STOCKS	Week on week
DSEX	CSCX
▼ 3.75%	▼ 11.94%
3,974.96	6,746.28

COMMODITIES	As of Friday
Gold ▲	Oil ▲
$1,483.50	$26.98
(per ounce)	(per barrel)

ASIAN MARKETS			Friday Closings
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 5.75%	Closed	▲ 4.32%	▲ 1.61%
29,915.96		2,410.74	2,745.62

CURRENCIES (As on Thursday STANDARD CHARTERED BANK)	$ USD	€ EUR	£ GBP	¥ CNY
BUY TK	83.95	90.37	95.43	11.64
SELL TK	84.95	94.17	99.23	12.24

Star BUSINESS

DHAKA SUNDAY MARCH 22, 2020, *CHAITRA 8, 1426 BS* starbusiness@thedailystar.net

TAMING THE CORONAVIRUS RAMPAGE

BB roused to action

AKM Zamir Uddin

The central bank has started work on facilitating a soft landing to the economic slowdown brought on by the coronavirus pandemic.

"We will do everything that the economy needs right now," Md Serajul Islam, executive director of the Bangladesh Bank, told The Daily Star yesterday.

As per instruction of the central bank higher-ups the monetary policy department has already started work on slashing the policy rate to inject funds into the economy.

The central bank policy rate (CBPR) is the rate that is used by central banks to implement or signal its monetary policy stance.

The underlying financial instrument of the CBPR varies from country to country and is explained in the metadata.

For instance, in some countries the CBPR is the discount rate, while in others it is a repurchase agreement rate.

The BB last slashed its policy or repo (repurchase agreement) rate by 75 basis points to 6 per cent in April 2018.

The central bank higher ups will sit today to review the overall situation and the issue of cutting the policy rate will be discussed, said Islam, also an executive director of the BB.

"We are looking into the matter. And the central bank will take a positive decision within the shortest possible time to this end," he added.

The BB's impending reinforcing move comes after a number of central banks of around the world including that of the US, the UK, Canada and Norway have done the same to counter the economic shock stemming from the virus that has infected 286,816 persons in 186 countries and territories across the globe and killed 11,904.

Experts and bankers said there is no scope for dilly-dallying as the situation is getting worse at breakneck speed.

Banks will face severe consequences and many factories will have to shutter if massive liquidity support is not provided, experts said.

But only slashing the policy rate would not be enough to blunt the economic damages brought on by the novel virus that has left the country in a state of shock.

At the time of writing, there has been 24 confirmed cases of COVID-19, while two have died.

The central bank should also take preparations to purchase Treasury bonds and bills -- which are in the banks' possession in the form of excess assets -- in a massive scale.

When asked whether the central bank had taken such preparations, Islam said the BB is ready to inject liquidity to prop up the economy as per requirement.

"The economy is now on the verge of recession," said Ahsan H Mansur, executive director of the Policy Research Institute.

The central bank needs to declare strong policy measures without further ado such that the private sector gets a boost in confidence.

At least Tk 25,000 crore will have to be injected in to the market at present such that the private sector will enjoy available cash to protect their enterprises from losses, he said.

The central bank will have to supply the cash to the bank. The banking regulator will have to do so by way of cutting the policy rate and purchasing the T-bills and bonds, said Mansur, also a former official of the International Monetary Fund.

Excess liquidity in the banking sector stood at Tk 105,646 crore as of December last year, according to data from the central bank.

Banks hold the majority of the excess liquidity in the form T-bills and bonds.

"The central bank has taken some initiatives, but this is highly inadequate given the gravity of the situation."

A good number of industries are set to face a crisis in the wake of cancelling export orders, he said.

Against the backdrop, the government should declare more than Tk 25,000 crore as subsidy for enterprises to facilitate them to provide wage and salary to their workers, said Mansur, also the chairman of Brac Bank.

Both the government and the central bank should take all types of policy measures to run industrial plants, said Salehuddin Ahmed, a former governor of the central bank.

The BB's measure thus far, which is not to consider businesspeople as defaulters in case of failure to repay instalments until June 30, is a good initiative.

But the central bank should ask banks not to impose any interest on the businesses as they will be unable to pay any penny.

The annual development programmes should be cut to bailout the private sector, he said, adding that the National Board of Revenue will have to shun realising corporate and advanced taxes from businesses.

Special refinance schemes will have to be declared to protect small and medium enterprises from losses.

"The policy measures will have to be announced within a day or two. Or else, the private sector will be panicking," Ahmed added.

READ MORE ON B3

ADB keen to write a cheque of $500m

Rejaul Karim Byron *and* Md Fazlur Rahman

The Asian Development Bank may provide $500 million to Bangladesh initially as budget support in order to help the country improve its health system and assist the vulnerable groups as coronavirus is fast transmitting across the country.

The amount may go up, said a number of finance ministry officials yesterday.

The Manila-based development lender has already made commitment to the higher ups of the government to approve the support within a couple of weeks, the officials said.

"As a longstanding development partner, the ADB is committed to assisting Bangladesh in this difficult time. We have initiated the process of quickly exploring the financing modality and other details in close coordination with the government and other stakeholders," said Manmohan Parkash, country director of the ADB for Bangladesh, in a statement.

The Bangladesh government has requested the ADB to provide assistance to help tackle challenges of a potential COVID-19 outbreak in the country, he said.

The press release was released after Parkash's meeting with Finance Minister AHM Mustafa Kamal in Dhaka. The discussions included the government's preparedness for mitigating any potential outbreak, its economic impact, and possible ADB support following a government request for assistance.

READ MORE ON B3

RASHED SHUMON

Hand sanitisers sell like hotcakes, a sign of panic buying amidst the coronavirus pandemic, in Karwan Bazar two days back.

Clamour for hand sanitisers leaving manufacturers breathless

Sohel Parvez

Perhaps the most sought items today are hand sanitisers and alcohol-based hand rubs, once rarely used, as people scramble to protect themselves from the lethal coronavirus.

And the situation has gotten so dire that one has to knock counter after counter of convenience stores and pharmacies to get either of them.

"It appears that I will have to check pharmacies in other areas," said Farhad Alam, an undergraduate student of computer science of Bangladesh University, after failing to secure even one hand sanitiser after calling in to ten pharmacies on the Satmasjid Road.

At Jafrabad, half a kilometre away from where Alam was looking for the hand sanitiser, another man in his 20s wore a frantic look: he was returning home empty-handed after checking out all five pharmacies in his neighbourhood for the no-rinse hand wash.

After official disclosure of detection of coronavirus in Bangladesh on March 8, the demand for the items have spiralled out of control for even the manufacturers and importers of the items.

Most health officials and disease specialists say one of the best preventive measures against the coronavirus or any other outbreak is frequent washing of hands, using soap and water to scrub fronts, backs and between fingers for at least 20 seconds.

If soap and water are not available, health professionals say, then hand sanitiser can be used, as long as it contains at least 60 per cent alcohol and the gel is squirted onto the hands and rubbed briskly all over them for about 20 seconds.

READ MORE ON B3

No duty on PPE, hand sanitiser and testing kit raw materials

Sohel Parvez

The National Board of Revenue (NBR) is set to remove all forms of import duties and taxes to encourage quick import of Personal Protective Equipment (PPE), raw materials used in hand sanitisers, coronavirus testing kits and re-agents, said finance ministry officials yesterday.

The list for duty-free import items also includes surgical masks and various sterilising agents.

An official notification is likely to be issued today, said a senior official of the country's revenue authority seeking anonymity as he is unauthorised to speak to media.

About 17 items used to treat coronavirus patients and stem the rate at which the highly contagious pathogen spreads will be offered duty-free benefits to reduce import costs.

READ MORE ON B3

PRENEUR LAB

ICT State Minister Zunaid Ahmed Palak launches an artificial intelligence-run Google voice assistant on the life of Bangabandhu Sheikh Mujibur Rahman to mark the birth centenary of the Father of the Nation at ICT Division in Dhaka on March 19. Arif Nezami, CEO of Preneur Lab, the company that created the tool, was present.

Tata Motors ready to halt one plant if virus concerns deepen

Reuters, *New Delhi*

India's Tata Motors is rapidly scaling down activity at its car factory in the western state of Maharashtra and is preparing to close it if concerns about coronavirus deepen, the company said on Friday.

The move by Tata Motors, which owns the British luxury car brands Jaguar and Land Rover, comes as the state recorded the highest number of confirmed cases of coronavirus in India.

On Friday, Maharashtra ordered all shops and offices to close except those providing essential services in three major cities, including the financial capital Mumbai and Pune, where the Tata Motors plant and engineering centre is located.

Tata Motors will scale down its operations by the end of Monday and will be prepared to close the plant by Tuesday if things worsen, the company's managing director Guenter Butschek said, adding that it will remain in this mode until March 31.

"We shall continue to closely monitor the situation in all states where our offices and plants are located and make appropriate and proactive decisions should the need arise," Butschek said.

Tata Motors, which is India's biggest truck maker, has more than half a dozen manufacturing plants across the country. The Pune site, where it builds passenger cars and trucks, is one of its biggest.

Jaguar Land Rover (JLR) said on Thursday it would temporarily suspend production in the United Kingdom from next week until the week of April 20 and it has also stopped work at its Slovakia plant to curb the spread of the virus.

In a separate statement, Tata Sons chairman N Chandrasekaran said that all group companies would make full payments to temporary and daily wage earners for the months of March and April - even if they were not able to come into work due to quarantine measures, site closures or plant shutdowns.

Global economy hit by severest shock since 1930s

Reuters, *London*

Recessions often start with a small drop in activity which then progressively deepens over subsequent months as the second and higher-round effects on the economy start to occur.

But the current business cycle downturn looks very different. In terms of its scale and sudden onset, there is no parallel since the end of the Second World War.

The initial shock from the coronavirus outbreak and the shutdown of much of the transportation and business system is both large and sudden.

There are no government statistics yet on the scale of the current downturn, but taking the oil industry as a proxy for economic demand, consumption appears to have fallen by around 10 million barrels per day, or 10 per cent, within the space of a single month.

The first-round shock to the system is enormous even before any second and third-round impact on business and consumer spending.

In 1945, demobilisation and the conversion from wartime to peacetime production caused industrial output to drop by 30-35 per cent progressively over 12 months.

In the 1974/75 recession, US.industrial output fell by around 15 per cent over roughly 20 months, according to data from the Federal Reserve.

In 2008/09, US industrial output declined by almost 20 per cent from its pre-recession peak, but the decline was stretched over a period of roughly 18 months.

All these magnitudes and durations are approximate because peaks and troughs in industrial production do not correspond precisely with the official business cycle dates, which take into account other factors as well.

But the current downturn could easily prove the steepest since 1945. In scale and sudden onset, it looks more like the dynamics of the 1930s Depression or the violent business busts of the late 19th and early 20th centuries.

Recessions can be a lot like epidemics in that a small initial disturbance -- the infection of a single patient or failure of a single business/sector -- grows exponentially as it is transmitted through the rest of the system.

In recent years, economists have drawn on research from epidemiology to understand how a single bank or business failure can set off a cascading failure as it spreads across the economy.

The initial infection or business failure may be relatively inconsequential; it is the network of connections by which it is transmitted across the population or the economy that turns an isolated problem into a pandemic or recession.

In the case of the economy, recessions are transmitted through real changes in the flow of spending and income, namely sales, orders, employment, wages and debt payments.

But transmission can be accelerated by changes in the stories individuals and businesses construct about the immediate future and the impact on their decision-making.

Economist John Maynard Keynes called them animal spirits (General Theory of Employment, Interest and Money, 1936). For Robert Shiller, they are narratives or stories (Narrative Economics, 2017).

By whatever name we call them, narratives have the power to amplify and accelerate the transmission of recessionary or expansionary forces through the economy because they can become self-fulfilling.

In most cases, it is the shape and structure of the network, and its behaviour when shocked, rather than the scale of the original disturbance, which determines the magnitude of the eventual epidemic or recession.

Some major shocks have failed to produce recessions or only mild ones. Some minor shocks, singly or in combination, have resulted in major business downturns.

Stock market crashes. Real estate bubbles. Bank failures. Credit contractions. Poor harvests. Sharp sudden changes in oil prices. Policy errors. All have been blamed singly or in combination for triggering recessions.

Awkwardly, these same disturbances have sometimes occurred without being followed by a downturn, illustrating the difficulty of modelling and forecasting a highly networked economy.

It is the lack of a simple, obvious, proportional relationship between the cause of a downturn and its eventual size and duration that is the main reason why business cycles have proved so hard to explain, model and predict.

And in most cases, it is the second and third-round effects of a business downturn on wages, investment, confidence and lending that are the most important in determining the length and depth of the slump.

The more tightly coupled the system is, the more leverage is applied, and the smaller the shock absorbers, the more severely an initial disturbance is likely to cascade across the network.

With the current shock, the policy response from central banks and finance ministries is the fastest on record, which could help reduce second and third-round effects and prevent the crisis worsening.

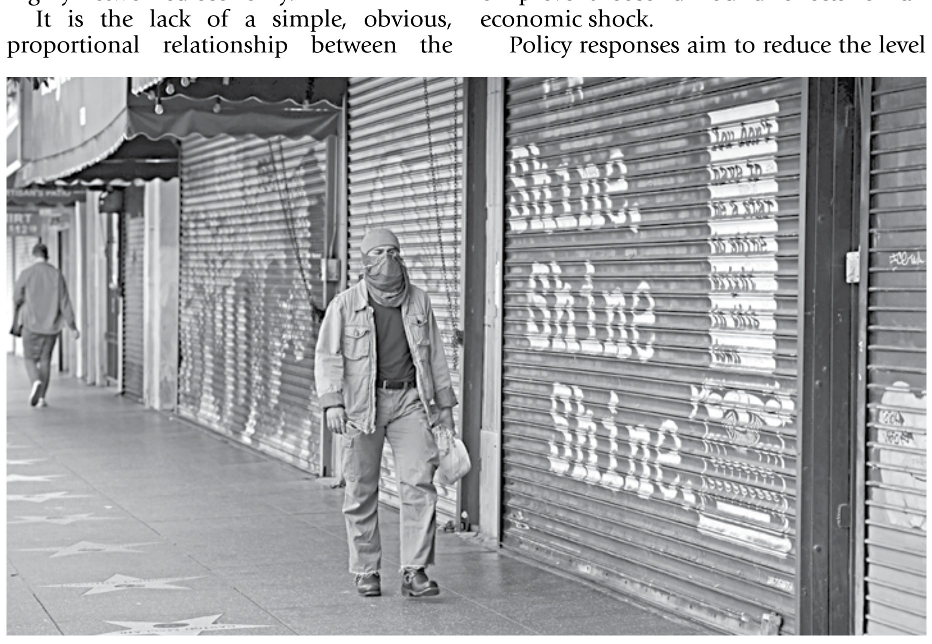
In the same way social-distancing is designed to reduce or eliminate the person-to-person transmission of an epidemic, monetary and fiscal policy can reduce or prevent second round effects of an economic shock.

Policy responses aim to reduce the level of immediate financial interdependency across the economy, creating shock absorbers or firebreaks to prevent cascading failures.

As with health policies intended to control the spread of an epidemic, the faster and more comprehensive the monetary and fiscal response, the greater the probability of controlling the eventual recession.

Coronavirus and the measures introduced to suppress the epidemic have created an economic shutdown that has no precedent for 90 years.

Now central banks and governments will have to find similarly unprecedented measures to support the economy until normal business and transportation activities can resume.



AFP

People walk along Hollywood Boulevard in Los Angeles in the US on Saturday.

Goldman Sachs CEO pay boosted to $27.5m

Afp, *New York*

Goldman Sachs announced Friday that it boosted the pay package for its chief executive to $27.5 million in 2019, a 20 percent jump unveiled at a time when many companies are struggling for survival.

Goldman disclosed the pay raise for Chief Executive David Solomon in a securities filing that also listed pay jumps for other top executives.

Solomon, 58, who was installed as CEO in October 2018, "embodies" Goldman's culture as a strategic thinker and "engaged and motivating leader," the firm said in the filing.

Solomon is credited with building new consumer-oriented products, including a credit card with Apple and with hosting the company's first shareholder meeting.

Despite the timing, the pay level is similar to CEOs from JPMorgan Chase, Bank of America and other financial institutions that were disclosed earlier this year -- before the coronavirus decimated the prospects for many industries.

Several leading industries are seeking federal bailouts in the first serious economic downturn since the 2008 financial crisis, which led to wrenching political debates and sharp public criticism of Goldman and other large banks at the center of the mortgage meltdown.

Netflix creates $100m fund to help displaced film, TV workers

Reuters, *Los Angeles*

Netflix Inc has established a $100 million fund to assist workers on film and television productions that have been shut down due to the global coronavirus outbreak, the company said on Friday.

Hundreds of thousands of cast and crew around the world have lost work amid the crisis. That includes electricians, carpenters, drivers and other hourly workers.

The world's largest streaming media service said most of the fund would be given to the hardest-hit people on its own productions. The assistance will be provided in addition to the two weeks pay the company already had promised for workers on productions that were suspended last week.

The company also said $15 million of the fund would go to third parties and non-profit organizations that were providing emergency relief to out-of-work crew and cast in countries where Netflix has a large production base.

"This community has supported Netflix through the good times, and we want to help them through these hard times, especially while governments are still figuring out what economic support they will provide," Netflix Chief Content Officer Ted Sarandos said in a blog post.

Companies hit pause button as coronavirus infects economy

Afp, *Paris*

Layoffs, cost cuts and scrapped dividends... companies scramble to adapt as the coronavirus emergency hits demand while draconian measures to contain it undercut production.

With the economic impact of COVID-19 threatening the very survival of many firms, governments have pledged hundreds of billions to help them limp along -- or failing that, to bankroll rescues or outright nationalisation.

Here are some measures companies have taken: - Suspending production - Several industrial giants, in particular in the automobile industry, have reduced or even halted production.

America's "Big Three" carmakers -- General Motors, Fiat Chrysler and Ford -- are temporarily halting operations throughout North America through the end of the month, the companies said in conjunction with the auto workers union.

Most European carmakers, including Daimler, VW, BMW, Renault, Peugeot Citroen and Fiat Chrysler have shut down most if not all of their manufacturing lines. Nissan and Ford have also shut facilities in Europe.

Sweden-based Volvo Cars said Friday it was closing its European and US factories, but has reopened its factories in China.

Truckmakers Scania and Volvo AB are halting most European production following disruptions in the supply chain.

Tyre giant Michelin is halting production in Spain, France and Italy for at least a week.

Airbus said it was suspending work at its French and Spanish plants for four days to improve workplace safety.

High-end fashion giant Gucci, part of the Kering group, is closing all sites until March 20, while Hermes is shutting its manufacturing sites until the end of March.

A slew of American retailers have shut some or all of their outlets, including Nike, Macy's and Gap.

The iconic Saks Fifth Avenue flagship store in New York is closed, and Apple has shuttered all its stores outside China.

Adidas has shut its stores in Europe and North America.

The situation is especially catastrophic for the travel industry, with US hotel giant Marriott shutting down some of its properties and furloughing tens of thousands of workers.

Airlines have been hit by a double-whammy: plunging demand and sweeping travel restrictions imposed by governments.

They have taken different measures to adapt.

Russia's Aeroflot has asked employees who have accumulated extra time off to use it.

Air France says it will look at reducing working hours, which several countries have facilitated with easier access to state benefits for workers now forced to go part-time.

Low-cost airline Ryanair, which has announced "most if not all" of its flights from March 24 will be cancelled, said it is looking at a similar move, along with voluntary departures and temporarily suspending work contracts.

Forcing workers into unemployment temporarily is also an option several countries have made easier, Volkswagen's Spanish subsidiary Seat also taking that course, Volvo AB for its 20,000 Swedish workers, and Air Canada for some 5,100 cabin crew staff, over half the total.

ADP, the company that runs the two main airports in Paris, is putting 80 percent of its staff on temporary unemployment.

Italian shipyard Fincantieri, which has also halted output, has asked its workers to use their annual leave.

UK mobile phone retailer Dixons Carphone, however, is axing 2,900 jobs as it faces "turbulent times".

Firms have also moved swiftly to cut costs.

Air France-KLM, which is slashing as many as 90 percent of flights, will reduce its planned investments for 2020 by 350 million euros ($380 million) and make 200 million euros in savings elsewhere as it seeks to ensure it has enough cash on hand.

FedEx said it was parking its older planes as demand for shipping mail and packages by air drops and because newer planes are more fuel efficient.

Firms are not sparing shareholders from the pain either.

Lufthansa said it would not distribute a dividend from 2019 earnings.

Inditex, which owns clothing brand Zara among others, has also put off a decision on dividends from the 3.6 billion euros it earned in its 2019-2020 fiscal year, while making a provision of 287 million euros for the crisis.

Companies are not hesitating to take up offers of state support.

German tourism giant TUI, which employs 70,000 people worldwide and has suspended the "majority" of its operations, has made a request for state help.

Germany's government has promised "unlimited" loans to stricken firms via state bank KfW.

The airline industry association said Thursday carriers will need up to $200 billion to rescue them from collapse.

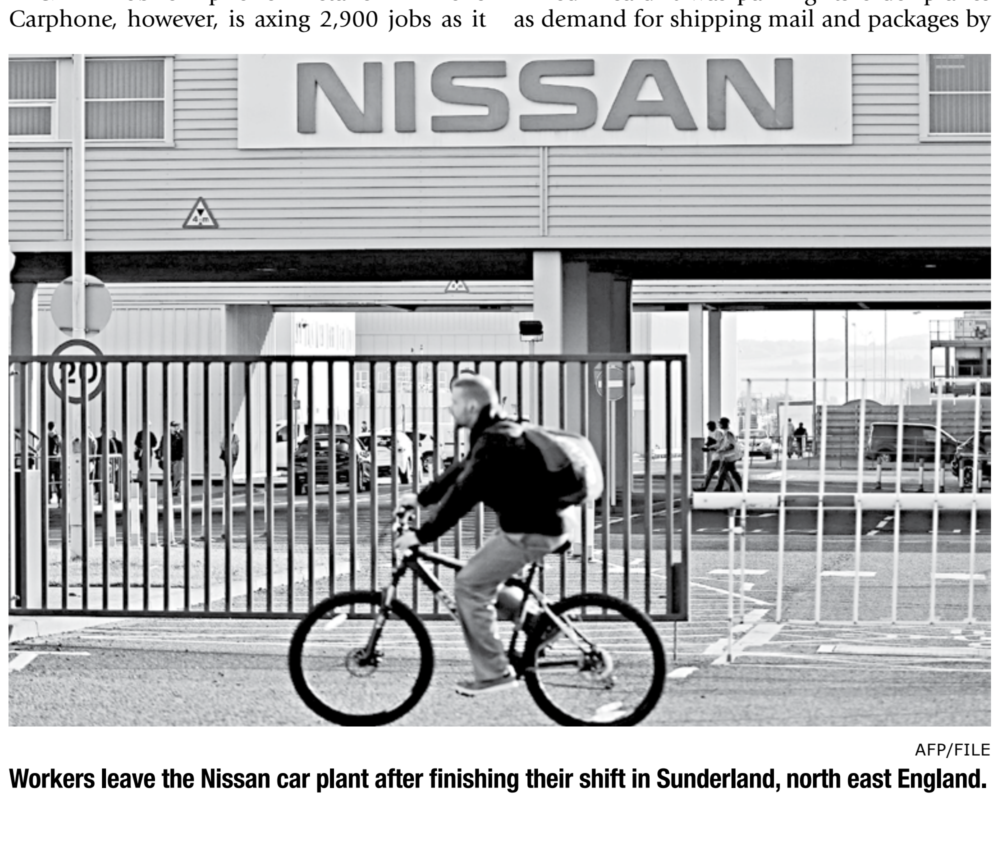
US airlines have asked for a $50-billion bailout.

Meanwhile, US planemaker Boeing is seeking at least $60 billion in federal support for the aerospace industry.

The Italian government said it intends to renationalise the bankrupt former national carrier Alitalia under an emergency economic rescue plan.

Air New Zealand has been offered a NZ$900 million (US$515 million) loan to help the flag carrier survive the crisis, the government said Friday.

France stands ready to nationalise large companies "if necessary", according to Finance Minister Bruno Le Maire.



AFP/FILE

Workers leave the Nissan car plant after finishing their shift in Sunderland, north east England.

Crop protection assoc elects top brass

Star Business Desk

M Sayeduzzaman of Mimpex Agrochemicals and AHM Sadrul Alam of Aungkur Traders have recently been elected president and general secretary of the Bangladesh Crop Protection Association respectively.

The association also elected Manzurul Huda of Sweet Agrovet as vice chairman.

Md Marufuzzaman became the association's joint secretary general and SM Khaled organising secretary.

Initiative rolled out to increase investment

Star Business Desk

Three organisations have recently launched a programme to increase investment in social business and environmental sectors.

The organisations are German-based financial consultancy firm Roots of impact (RoI), local business consulting firm LightCastle Partners (LCP), and the Swiss Agency for Development and Cooperation (SDC) in Bangladesh.

The platform – Biniyog Briddhi: Scaling Impact Enterprises of Bangladesh – was rolled out through a video conferencing, according to a statement.

Derek George, deputy director of the SDC, Bjoern Struewer, founder and CEO RoI and Bijon Islam, CEO of LCP, attended the launch.

The four-year programme is aimed at increasing capacities of impact investors and entrepreneurs dealing with social businesses and environmental issues, the statement added.

The entrepreneurs, who will play positive role in facing environmental challenges, will get financial assistance under the programme.

Initially, applications will be accepted from impact entrepreneurs and accelerator programmes through the initiative's website: www.sie-b.org.

Poor Indians flee to villages as coronavirus measures take heavy toll

Reuters, Mumbai

Thousands of poor city migrants whose livelihoods have collapsed due to India's coronavirus measures headed back to their villages on Saturday, raising fears that the exodus could carry the virus to the countryside.

About one fifth of India's 271 confirmed coronavirus cases has been reported in Maharashtra — home to Mumbai, the country's largest city and economic powerhouse. So far, India has registered four deaths due to the virus.

Prime Minister Narendra Modi has urged Indians to stay at home to fight the outbreak. Maharashtra state authorities ordered on Friday the closure of all shops and offices, apart from those providing essential services, until March 31.

For Indians who drive rickshaws or run food stalls, the economic shock of such control measures has been huge, pushing them to leave for family homes where they typically do not pay rent and food is cheaper.

"Work has stopped. I'll go back and work on the farm," said Rakesh Kumar Gupta, 40, who sells mosquito nets and was heading back to his family house in Uttar Pradesh. On Saturday, hundreds of people, many young men wearing masks and lugging backpacks, jostled in long queues to board trains at Mumbai's Lokmanya Tilak Terminus station.

India's state-run railway operator laid on 17 special train services starting on Friday to ferry people out of the Mumbai area to eastern and northern India, spokesman Shivaji Sutar said.

Health specialists say large-scale population shifts to rural areas could hasten the spread of coronavirus in India, a country of 1.3 billion people with weak public health care - especially in the countryside.

India has about 120 million migrant labourers, according to labour rights group Aajiveeka.

"This really is the beginning of community spread, assuming there haven't been forerunners," said Dr. Rajib Dasgupta, a professor of community health at the Jawaharlal Nehru University in New Delhi.

The Indian Railways spokesman said they were screening passengers and had trained workers on board in case of emergencies. But anxious travellers were cramming into overcrowded trains, according to a Reuters witness, likely increasing the chances of infection.

Highlighting the risk, the Ministry of Railways on Saturday tweeted that a dozen people who had travelled by train in the last few days had tested positive for COVID-19 on Friday.

"Passengers are advised to avoid non-essential travel for the safety of fellow citizens," the ministry added.

India's Health Ministry did not immediately respond to requests for comment. The virus is underlining the difficult trade-offs countries must make when trying to contain the pandemic, with many fearing that India's poorest people will be severely hit.

REUTERS

Migrant workers and their families board an overcrowded passenger train, after government imposed restrictions on public gatherings in attempts to prevent spread of coronavirus disease, in Mumbai yesterday.

Plunge in smartphone shipments: report

AFP, San Francisco

Smartphone shipments took an historic plunge last month as the novel coronavirus disrupted supply and demand, industry tracker Strategy Analytics said on Friday.

Global smartphone shipments dropped to 61.8 million in February, a 38 percent drop from the same month a year earlier.

"February 2020 saw the biggest fall ever in the history of the worldwide smartphone market," said Strategy Analytics executive director Neil Mawston. "It is a period the smartphone industry will want to forget." Smartphone supply and demand plummeted in China and across Asia, and slowed in the rest of the world, Mawston added.

"Some Asian factories were unable to manufacture smartphones, while many consumers were unable or unwilling to visit retail stores and buy new devices," said Strategy Analytics.

Despite tentative signs of recovery in China, global smartphone shipments are expected to remain weak through March.

"Hundreds of millions of affluent consumers are in lockdown, unable or unwilling to shop for new devices," the industry tracking company said.

"The smartphone industry will have to work harder than ever to lift sales in the coming weeks, such as online flash sales or generous discounts on bundling with hot products."

Clamour for hand sanitisers leaving manufacturers breathless

FROM PAGE B1

Regardless, people can't stop seeking out for hand sanitisers.

Even after ramping up production and distribution hand sanitisers are going out of stock as soon as the stores are putting them out on the shelves, said Jesmin Zaman, head of marketing of Square Toiletries, which sells 'Sepnil' brand hand sanitisers.

Square is now making 10 tonnes of hand sanitisers daily and supplying to the market without any delays.

A month ago, Square could sell at the most one tonnes of hand sanitisers.

"Even in January, five to 10 lakh people in Bangladesh were aware of hand sanitisers at best."

But suddenly, millions of people were looking for the item.

"We have the machinery. We are increasing our production capacity with as much raw materials and packaging materials we are getting," Zaman said.

The correspondent got hand sanitisers in 7 out of the 17 establishments visited in Dhamnondi. And they were mostly in the supermarket chains.

And save for one, the brands that were found available were less known even a week ago. Some have started making hand sanitisers recently, while some firms are trying to make some good margins from the newfound business opportunity for the hygiene item. Yet fast imports are not possible as flights to and from import destinations such as China have become infrequent.

"My supplier informed that he would be unable to take any responsibility in case of flight delays," said Abdul Mannan, who was trying to buy some hand sanitisers from China. He runs a store in the port city of Chattogram.

He said imports by sea is time-consuming and businesses are not sure that the heightened demand would persist once the supply arrives.

But imports have increased recently, he said.

Yet supply has been too low to meet amplified demand.

Khulshi Mart, a standalone supermarket in Chattogram, could hardly sell 240 pieces of hand sanitisers in a year, said its procurement manager Mohammad Aurang Zeb.

"But in the last 10 days, we sold more than 5,000 of them. The demand is so high that we can't meet them," he said.

Khulshi Mart is selling one hand sanitiser to each customer in order to ensure a higher number of people can get the hygiene product for personal and family protection, just like many supermarkets in Dhaka.

In Lavender in capital's Gulshan area, hand sanitisers were kept behind the till, and one customer is allowed one.

A shopper was seen asking for five small packs of hand sanitisers at the counter of Wellbeing Pharmacy at Dhanmondi. But he was sold three.

In the Unimart store beside the pharmacy, no hand sanitiser was seen on the shelves. "It is all finished for now," said a salesperson of the store.

However, hand washes were available on the shelves. But there was a tag that read that only two pieces per customer were allowed.

The salesperson said the store will put a limit on hand sanitiser to one each customer once supply comes through, she said.

"By rationing the items, we will be able to serve many more customers," said Rasad Kabir, manager of operations of Unimart's Dhanmondi branch.

A similar scenario was seen at Meena Bazar and Shwapno on Dhanmondi 27.

No hand sanitiser was on the shelves. One could get limited quantity but from behind the counter.

"We are doing this so that all can get and one cannot hoard the scarce items," said Sabbir Hasan Nasir, executive director of ACI Logistics that owns the supermarket chain Shwapno.

Shwapno, the country's biggest supermarket chain, is also restricting the number of 50ml bottles of alcohol-based hand rub, Hexisol, for each customer. Nasir also urged people to avoid buying excess quantities of other essentials amid the panic.

"We want to assure that there will be no crisis of products," he said, adding that Shwapno will also consider limiting the sales of rice to prevent stock piling.

Alcohol-based hand rubs are mostly used in hospitals by medical professionals, said M Mohibuz Zaman, managing director of ACI Healthcare.

"The demand went through the roof. We are now delivering five times more than before," he said.

ACI, which accounts for more than 90 per cent of the hand rub market, increased its production capacity to make nearly 100,000 pieces of hand rubs daily.

"We are trying our best, but the demand is just too high to meet."

All manufacturers have expanded their capacity.

"The pharma industry is trying to produce as much as possible and trying to purchase a higher amount of raw materials," Zaman added.

Seven local manufacturers are producing hand rubs now, according to Mostafizur Rahman, director of the Directorate General of Drug Administration.

They are producing hand rubs in three shifts now after DGDA director general held meetings with the manufacturers.

Currently, more than 5 lakh pieces of hand sanitisers are made daily.

"We have given permission to four more companies to make sanitisers and hand rubs and also gave import permission to seven firms. As we have sufficient manufacturers and production capacity, the crisis that has been created temporarily would be over," said Rahman, adding that DGDA will also fix the prices.

No duty on PPE, hand sanitiser and testing kit raw materials

FROM PAGE B1

The move comes amid growing fears that a full-blown COVID-19 outbreak will occur in the country that has a less than ideal supply of coronavirus testing kits and PPE equipment such as gowns, surgical masks, goggles and hand sanitisers to tackle the situation.

Some of the items, for example hand sanitisers, are already hard to come by as panic buying has left manufacturers struggling to cope with the sudden surge in demand.

With the general public scrambling to stockpile the product, not only has the retail price for hand sanitisers gone up, but the cost of raw materials used for manufacturing it has also risen.

Although the virus was first spotted in Wuhan, China in December last year, it has since spread across the globe. As of yesterday, the pandemic claimed the lives of more than 11,000 individuals worldwide.

Physicians and public health experts in Bangladesh recently voiced concerns over the government's inadequate measures that have put the country at risk of a mass outbreak.

As of last week, there were about 2,000 coronavirus testing kits available in the country. Yesterday though, the World Health Organisation had 10,000 testing kits shipped to Bangladesh from Singapore.

The initiative to remove import tariffs on equipment used for coronavirus testing and treatment was taken to increase the availability of such products, the NBR officials said. The zero-duty import scheme is likely to continue for three months, they added.

SAJIDA FOUNDATION

Zahid Maleque, health and family welfare minister; Abul Kalam Azad, director general of the Directorate General of Health Services (DGHS), and Zahida Fizza Kabir, CEO of Sajida Foundation, attend an event yesterday where the foundation and Renata inked a deal with the DGHS to strengthen the efforts to curb the spread of the coronavirus. The 50-bed Sajida Hospital in Narayanganj will be arranged as quarantine and treatment centre for the patients infected with the virus and 10,000 personal protective equipment will be distributed to health service providers.

Markets rally on huge economic support plans

AFP, Hong Kong

Equities enjoyed some much-needed gains Friday after another volatile week on global markets as investors took solace in a blockbuster series of government and central bank measures aimed at cushioning the economic blow from the coronavirus.

The dollar eased somewhat after a lengthy rally fuelled by traders cashing out of their investments, while the embattled oil market extended Thursday's gains.

With the deadly pandemic showing no sign of ending, countries are going into lockdown, effectively shutting down the global economy and leaving experts in the dark as to how deep and long an expected recession will last.

On Thursday, US Senate Majority Leader Mitch McConnell presented a $1 trillion emergency relief package to combat the turmoil, with $1,200 cash handouts for individuals.

It also includes $208 billion in loans for companies hit by the crisis -- $58 billion of it for the battered airline sector -- and $300 billion in small business loans.

The plan is the latest in a series of measures put forward by Washington and comes on top of Federal Reserve interest rate cuts and pledges worth hundreds of billions of dollars to provide liquidity to creaking financial markets.

It also comes in tandem with similar moves by governments and banks around the world, which have provided some support to investors, but which many observers warn could still be too little as the crisis rumbles on.

Hong Kong, Mumbai and Kuala Lumpur all surged more than five percent, Seoul and Mumbai piled on more than seven percent, while Taipei rallied more than six percent.

Manila rose 3.4 percent, while Shanghai, Singapore and Jakarta put on more than one percent, with Wellington one percent higher and Sydney up 0.7 percent. Tokyo was closed for a holiday.

ADB keen to write a cheque of $500m

FROM PAGE B1

Parkash held several meetings with Kamal on the issue. The ADB also held a meeting with the health ministry.

The development lender would help Bangladesh procure testing kits, personal protective equipment for doctors and equipment for hospitals.

The ADB has presence in many countries and assured Bangladesh of using its reach to help the country source the items.

The Manila-based multilateral lender also wants to know how many hospitals will be dedicated to treating coronavirus-affected patients, Kamal said last week.

The commitment from the ADB came as Bangladesh yesterday confirmed the second death linked to the coronavirus outbreak. On March 18, the government confirmed the first death from the novel coronavirus.

Yesterday, four more people tested positive for the virus, taking the total number of confirmed cases to 24.

The ADB support would also be used to provide social protection to vulnerable groups.

The coronavirus pandemic could trigger a global economic crisis, destroying up to 25 million jobs around the world if governments do not act fast to shield workers from the impact, said the International Labour Organisation (ILO) in a report last week.

Regardless of size, all firms are facing serious complications from the coronavirus fallout such as immense declines in revenue, insolvencies and job cuts, said Tuomo Poutiainen, country director of the ILO Bangladesh.

"Sustaining their day-to-day operations will be particularly difficult for small and medium enterprises," he said, in a statement to The Daily Star, on Thursday.

As educational institutions across the country have already shut down to slow the spread of the virus and economic activities have slowed to some extent amid people's thinning presence on the streets, this has hit the low-income groups particularly hard.

The economic pain for the low-income groups and those working in the informal sector would exacerbate further if the situation worsens.

Business and employment would confront adverse impact if economic activities need to shut down in case of coronavirus outbreak in the country, said the Centre for Policy Dialogue (CPD) yesterday in a briefing.

"Workers usually work under temporary contractual arrangement particularly those work in small-scale and informal enterprises would be affected most. Workers who work in labour-intensive formal and export-oriented industries would be adversely affected," the think-tank said.

The ADB has recently announced $6.5 billion initial package to address the immediate needs of its developing member countries as they respond to the COVID-19 pandemic.

The lender's response to date also includes $2 million announced on 26 February to support response in all of its developing members.

The ADB has a strong track record of responding rapidly to provide targeted support to Bangladesh in times of emergencies, including natural disasters such as floods and cyclones and other disasters like influx of people in Cox's Bazar camps from across the Myanmar border.

WB provides $170m for better sanitation in Dhaka

FROM PAGE B4

"By reducing the volume of untreated wastewater and fecal sludge into drainage canals and water bodies, the project will decrease the risk of inland floods and thus lessen the risks of water contamination," said Arif Ahamed, WB's team leader for the project.

Dhaka's 881km sewer system is old and inadequate to serve the large population. Often, untreated domestic sewage and industrial effluent are illegally discharged into rivers and canals, causing pollution and flooding. Due to damaged and clogged sewer collection and transmission network, the existing sewer treatment plant can only treat about one-fourth of its capacity.

The project will support Dhaka Water Supply and Sewerage Authority to improve efficiency in sanitation service delivery. It will receive a scale-up facility credit from the World Bank's International Development Association, with a 34-year term, including a four-year grace period.

The project also includes $170 million financing from the Asian Infrastructure Investment Bank and $143 million financing from the government of Bangladesh, the WB said.

BB roused to action

FROM PAGE B1

AB Mirza Azizul Islam, a former finance adviser of a caretaker government, echoed the same, while urging the government to do so with a view to keeping the confidence of the private sector afloat.

The central bank will have to introduce liquidity support for banks as soon as possible as a good amount of exporters have failed to realise their export proceeds, said Syed Mahbubur Rahman, managing director of Mutual Trust Bank.

Banks earlier settled back-to-back letters of credit for exporters in order to help them manufacture the exported goods, he said.

They are now unable to get back the fund, which will create a liquidity crisis in the banking sector in the days ahead, said Rahman, also the immediate past chairman of the Association of Bankers, Bangladesh, a forum of managing directors of banks.

Targeted public expenditure to ride out coronavirus crisis: CPD

Star Business Report

The government should pursue targeted expansionary measures in areas of healthcare, trade, supply chain management, public expenditure and monetary policy to tackle the fast-spreading coronavirus, said the Centre for Policy Dialogue (CPD) yesterday.

"Bangladesh is already exposed to this health-threat and the country is at risks of several economic impacts," it said, adding that the government should take initiatives to ease disruptions in the supply chain and ensure their smooth operation both within and outside of Bangladesh in the coming days to combat the impact of the virus.

The observations were shared at a virtual media briefing on "Health and Economic Risks of Corona Pandemic and Recommendations" at the CPD office in Dhaka.

The briefing came as Bangladesh confirmed the second death linked to the coronavirus outbreak. On March 18, the government confirmed the first death from the novel coronavirus.

Four more people have tested positive for the virus, taking the total number of confirmed cases to 24.

"In view of the COVID-19 emergency, it is important for Bangladesh to be appropriately ready and to take necessary preparations to deal with both the immediate and medium-term ramifications of this outbreak at the earliest," said Fahmida Khatun, executive director of the CPD, while making a keynote presentation.

The coronavirus is going to have serious implications for health sector preparedness and macroeconomic management of Bangladesh. This has important implications for reprioritisation, resource reallocation and fiscal-monetary policies and measures to be pursued by Bangladesh to near and medium terms.

As Bangladesh prepares for the upcoming budget for fiscal 2020-21, it is important to understand the extent of resource requirement for healthcare and economic management.

Increased budgetary allocation will be required for COVID-19-related areas in a focused and targeted manner in view of production and distribution of medicine, improvement of health services and availability of medical instruments and support to health professionals.

Higher demand for cash incentives in the wake of the virus outbreak may put additional pressure on the budget.

"Flexibility in the next budget needs to be considered to cope with the potential impact of the COVID-19."

The lower-income class, particularly who are dependent on daily wages, will be the most affected group from this pandemic. So, the government may consider taking specific incentive measures for them, the CPD said.

CPD

From left, CPD Senior Research Fellow Towfiqul Islam Khan, Executive Director Fahmida Khatun, Distinguished Fellow Mustafizur Rahman and Research Director Khondaker Golam Moazzem attend a media briefing on "Health and Economic Risks of Corona Pandemic and Recommendations" at the CPD office in Dhaka yesterday.

In her presentation, Khatun pointed out that poor budgetary allocation for healthcare sector, now at 0.9 per cent of the gross domestic product (GDP), has been a longstanding problem for Bangladesh.

The is considerably lower than the targets stipulated in the Seventh Five-Year Plan and the World Health Organisation benchmark, respectively 1.12 per cent and 5 per cent of GDP.

The COVID-19's adverse implications are being felt at a time when Bangladesh's external sector is under considerable pressure on several fronts.

Export target for fiscal 2019-20, which aims 12 per cent growth, is highly unlikely to be attained. Major export items such as garment, home textile, frozen fish and leather and leather products posted negative growth.

Import growth over the first seven months of the fiscal year was negative, hurt by the negative import growth of intermediate goods and capital goods.

The supply chain of key sectors such as garment has got disrupted particularly in the initial period because of snags in the import of raw materials from China.

"Business and employment would confront adverse impact if economic activities need to shut down in case of coronavirus outbreak in the country," the think-tank said.

Service sector-related enterprises, which include hotel and restaurants, wholesale and retail, trade and banks, insurance and financial services, would be affected more.

Impact would be higher in small-scale enterprises and those operate informally for not having any contingency plan. The manufacturing sector, particularly export-oriented garment and textiles industries would be the most affected.

"Workers who work in labour-intensive formal and export-oriented industries would be adversely affected," the CPD said.

While the fall in oil and consequently commodity prices could help Bangladesh, on account of lower import payments and lower domestic demand, this could lead to a low-level equilibrium with consequent negative implications for investment, trade-related activities and slowing of GDP growth.

According to the think-tank, uncertainty in the global economy and consequent repercussions for the Bangladesh economy may create added pressure on revenue mobilisation during the remainder of the fiscal year and beyond.

Downturn in trade may result in considerably lower collection of revenue from customs duty, value-added tax and supplementary duty at the import stage.

In view of added uncertainty and increased medical expenditure in case of a massive outbreak and job loss and lower income, particularly in the informal sector, household may also spend less.

A prolonged epidemic may result in a slump in business activities, which, in turn, could trigger lower collection of VAT, supplementary duties and income tax at the local stage.

The surge of COVID-19 has already slowed down the implementation of some key projects. This coupled with slow pace in other foreign-aided projects may affect the implementation of the overall annual development programme in the current fiscal year.

As per the current trends in revenue collection and public expenditure, deficit may increase to 5.5 per cent of GDP this fiscal year. Depending on the extent of the coronavirus and the associated costs and policy measures, this may rise further, the CPD said.

If banks face a liquidity crunch, the general public will lose confidence and in the period of uncertainty, excessive fund withdrawal can create a snowball effect and increase the risk of bank runs. An expansionary but targeted public expenditure and monetary policy should be pursued amid shrinking fiscal space and weakened financial sector.

While the fiscal deficit is likely to reach 5.5 per cent of GDP in fiscal 2019-20, the likely rise in the budget deficit will need to be managed through prudent reallocation and prioritisation of public expenditure, and renewed efforts at domestic resource mobilization by curbing tax evasion and illicit financial flow.

The CPD called for tax exemption on all medical supply.

Mustafizur Rahman, a distinguished fellow of the CPD; Khondaker Golam Moazzem, research director; and Towfiqul Islam Khan, senior research fellow, were also present at the media briefing.

WB provides $170m for better sanitation in Dhaka

Star Business Report

The World Bank has approved $170 million to improve sanitation services in Dhaka city, benefiting around 1.5 million people.

The Dhaka Sanitation Improvement Project will help improve the city's livability with safely managed sanitation services in Dhaka, particularly in its southern part, the Washington-based development lender said in a press release on Friday.

The project will treat sewage and septage, which will help reduce inland flooding and water pollution. It will also provide 50,000 new household sewer connections. Furthermore, to improve the quality of living in slum and low-income housing areas, the project will upgrade toilets and install communal septic tanks.

"About 3.5 million people living in Dhaka's low-income communities, especially women suffer most from poor sanitation and high levels of pollution," said Mercy Tembon, country director of the WB for Bangladesh and Bhutan, in the press release.

"This project will help ensure safe sanitation, which is essential for reducing public health risks as well as extreme poverty."

The project will help construct a new sewage treatment plant at Pagla area with a capacity of treating about 150 million litres of domestic waste water per day.

READ MORE ON B3

Junk, over-valued stocks the real winners of new floor price

Ahsan Habib

Junk and some over-valued stocks were the real winners of the capital market regulator's move on Thursday to set a new floor price to thwart a meltdown in the bourse amid the heightened coronavirus fears.

The Bangladesh Securities and Exchange Commission (BSEC) has set the floor price of all stocks by calculating their last five days' average prices.

As junk and over-valued stocks were not excluded from the newly-fixed prices, gamblers behind these stocks gained the most.

Some 11 junk stocks, out of a total of 50, were still trading at more than Tk 20. In a sharp contrast, 52 out of the 113 "A" category companies were trading at below the Tk 20-mark.

The companies that have failed to provide dividends, hold annual general meetings or have shuttered their factories are considered junk stocks.

With the new floor prices, the junk stocks' prices will also not be allowed to go down from the last Thursday's opening prices, which is why the gamblers are grinning now, said a stock broker.

Not only the junk stocks, some other over-valued stock prices will remain high, he said.

Some 17 companies' price-earnings ratio is more than 100, according to data from the Dhaka Stock Exchange.

When the P/E ratio is more than 100, the stock price is considered alarmingly over-priced, according to analysts.

Normally, stock prices soar to such levels when gamblers are involved, the broker said, adding that such stocks should be excluded from the new lowest price set by the regulator.

Stock investors should remain cautious while buying over-valued and junk stocks, said AB Mirza Azizul Islam, a former chairman of the BSEC.

"If investors don't buy the stocks, they will remain untraded," he said.

The BSEC took the step to set the floor price as many stock prices were falling irrationally, said Islam, also a former adviser to the caretaker government.

However, many analysts fear the new floor price may leave the market illiquid as the price is not market-driven.

Illiquidity refers to the state of a stock, bond, or other assets that cannot easily be sold or exchanged for cash without a substantial loss in value.

The new floor price set by the BSEC is way higher than the market demand, so the number of transactions may fall and many investors may not be able to sell their shares, the analysts said.

The regulator cannot set the price of a stock; rather, the market should determine it on the basis of demand and supply, said Mizanur Rahman, a stock market analyst.

"If the regulator thinks the market is not running well, it can halt trading. But what the BSEC has done is insane," said Rahman, also a professor of the accounting and information system department of the University of Dhaka.

The new policy will leave the market illiquid because the newly set price is not market determined, Rahman said.

Now only the government or state-run companies may buy shares, he said, while calling for putting emphasis on the implementation of the central bank's rescue package announced earlier in February.

Bangladesh Bank announced a special package that would allow banks to form a Tk 200 crore-fund by taking financial support from the central bank for investing in the stock market.

Still, a number of banks didn't avail the package.

The fear triggered by the coronavirus pandemic has wiped out 18.41 per cent off DSEX, the benchmark index of the Dhaka bourse, since the maiden cases in Bangladesh were announced on March 7.

Against the backdrop, the BSEC came up with an unprecedented policy to set a floor price such that the stock cannot drop below that price.

As buyers have no appetite for the stocks, the newly set price will ultimately reduce the transaction volume, which was seen on last Thursday's trading, said another stock broker, adding that a number of stocks failed to draw buyers.

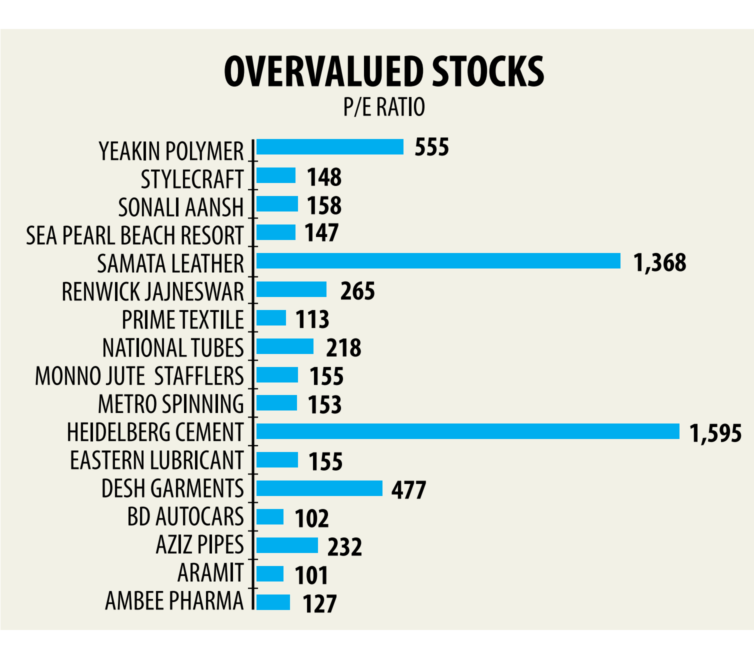
"This is how investors will be impacted. Their confidence will be dented," Rahman said.

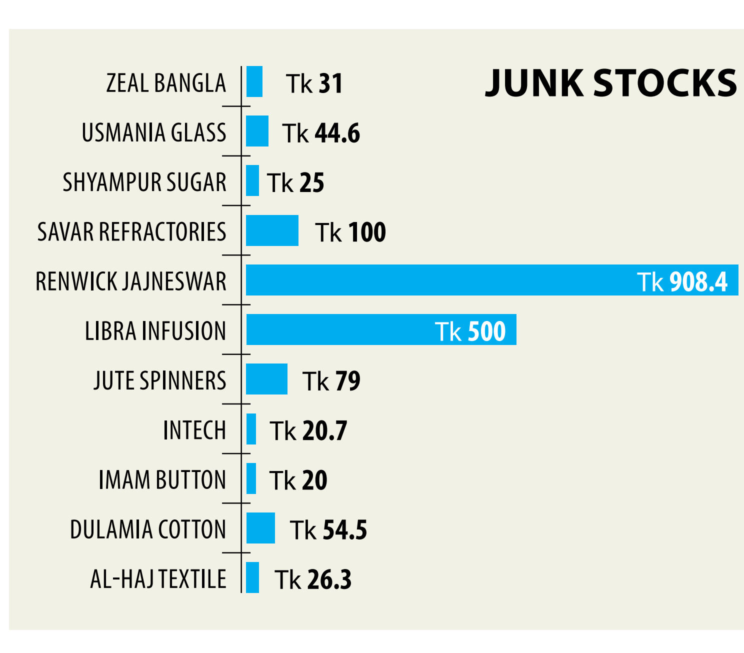
The step will not have any positive impact on the market save for a short-term rise in the index, said a merchant banker, preferring anonymity.

"Whose brainchild is this? Either it has been issued without necessary due diligence or there might be some unknown motive," he added.

A top official of the BSEC said on condition of anonymity that they have done it at the government's behest.

"And it is for the time being. After a certain period, it might be abolished," he added.





Factories to remain open

Govt decides after tripartite meeting, to sit again today

Star Business Report

The government yesterday decided to keep factories open despite spreading coronavirus after a tripartite meeting with industry owners and workers.

"It was decided to carry on production at factories," said the labour and employment ministry in a press release after the meeting, adding that the changing situation would be taken into account later.

"The idea is to go on with production," said Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), in a WhatsApp message.

The meeting was organised to take the stock of the latest situation of business climate and the impact of the Covid-19, Aktarul Islam, public relations officer of the labour and employment ministry, told The Daily Star over phone after the meeting.

Begum Monnujan Sufian, state minister for labour and employment, the leaders of the BGMEA, the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), trade unions and different industries took part in the meeting at the Srama Bhaban in Dhaka.

They decided to sit again today, Islam said.

They took part in the hurriedly called meeting to decide whether the production in the factories will continue or not as the reports of new coronavirus patients are surfacing every day in the media.

Factory owners have taken some precautionary measures under the guidance of the BGMEA. The apparel makers' platform has already instructed all of its member factories to hang the health instructions given by the government at the factory gates so that the workers can follow these strictly.

The BGMEA also instructed the safety committees of the factories to run awareness programmes among the workers and take help of the coronavirus desk of the association for the safety of the workers. It also advised the member factories to put in place hand washing facilities for workers and other employees at factory level to tackle the deadly virus.

Awareness should be created among the workers on how to fight coronavirus, Nazma Akter, president of the Sammilito Garment Sramik Federation, a platform for workers' rights, told The Daily Star.

She urged the buyers not to cancel work orders as a large number of workers and factory owners will be in big trouble if they do so or reduce the volume of the orders in such a crisis moment.

Until 4:30pm yesterday, $607.89 million worth of orders was either cancelled or cut, according to the BGMEA. Some 264 garment factories faced the loss.

Aviation operators seek support amid COVID-19 crisis

Star Business Report

The Aviation Operators Association of Bangladesh (AOAB) yesterday urged the government to waive all aeronautical and non-aeronautical charges levied by the Civil Aviation Authority of Bangladesh from February till the coronavirus pandemic subsides.

The request was made at an emergency meeting, where the AOAB also asked the government to allow aircraft operators to pay loan instalments without interest for at least two quarters.

At the meeting, held at the Maasranga Television headquarters in Dhaka with AOAB President Anjan Chowdhury in chair, AOAB Secretary General Mofizur Rahman made various proposals on how to save the country's private aviation industry from huge losses due to the Covid-19 outbreak.

Among other sectors, the private aviation industry were the worst hit by losses due to the global coronavirus pandemic, speakers at the emergency meeting said.

Many airlines are on the verge of bankruptcy as revenue has dropped down to almost zero, they added.

In a unanimously approved proposal, the AOAB asked the government to totally remove the advanced taxes for the import of aircraft engines and the necessary spare parts.

The AOAB also proposed that the government should waive excise duties and VAT on jet fuel imports for domestic aircraft operators.