund and the credit tenure will be until February 2025.

So far, only nine banks have formed the special fund, in what can be construed as reluctance amongst banks in taking up this voluntary scheme.

This raises the question: why are banks reluctant?

Had they deemed investment in the market profitable, they would have done it out of their own volition, which we saw in 2009 -- when they invested even by violating the rules of their maximum scope of investment.

A number of bankers told the correspondent yesterday that a shortage of liquidity is not the only reason for the indisposition.

Moreover, most of the banks realise that gambling is rampant in Bangladesh's bourse, so junk stocks become hot cakes out of the blue while well-performing companies are on the slide.

Some companies soar abnormally without any reason. Only a few are punished for the manipulation.

There is a huge lack of good governance among listed companies -- and giving their shareholders heathy returns is lower down their list of priorities.

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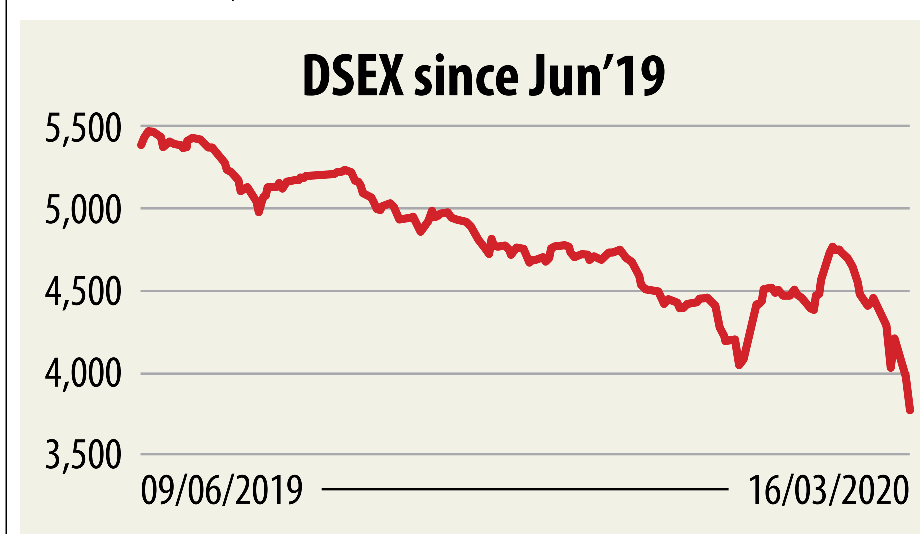

No need to hoard tissue

Manufacturers say they can supply as much as people need as they have spare production capacity

SOHEL PARVEZ

The coronavirus pandemic has fuelled the demand for tissues globally and Bangladesh, where new cases of contagion are being identified, is not an exception.

Shoppers here are thronging stores for tissues and some are even buying more than they need amid a panic that is spreading like wildfire.

However, local tissue makers say they still have 20-30 per cent of spare production capacity and can meet increased demand.

"We can supply as much as you want. We have kept half of our machines shut," said Md Mustafizur Rahman, deputy managing director of Bashundhara Group that has the country's biggest paper mill.

Bashundhara can produce 6,000 tonnes of tissues a month, out of the local industry's total capacity of around 9,000 tonnes.

Bangladesh consumes nearly 4,000 tonnes of tissues a month. Bashundhara meets most of the demand followed by Meghna and Bangla Tissue, according to industry operators.

More than a dozen tissue makers are now in operations out of the 22 in the country, where Tk 480 crore worth of tissues were sold in 2018, up from only Tk 230 crore in 2008.

Bashundhara now utilises 90 per cent of its production capacity, Rahman said. "We sell 50 per cent of our products locally and export the rest."

"But we will not export tissues now. Rather we will focus on meeting the local demand first so that there is no scarcity here," he said.

Rahman cited incidents of toilet paper thefts and shelves becoming empty at stores in developed countries and said, "We can assure you that this will not happen in Bangladesh. We can deliver the entire requirement of the country."

"Bangladesh has sufficient capacity. So, there is nothing to worry about," said Sukanta Kumar Saha, assistant general manager for export and international market of the Meghna Pulp & Paper Mills Ltd, which markets Fresh tissue.

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Bangladesh to gain more trade benefits from China as an LDC

Not interested to sign FTA now

REFAYET ULLAH MIRDHA

Bangladesh wants to secure more trade benefits from China as a least developed country (LDC) instead of signing a free trade agreement with the Asian economic giant, according to commerce ministry officials.

"We don't want to sign an FTA with China because the country is the largest trading partner of Bangladesh. If we sign the FTA, we will lose a lot of revenue each year," said Sharifa Khan, additional secretary (FTA) of the commerce ministry.

The commerce ministry has already accepted China's offer for the duty-free import of 97 per cent of all Bangladeshi products under the LDC category, effectively rejecting the benefits the country would have received under the Asia-Pacific Trade Agreement (APTA).

Bangladesh and China are both APTA member nations.

In 2015, China, Bangladesh's largest bilateral trade partner, offered various LDCs extensions on the trade benefits for up to 97 per cent of their goods. However, nations that took up the offer were no longer allowed to enjoy the benefits under the APTA.

Since Bangladesh was late in its response, China will now send a fresh offer for 95 per cent of the country's goods.

China was supposed to issue a letter to Bangladesh in this regard in January."But unfortunately, the letter is yet to be received by the commerce ministry due to the coronavirus outbreak," Khan told The Daily Star over phone.

Incoming goods from China amount to more than $14 billion and earn Bangladesh Tk 23,000 crore as import duty each year.

The import duty levied on the Chinese products accounts for 30 per cent of the total revenue collected from import duties annually.

"So, we are not interested to sign the FTA with China even though the Chinese government does want to," the additional secretary said.

However, Bangladesh is close to signing an FTA with Indonesia and the deal could be finalised this year if normalcy is restored after quelling the coronavirus outbreak.

"Once we graduate to a developing country in 2024 and come out of the LDC bracket, we will again enter the APTA to enjoy trade benefits from China," Khan added.

China is a vital trade partner of Bangladesh for various reasons. For instance, the country's garment industry is heavily reliant on Chinese fabrics although local manufacturers can supply nearly 80 per cent of the yarn required by the knitwear sector.

Bangladesh's woven garment makers import nearly 60 per cent of all the fabrics they require directly from China as local weavers cannot supply adequate raw materials.

In total, apparel makers in the country source 46 per cent of their raw materials from China.

Bangladesh is also dependant on Chinese dyes, chemicals and capital machinery.

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