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### **TAMING CORONAVIRUS RAMPAGE**

# Unprecedented bailout package on the way

REJAUL KARIM BYRON and MD FAZLUR RAHMAN

The government is set to roll out a massive rescue package for the low-income group, businesses and industries, all of whom are bearing the brunt of the near-collapse economic activities brought on by the coronavirus pandemic.

The prime minister would outline what steps the government would be taking during her address to the nation tomorrow, Finance Minister AHM Mustafa Kamal told The Daily Star yesterday.

The deputy commissioners would oversee the task of selling rice at discounted prices through the open market sale (OMS) while the Army would

The affected businesses would be compensated; but the modalities are yet to be worked out, Kamal Loans would carry no interest during this

difficult time. Besides, the repayment period for the loans would be extended. The government would pay the salaries and

wages if factories are shut down because of the "The finance ministry has already started

working on these issues," Kamal said. The development comes after the top-brass

of the finance ministry met with Prime Minister Sheikh Hasina on Saturday. As part of the efforts to alleviate the economic

pains confronting the lower income groups, including day-labourers, rickshaw-pullers and street vendors, the government plans to sell rice at Tk 5 per kg through the OMS across the country, down from Tk 30 a kg at present.

The government has a stock of 17.51 lakh tonnes of rice and wheat in its storage facilities as of March 3, according to the food ministry website. Of the quantity, rice accounts for 14.29 lakh tonnes and wheat 3.22 lakh tonnes.



Shapla Square in Motijheel, the prime commercial area of capital Dhaka, devoid of its customary hubbub and vehicular congestion around noon on Sunday, a sure sign of social distancing having taken effect in efforts to stem the spread of COVID-19.



The food storage situation is at a satisfactory level and there is enough stock of food grains compared to monthly supply and distribution plans. There is no possibility of a food shortage now, said the ministry.

The government also plans to sell some other essential items at discounted prices, said a finance ministry official.

The allowance under the social safety increase has not been determined yet. Jobs coronavirus, Cabinet Secretary Khandker Anwarul

would be generated for the people so that they can survive at the critical hour.

Many people are already out of jobs in major cities, particularly Dhaka, as educational institutions have already been shut down to slow the spread of the virus. Banks and non-bank financial institutions have put in place alternate duty roster for their staff.

All government and private offices will be closed net programmes would be enhanced. The from March 26 to April 4 to prevent the spread of

Islam told reporters yesterday.

Government offices except those involved in emergency services such as law enforcement and hospitals have been declared shut.

The move comes as the coronavirus, which originated in China three months ago and has since ravaged many economies, is spreading in the country fast.

Yesterday, the government confirmed third

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## BB is doing its part. But is it enough?

STAR BUSINESS REPORT

The central bank yesterday made funds cheaper for banks by reducing the policy or repurchase agreement rate (Repo) by 25 percent basis points to 5.75 per cent in order to help banks tackle the impending financial recession stemming from the coronavirus pandemic.

Besides, the regulator of the banking sector also cut banks' cash reserve ratio (CRR) by 50 basis points to 5 per cent, a move that would inject about Tk 6,500 crore into the economy, said a central bank official, who has a direct link with the matter. The new CRR would take effect from April 1, while the lower repo rate would be effective from

In Bangladesh, the repo rate is the central bank

policy rate (CBPR), which is the rate that is used to implement or signal the monetary policy stance. Under the repo programme, the central bank gives fund to banks in events of cash shortfall. The

repayment duration of repo is between one day and 28 days per the central bank's regulations.

Cutting the repo rate by 25 basis points will have no impact on the banking sector, Mahbubur Syed Rahman, managing director of Mutual Trust Bank.

The majority of the banks are facing cash withdrawal pressure for the last few days as

people want to keep cash in hand during the crisis are rather inadequate given the enormity of the period.

out the situation, said Rahman, also an immediate director of the Policy Research Institute.

get the experience of the global financial market. Central banks of other countries are doing a lot to protect their economy from the ongoing financial crisis emerging from COVID-19," added

The measures destruction that novel, pneumonia-like virus is Banks now need a huge amount of cash to figure leaving in its wake, said Ahsan H Mansur, executive

directors of banks.

past chairman of "The central banks of other countries are running the Association of like horses to tackle the financial recession while the Bangladesh Bank is working like a pussycat. Bankers, Bangladesh, This kind of behaviour is not going to help build a forum of managing confidence in the market."

The BB should have cut the policy rate by at least "We should try to 200 basis points and brought down the Statutory Liquidity Ratio (SLR) too, he said.

The central bank should have not intervened on the CRR. Rather, it should have cut the SLR," said Mansur, also a former official of the International Monetary Fund.

Banks have to maintain 13 per cent as SLR in the form of Treasury bills and bonds against their total depositors' fund.

Although the central bank said it would purchase T-bills and bonds to inject liquid fund into the market, many lenders will not do so as they are enjoying a good interest rate from the securities ranging from 7.10-9.10 percent.

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#### **BB** takes more steps

STAR BUSINESS REPORT

Bangladesh Bank yesterday issued four notices centring the ongoing global pandemic, including one instructing banks to accept advance payments of up to \$500,000 from businesses seeking to import COVID-19related lifesaving drugs and essential medical items, including kits

and equipment. Global drug companies are now refusing to export such items if the payments are not made in advance, said a central bank official.

That is why the central bank eased the rules, which will be applicable until September 30 this year.

Importers are usually allowed to make advanced payments of a maximum of \$10,000 for the import of general items, including raw materials meant for industrial purposes and consumer goods.

In the second notice, the central bank increased from six months to one year the timeframe within which businesses are to make import payments.

This timeframe relaxation aims to cushion the enterprises from the ongoing financial crisis stemming from the coronavirus pandemic.

Many exporters have already imported a good amount of raw materials to produce items meant for export, said a central bank official.

facing hurdles when attempting to export their products in the wake of decreasing global demand. Against this backdrop, the central bank increased the

But they are

duration within which import payments have to be made so that the businesses do not become defaulters.

This instruction will also be applicable until September 30.

In the third notice, the central bank instructed banks to organise meetings of their respective board of directors through video conference with a view to tackling the community transmission of coronavirus.

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## Garment order cancellations coming thick and fast









REFAYET ULLAH MIRDHA

Work order cancellations by international retailers due to the ongoing coronavirus pandemic have cost Bangladesh's garment sector \$1.98 billion in revenues as of yesterday, exporters said.

The total value of the work orders that were called off stood at \$1.51 billion just the day before.

Work orders for some 634.8 million pieces of garment items have been cancelled, that too in just 729 registered garment factories, as of 6:30pm yesterday, according to statistics from the Bangladesh Garment Manufacturers and Exporters Association

(BGMEA).

The situation is worsening. Letters requesting the termination of previously placed orders are coming to us every day," BGMEA President Rubana Huq told The Daily Star over phone.

Although buyers are either cancelling or delaying their work orders on a daily basis, wage payments to workers will have be made on time, she said.

The total value of the cancelled work orders was calculated on the basis of the data of the past five days.

So far, about 12 lakh workers have been affected by the situation, she added.

