



## TAMING CORONAVIRUS RAMPAGE

# An efficient and inclusive approach is the need of the hour



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The outbreak of coronavirus is deepening in the country and the risks on public health and overall economy is getting high.

Although the contagion of this virus has been snowballing in the country for over the last two months, its impact is being realised only now, as the COVID-19 patients are being confirmed, cross-border trade getting squeezed, domestic economic activities coming to a near standstill, people's movement getting restricted and marginalised people being affected.

The Centre for Policy Dialogue (CPD) has analysed the possible consequences of the coronavirus pandemic on the economy and put forward a set of proposals to address the challenges.

In this backdrop, the government has announced a number of support measures targeting the key economic activities and working people involved in various formal and informal activities that are likely to be affected.

Considering the economywide impact of coronavirus, the announced support measures although timely are considered to be 'modest' and at best an 'initial' response of the government.

It is expected that a broad-based support measures will be announced taking into account the short-, medium- and long-term demands during the upcoming budget for fiscal 2020-21, with the cooperation of the development partners, multilateral agencies and other private sector-led initiatives.

We appreciate the announced measures but at the same time we would like to extend few proposals in order to ensure their effective and efficient utilisation by the target groups as well as to raise the demands of those who would still be 'left behind'.

The government measures can be categorised into three groups: a) targeted support measures for all domestic level businesses; b) targeted support measures for export-oriented industries; c) targeted measures for working people particularly those working in the informal sector.

A major focus of the measures is to support the workers involved in different formal and informal economic activities and have almost no risk-coping capacities against such health hazards.

Following discussions highlight the level of efficiency and inclusiveness of the measures:

a) Targeted support measures for all domestic level businesses: All categories of enterprises operating domestically should get support of the measures announced by different public agencies.

Bangladesh Bank has announced a set of support measures that include: extension of timeline for repayment of instalments of credit for six months and for bill of entry of import letters of credit from 6 months to one year; reduction of repo rate to 5.75 per cent, CRR to 5 per cent, which would increase the

flow of money by Tk 6,500 crore and so on.

Such measures would help local businesses to increase the flow of fund at the enterprise level at the time of temporary shut-down of economic activities in the country.

The ministry of power, energy and mineral resources have announced deferred payment facility of monthly charges of utilities such as gas and electricity without deferred fees, which has provided temporary relief to businesses and households up to May-June.

Similarly, the option of deferred payment for water bills would extend some relief to its

enterprises would be benefitted in three ways.

Firstly, all the above-mentioned measures targeted to domestic enterprises will also be applicable for them, which include deferred payment of loan instalment, deferred payment of fees of public utilities without late charge, extension of time for payment of bill of entry of import related L/Cs, reduction of repo rate and CRR to increase money flow in the economy.

Secondly, these enterprises will get the facility to realise the export receipts at an extended timeline from four to six months,

would need the support most.

The level of support could ensure coverage of wage costs at a maximum level. For example, for small scale enterprises the coverage could be about 75 per cent, for medium scale enterprises 50 per cent and for large scale enterprises 25 per cent.

Enterprises that are in operation in February 2020 should be considered for this support measure. Those that had shuttered in February 2020 and earlier to other reasons should not be taken into consideration for this support measure.



users.

Despite the initiatives, a section of domestic enterprises would still be out those support measures and/or have limited importance in their activities.

A large section of small and medium enterprises (SMEs) and similar enterprises -- which include handloom and cottage industries, agro-based enterprises, poultry/livestock farming, local level clinics, hospitals, restaurants, transport operators including those of bus, truck, covered truck, CNG and taxies, brick fields, rice mills, banks, insurances, NGOs and wholesale and retail shops etc -- may avail marginal level of benefit from those announced measures.

In this backdrop, a separate financial package for the above-mentioned domestic market-oriented agriculture, manufacturing and service-oriented enterprises, is highly important.

The government may consider setting up a 'revolving fund' with low-interest credit facility from where these enterprises could borrow to pay their workers and other necessary industrial expenses.

b) Targeted support measures for export-oriented industries: The export-oriented

which will help to increase cash flow at these enterprises.

And lastly, the government has announced a Tk 5,000 crore package to meet the expenses related to wages and salaries of workers and staffs for export-oriented industries. This third measure needs to be discussed.

First, the package is to pay workers' wages of factories in export-oriented industries.

Of course, a major share of this resource will be distributed to the major export-oriented garment enterprises. However, the other export-oriented industries that are also affected will get the support from here.

These industries include textile, accessories, leather and leather goods, jute and jute goods, plastics, ceramics, pharmaceuticals, agro-processing and electrical and electronics.

The ministry of labour and employment (MoLE) may request the respective associations to share the lists of affected factories.

The associations will submit names of affected factories after their internal consultation with members. The list should include those most affected and need support to cover their workers' wages.

It is assumed that small, medium and sub-contracting enterprises of all export sectors

So, enterprises need to submit proof against this, such as Utilisation Declaration permission, bills of electricity/gas/water etc. The support would be provided on a monthly basis.

Second, the package needs to be utilised most effectively and efficiently for the maximum period. It is apprehended that the adversity on the economy would continue for an extended period, so a preparation for at least six months is required.

In this backdrop, this fund needs to be utilised for at least six months.

It is expected that the fund should not be a one-time 'grant' to enterprises/sectors rather it should be a 'revolving loan fund' from where entrepreneurs will get low-interest credit facility (e.g. not more than 3 per cent per annum) to be repaid back in nine months, with the first instalment due in three months.

Third, the coverage of workers' wages under the affected factories needs to be done transparently.

In this connection, enterprises would submit the full list of payment of workers' wages to the respective associations.

The associations will verify the list and will send to the Department of Inspection

for Factories and Establishments for further review.

Afterwards, the entrepreneurs will apply for support with necessary supporting documents to their respective banks. The wages should be directly paid to workers' respective bank accounts by using the mobile financial services platform.

c) Targeted support measures for working people of the informal sector: A number of support measures have been announced for the marginalised people, which include operation of Vulnerable Group Development and Vulnerable Group Feeding programmes, operation of open market sales services, selling rice at a subsidised price of Tk 10 and food support for six months under the social safety net programmes at the district levels.

However, few other measures such as 'ghore fera (return to home)' programme and 'Bhanchar housing facility' programme seems of little use for the marginalised in the current context.

Besides, the government has requested social organisations and well-off people to come forward to participate in the support programme for the marginalised.

Despite all these initiatives, the outreach to the target people would be less than the requirement.

It is apprehended that a section of the marginalised people would be out of these benefits, who may fall below the poverty line.

These working people are involved in different types of informal services/activities such as people working in hotels, restaurants, shops, drivers of buses, trucks, lorries and autorickshaw, rickshaw-pullers, hawkers and other petty activities.

Besides, a section of limited earners would be affected such as autorickshaw drivers, bus/truck/truck-lorry drivers, shop keepers etc.

Even the targeted initiatives have not yet become visible to a large extent.

For example, the OMS operation is still not visible and people do not know from where they could get these subsidised foodstuffs.

Lack of data about these vulnerable group/marginalised people hinders undertaking targeted measures properly.

We hope that government should extend the facilities such as OMS, cash transfer, VGD and VGF programmes to different target groups both at urban and rural levels.

The revised budget for fiscal 2019-20 may consider further allocation under social safety net programmes to extend the above-mentioned programmes across the country.

It is well-understood that Bangladesh needs to get prepared not only to address the immediate necessities of the marginalised group and businesses, but to get prepared for the short- (until June), medium- (until December) and long-term (beyond December) adversities that are invariably on the way.

In this backdrop, the announced programme of the government is just the start in addressing the immediate and some short-term necessities.

However, an expansionary fiscal, budgetary and monetary policy support is expected.

The revised budget for this fiscal year, the upcoming budget for fiscal 2020-21 and the upcoming monetary policy statement for the next fiscal year are expected to address those issues.

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## Garment factories start PPE distribution

REEYAT ULLAH MIRDHA

Two of the garment factories that are producing the critical personal protective equipment (PPE) yesterday started distributing the safety gear to doctors and nurses in various hospitals, helping them in their fight against the coronavirus.

Of them, Snowtex and Urmi groups distributed 500 and 900 PPEs respectively.

They are producing the items under an initiative of charitable Pay It Forward Bangladesh, an US-based non-profit Manush Manshuer Jonyo Foundation, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), ex-BUETians, the Arunachal Trust and some employees of the Bangladesh office of British retail giant Marks & Spencer.

On the first day, Snowtex produced the items and distributed them among the doctors and nurses to get their feedback about the products, according to its Managing Director SM Khaled.

If no question is raised about the design and pattern, Snowtex will go for a massive production run, Khaled

said.

Snowtex plans to make 2,000 PPEs a day. Once the government-announced general holiday is over on April 4, daily production would go up to 5,000 units.

The company will produce a total of 50,000 PPEs and will not make any profit from the sale of the goods.

Khaled is charging for only the production cost, while he will supply 17,000 PPEs worth Tk 1.10 crore free of cost.

"I have a plan to export PPEs as my long-time foreign buyers are asking for the gears," he added.

Urmi Group, another leading garment exporter, gave the PPEs to a hospital in Dhaka yesterday, according to its MD Asif Ashraf. He plans to manufacture 3,500 PPEs per day.

Five garment factories started producing the PPE on Thursday, and seven more joined them.

The initiative will start free distribution of PPEs after two days, said Navidul Huq, a BGMEA coordinator.

The PPEs will be given not only to doctors and nurses but also to government and semi-government

organisations for free, he said.

Beximco began handing over PPEs worth \$1.8 million to hospitals and organisations, the corporate giant said in a statement yesterday.

Health workers need PPEs because if they don't wear the gear they are at increased risk of contracting the virus and passing it on to patients.

The demand for PPEs has risen sharply after the first Covid-19 case was confirmed in the country on March 8.

Meanwhile, a majority of the factories in Ashulia, Savar, Mirpur, Maona, Tongi, Gazipur and Chattogram that had opened in the morning had to suspend production as workers walked out for fear of coronavirus contagion, said BGMEA President Rubana Huq, president.

Earlier on Friday, both the BGMEA and the Department of Inspection for Factories and Establishments said in separate statements that factories with orders from international retailers could stay open after taking adequate hygiene for workers.

## Funds begin to flow in from ADB

REJAUL KARIM BYRON

The Asian Development Bank (ADB) has approved \$300,000 in emergency grant for Bangladesh in its first of the planned support that the lender is preparing to help the country's fight against the novel coronavirus pandemic.

The grant will support procurement of health safety materials, including personal protective gears, N95 masks, safety googles, aprons, thermometers and biohazard bags.

The list has been prioritised by the Directorate General of Health Services under the health and family welfare ministry of Bangladesh. The materials will help the government strengthen its efforts to contain the spread of the virus, said the ADB in a press release.

The grant assistance, approved on March 27, is sourced from the ADB's Regional Technical Assistance entitled "Regional Support to Address the Outbreak of Coronavirus Disease 2019 and Potential Outbreaks of Other Communicable Diseases".

"The ADB is fully committed to supporting Bangladesh in the fight to control the COVID-19, and this is only the first of the planned support that the ADB is preparing to help the Government deal with this difficult situation," said Manmohan Parkash, country



director of the lender.

This assistance will invigorate Bangladesh's ability to strengthen prevention, improve health professionals' protection from the disease, test people to detect infection, manage severe cases, and reduce the risk of the deadly virus' mass transmission, he said in the statement.

"We are working tirelessly to put together further assistance in the health and financial sectors."

The Manila-based lender may provide \$500 million in budget support to Bangladesh, whose economy has come under strain because of the outbreak of the

virus, said a finance ministry official.

Bangladesh's gross domestic product may contract by as much as 1.1 per cent in the hypothetical worst-case scenario of a significant outbreak of coronavirus in the country, said the ADB in an analysis in the first week of March.

That means, the novel virus could wipe \$3.02 billion off the \$300 billion-plus economy. In such a scenario, 894,930 jobs will be lost, according to the ADB.

Another \$100 million from the ADB may be given for the health sector, said an official of the health ministry. The funds would be used to set up hospitals to treat coronavirus-affected patients and buy equipment.