

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
Closed	Closed	\$1,680.90 (per ounce)	\$33.80 (per barrel)	▲ 8.97%	▲ 2.01%	▲ 4.10%	▲ 2.05%	BUY TK 83.95	89.67	98.12	11.69
				30,067.21	18,950.18	2,571.89	2,820.76	SELL TK 84.95	93.47	101.92	12.29



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TAMING CORONAVIRUS RAMPAGE

Banks to seek help to fulfil gigantic stimulus package

AKM ZAMIR UDDIN

Banks have decided to call upon the central bank to take more policy measures to allow them to implement the lion's share of the government's Tk 72,500 crore bailout package efficiently amid business collapse, tight liquidity situation and higher defaulted loans.

The Association of Bankers, Bangladesh (ABB), a forum of bank managing directors, took the decision yesterday at a meeting.

The association would write a letter to the Bangladesh Bank by tomorrow to request it to cut the statutory liquidity ratio (SLR), the cash reserve ratio (CRR) and the policy rates further, said the managing directors of three banks who attended the meeting but requested anonymity due to sensitivity of the matter.

Of the rescue package, banks will have to provide Tk 50,000 crore in loans from their own resources to small, medium and large businesses.

But a majority of the banks have been hit hard by the liquidity crunch as a good number of individual and corporate clients are withdrawing funds on a regular basis due to the ongoing economic fallout from the pandemic.

"All types of businesses of banks have come to a halt. But we have to implement the financial packages using our own funds. So, we need more policy support," said one MD.

On March 23, the BB made funds cheaper for banks by reducing the policy, or repurchase agreement rate (Repo), by 25 basis points to 5.75 per cent.

It cut the CRR by 50 basis points to 5 per cent, injecting about Tk 6,400 crore into the economy.

But the policy measures are not good enough given the gravity of the ongoing situation, the MD said.

The ABB would request the BB to cut the SLR by 2



'What will I do with so many pails of milk?'

Awash with milk and no takers, dairy farmers dump milk

AHSAN HABIB

With a heavy heart, dairy farmer Mohammad Rajib on Sunday emptied the pails of milk he got from his 14 cows into a manure pit.

All the sweet shops are closed, and most of his regular household customers are declining the milk for fear of contagion of the highly contagious, lethal pathogen, which has so far infected 164 and killed 17 in Bangladesh.

"What will I do with so many pails of milk?" asked Rajib, as he stood inside his barn in Cumilla.

He is not alone.

Although the demand for basic foods has surged amid the coronavirus pandemic, liquid milk is not one of the products that customers are stockpiling. As a result, more than half of the daily produce is going unsold.

Compounding the dairy farmers' problems is the closure of bulk buyers like sweet shops, restaurants, hotels and schools and countrywide movement control order -- all to flatten the curve on the novel, pneumonia-like virus -- that have left processors to cut back on their procurement.

At present, the country's daily milk production stands at about 2.20 crore litres. Of them, milk processing companies procure 14 lakh litres and the rest is sold to sweet shops and households.

Pran Ballov Mistanno Vandar, a sweet shop in Narayanganj, used to buy 400 to 420 litres of milk every day before the outbreak of coronavirus in Bangladesh.

Now, the purchase has come down to 50 litres, said Porimol Ghosh, the

owner of the shop.

"As our shop is closed, why should I buy milk by the same volume?" he said.

Because of the crashing demand, some farmers are selling the milk to their neighbours at a heavily discounted rate, while some are processing milk into cream and clarified butter though the scope to store them is very limited.

And some -- like Rajib -- are just dumping the milk, said Shah Emran, secretary general of the Bangladesh Dairy Farmers Association (BDFFA).

The dairy industry's woes signal broader problems in the global food supply chain, according to farmers, agricultural economists and food distributors.

The sector got hit harder and earlier than other agricultural commodities because the products are highly perishable -- milk can't be frozen, like fish, or stuck in a silo, like grain.

But, the milk processing companies could have come to the dairy farmers' rescue amid this desperate situation as they have the opportunity to process it into powder, cream and clarified butter and have the storage capacity, Emran said.

If they process milk into powdered form, farmers would be saved and the country would preserve about Tk 20,000 crore -- spent every year on milk powder imports, he said.

Only three companies have plants to produce dried milk, with their combined daily processing capacity being 3.5 lakh litres. The processing companies procure 6 per cent to 7 per cent of the milk produced in the country.

But, the milk processing companies

are mired in problems of their own, in the form of limited storage, crashing sales and transportation disruption amid the movement control order.

"We are facing problems from field-level law enforcement agencies that the government has kept the dairy sector out of the purview of lockdown," said Kamruzzaman Kamal, director for marketing at Pran-RFL, a major agro-processor.

But, the demand for milk has plummeted overall.

Brac Dairy & Food Enterprise's sales have plummeted 50 per cent, according to its Director Mohammad Anisur Rahman.

"People are mostly buying essentials and foodstuff with longer shelf lives at this moment," he added.

But for dairy farmers like Rajib, who went to a university but has chosen farming as a profession, the longer the situation goes on, the more dire their circumstances become.

"If the current situation continues, we will have to shut the farm by selling the cows. Otherwise, how will I feed them?" asked Rajib.

In light of the struggles, the BDFFA called for short-term and long-term government measures for the farmers -- struggling to feed the cows.

Daily feeding cost is Tk 160 to Tk 250 per cow, so farmers should be lent a helping hand in these testing times.

At the same time, farmers should be given interest-free loans, the association said.

It also called for reducing the price of feed and giving protection to the local milk processing sector by imposing higher duty on the imports of powdered milk.

Bangladeshis adopting e-commerce faster than ever amid pandemic

STAR BUSINESS REPORT

With the bad comes the good as they say and this could prove true as far as the coronavirus pandemic and Bangladesh's e-commerce industry is concerned.

The outbreak of the highly contagious, lethal pathogen has created new opportunities for the country's e-commerce market, according to various speakers at an online discussion styled, 'E-commerce calls in the service of humanity', held yesterday.

"While it was unthinkable just one month ago, people now visit different sites for groceries and other essentials," said Commerce Minister Tipu Munshi who joined in the virtual discussion organised by the e-Commerce Association of Bangladesh (e-CAB).

Since people currently find it challenging to participate in traditional commerce, this is an opportunity for the digital segment to thrive, he added.

However, during the discussion, a good number of e-commerce entrepreneurs raised concerns about the harassment of delivery personnel in the hands of law enforcers being out and about amidst the movement control order even though they have the government approval to continue operations.

In response, the commerce minister said the government is working on ways to remove all the obstacles e-commerce entrepreneurs are facing.

"We hope that this issue will be resolved within the next couple of days. The ministry will always stand by and support the online commerce industry," Munshi added.

After the coronavirus juggernaut reached Bangladesh people's perception of e-commerce changed totally, said Anir Chowdhury, policy adviser of the a2i programme under the Information and Communication Technology division.

Bangladesh is a huge market, so entrepreneurs should ideally have the capacity to cater to 50 lakh orders daily. However, they can currently only manage 50,000.

"Things started changing ever since the coronavirus dealt a blow to the economy. However, this has gone in



percentage points to 11 per cent and the CRR by 75 basis points to 4.25 per cent.

If both are slashed, it would free up more than Tk 3,000 crore.

The ABB will also urge the BB to consider the reduction of policy rate to the maximum level.

Lenders are also in confusion over the terms and conditions of the Tk 5,000 crore bailout package for exporters, the MD said.

A large amount of provisioning would be needed if a portion of the funds becomes defaults, which will create a problem for lenders down the road.

So, the ABB would seek a clarification from the BB on whether they will have to keep provisioning against the defaulted loans.

The banking sector, which is already struggling with heaving soured loans, will face a good amount of defaulted loans in the days ahead as the capacity of many clients to pay back credits is eroding.

Defaulted loans totalled Tk 94,313 crore at the end of 2019, up 0.42 per cent year-on-year, according to data from the BB.

Both the government and the BB would have to monitor the implementation of the bailout package strictly or else the habitual defaulters with strong political links would siphon off money from the programme.

"If the habitual defaulters can't be kept in check, the banking sector and the whole economy will face a severe crisis," said the third MD.



favour of the e-commerce industry," Chowdhury said.

Since the nationwide shutdown took effect officially on March 26 with the hope of flattening the curve on the novel virus that has so far infected 164 and killed 17 in Bangladesh, the majority of the rickshaw pullers, who tend to live from hand to mouth, have seen their livelihoods disappear into thin air.

Online businesses can hire those rickshaw pullers as deliverymen and it will benefit both parties, Chowdhury added.

However, Telecom Minister Mustafa Jabbar emphasised on the need to ensure that only quality products are being sold. He is also in favour of christening April 7 the National E-Commerce day from next year onwards if e-CAB places a request.

Bangladesh's online business industry is already worth Tk 8,000 crore and has been growing at about 50 per cent annually, said e-CAB President Shomi Kaiser.

"We expect that after the coronavirus pandemic is over, the industry's growth rate will be much higher than what it was in the past few years," she added.

ICT Secretary NM Zeaul Alam; Postal Division Director General SS Bhadra; and Nazrul Islam Khan, advisor to e-CAB, also spoke during the session that was moderated by e-CAB General Secretary Muhammad Abdul Wahed Tomal.

At the event, e-CAB announced the formation of a charity to help the less fortunate through this difficult time. Anyone can contribute to the fund at its online portal, manobsheba.com.

More salve from BB for exporters

STAR BUSINESS REPORT

The central bank yesterday cut the interest rate on its export development fund (EDF) in order to help the exporters hit hard by the economic fallout from the global coronavirus pandemic.

The exporters of the manufacturing sector will enjoy loans at 2 per cent interest from the EDF, according to a Bangladesh Bank notice.

Previously, the interest rate was six-month USD LIBOR plus 1.50 per cent. The six-month LIBOR rate is 1.17 per cent at present.

Lenders will get the fund from the central bank by giving 1 per cent interest rate and they will be allowed to charge clients a maximum of 2 per cent.

The BB also increased the volume

of the EDF to \$5 billion from the previous \$3.50 billion, as part of the government's efforts to prime the pump.

The instructions will be effective from April 1.

The initiative will help the beleaguered exporters from the manufacturing sector get funds at a cheaper rate, said a BB official requesting anonymity as he is not authorised to speak with the media.

In a separate notice, the BB instructed banks and mobile financial service providers to open accounts for workers of the export-oriented industries within April 20 for their salary disbursement from the Tk 5,000 crore bailout package announced by the prime minister on March 25.

The package is to facilitate exporters, who all on a sudden find themselves with acute cash crunch, pay their workers' wages for three months starting from April.

The wages will be provided to the workers' bank or MFS accounts.

No charge will be imposed on the workers for opening the accounts.

Banks and MFS providers have so far opened 20 lakh accounts for workers of the garment sector, according to the central bank data.

The total number of workers in the country's export-oriented industries is more than 5 million.

Banks and MFS providers have already informed the central bank that they have the capacity to open accounts for the workers within the deadline, the BB official added.

SOHEL PARVEZ

The National Board of Revenue yesterday widened the scope to assess the duty of more imported items in order to ease the burden on the Chattogram port that is mired in container congestion.

Because of the relaxation almost all goods can now be cleared save for those that were brought in for trading purpose, said a senior official of the NBR.

The revenue board particularly asked its field offices to facilitate clearance of capital machinery and parts, agricultural equipment and components, ingredients of poultry and fish feeds and the goods imported under diplomatic privilege and brought into the country by public, semi-government and autonomous

organisations.

The latest directive came a week after the NBR asked the field offices to process documents for the clearance of imported industrial raw materials.

Initially, it had instructed customs offices to clear imported essential commodities, emergency medical and related products during the days of the lockdown, enforced by the government since March 26 to slow the spread of coronavirus.

The NBR will now carry out the duty assessment for more imported products following a request from the shipping ministry.

In its letter, the ministry cited rising congestion of containers at the Chattogram port and requested the NBR to take measures to facilitate the clearance of all imported goods from

the port.

The port, which releases 4,500 twenty-foot equivalent units (TEUs) of goods daily, has been delivering 1,500 TEUs since the beginning of the lockdown.

Some 45,000 TEUs of import containers are waiting at the port for duty assessment.

The number of import containers is increasing day by day, creating congestion as customs are assessing duty of certain categories of products, the shipping ministry said.

"If the trend continues it will be tough to unload and release emergency items," said the letter.

The volume of imported items would increase as the fasting month of Ramadan is set to roll later this month, it added.

NBR steps in to ease Ctg port gridlock