

STOCKS		COMMODITIES		ASIAN MARKETS		CURRENCIES					
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
Closed	Closed	\$1,715.50 (per ounce)	\$31.48 (per barrel)	Closed	▲ 0.79% 19,498.50	Closed	▲ 0.38% 10,157.61	BUY TK 83.95	89.67	98.12	11.69
								SELL TK 84.95	93.47	101.92	12.29



**আপনার নিরাপত্তাই আমাদের অগ্রাধিকার**  
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SIBL Social Islami Bank Limited

Star

# BUSINESS

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## TAMING CORONAVIRUS RAMPAGE

# Govt's Tk 5,000cr lifeline for farmers all set

AKM ZAMIR UDDIN

There seems to be finally some light at the end of the tunnel for the agriculture sector as the central bank and agriculture ministry have finalised a Tk 5,000 crore rescue package for farmers, rice millers, producers of all agro-products and owners of dairy farms.

Since the countrywide shutdown was announced on March 25 with the view to flattening the curve of coronavirus, farmers have been passing sleepless nights

as it essentially ruptured the distribution network for fresh produce tipping them towards a pool of losses.

With the hope of pulling them out of the pits, the government has prepared the package, which is due to be announced in a day or two.

Along with the farmers, businesses and entrepreneurs of the agriculture sector will be allowed to take loans at 5 per cent interest from the packet, said central bank and agriculture ministry officials involved in drawing up the bailout package.

A fresh refinance scheme will be constituted with the Bangladesh Bank's own funds to implement the package.

Banks will take funds from the scheme at 2 per cent interest and disburse them at 5 per cent interest.

The borrowers will get the loans as working capital, with repayment duration being 18 months, including a six-month grace period.

Farmers' income source has now completely stopped due to the ongoing shutdown as most of them usually get

by on daily earnings, said an agriculture ministry official requesting anonymity.

Besides, the central bank is working on slashing the interest rate on farm loans by 2 percentage points to 7 per cent.

The BB has set a farm loan disbursement target of Tk 24,124 crore for fiscal 2019-20. Every bank will have to disburse 2.5 per cent of their total loans per year to farmers.

But the amount the banks will disburse from the refinance scheme will not count towards their annual farm loan target, according to BB officials.

# Roadblock in going for full digital salary payment overnight

## BGMEA survey finds just 13pc factories pay wages through banks, MFS

REFAYET ULLAH MIRDHA

Only 9 per cent garment factories pay wages to workers through mobile financial services (MFS) and 4 per cent through banks, according to a new study, whose findings may make it difficult for the country to digitally pay 4.1 million apparel workers overnight.

As many as 76 per cent garment factories pay wages to workers through cash, while 11 per cent disburse salaries through multiple models, the survey of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) showed.

The BGMEA conducted the survey to know the payment modes used by factory owners as the factory management has been preparing MFS accounts for workers to submit to banks.

The finance ministry and the Bangladesh Bank have made it mandatory for the factory owners to present the list of workers and their MFS and bank account numbers to banks if they want to use the government's Tk 5,000 crore stimulus package to pay workers.

The banks have been asked to directly pay to the workers' accounts.

The BGMEA survey was conducted among 160 factories, which employ 225,710 workers. Of the workers, 101,379, or 45 per cent of the workers surveyed, have MFS accounts. They use bKash, Rocket and similar kinds of MFS accounts.

"Using MFS, 1 per cent of the surveyed factories pay salaries to employees and 9 percent factories pay wages to workers. This is insignificant," the study said.

In Bangladesh, garment workers are grouped in seven grades. Wages are given to the graded workers and the salary to the non-graded employees, such as freshers and trainees.

Some 147,111 workers, or 65 per cent of the total, have national identification (NID) cards.

Some factories have reported that the workers who were not able to provide NID had submitted birth certificates. This is a clear indication that NID information must be obtained for all workers of a factory to ensure proper background verification, said the study.

Since not all workers and employees possess a smartphone, it might get in the way of going for 100 per cent MFS coverage outright.

The limitation of the study is it asked about the smartphone, but a good number of workers may have feature phones that may be used to operate MFS accounts.

The study recommended immediate action to enforce the opening of the MFS account of workers for wage payment.

There are a good number of workers who are not registered with the workers' database of the BGMEA.

It called for making workers' database registration mandatory and uploading the data within the next 30 days, or by May 10. The BGMEA's e-wallet should be rolled out immediately.

The survey asked the BGMEA to ask its members to collect the NID of workers and verify them well. The wages and salary payment should be well-preserved and it will be a part of critical resources for the industry, the study said.

Providing support to enhance the availability of smartphones or any kind of mobile devices for the workers can be ensured with the support of development partners. This step can trigger the use of MFS accounts by workers, who now shy away from it for lack of mobile devices.

"MFS is not a choice for us any longer," said Rubana Huq, president of the BGMEA.

Rather it is mandatory to ensure transparency of the sector. "Moreover, through a bank account or MFS, we could also save the hassle of workers coming to factories for salary. The sector does not have anything to hide or shy away from," Huq told The Daily Star in a WhatsApp message.

It's possible to open MFS accounts by this month, she said, adding that salaries for April need to be paid by the first week of next month.

"So, if we have the accounts by the first working days of May, it's all good."

All will be paid the salary for March. There's no reason to be worried about it, she said.

BGMEA members pay wages worth Tk 4,000 crore a month.

# 'Where will the money come from?'

## The all-consuming question for small business owners

SOHEL PARVEZ and AHSAN HABIB

Since April 1, Farhana Nazira is having trouble sleeping.

The men's Panjabi boutique she owns at Shah Ali Market at Mirpur-1 in Dhaka has been shut since the last week of March, when it would have been brimming with customers looking for an outfit for the Pahela Baishakh and Eid-ul-Fitr.

This year, both Pahela Baishakh, the first day of the Bengali New Year and a cause for much merriment, and Eid-ul-Fitr, the biggest festival of the year for the Muslim-majority country, are taking place just a month apart.

The two occasions contribute to more than 60 per cent of annual sales of most of the clothing industry, so Nazira and many others in her industry went big this year: they invested a fair bit on making ready a vast range of collection and stock.

All those hopes have now been shattered to a million pieces with the outbreak of the lethal coronavirus in Bangladesh, which has necessitated a countrywide shutdown since March 26.

Even before shutdown, Nazira's sales were subdued as customers stayed away once news broke on March 8 of confirmed cases of the highly contagious disease in Bangladesh.

"I could not give the full salaries to my 12 salesman and production workers for March or clear the bills of fabric suppliers and artisans and I don't know where the money will come from. I am close to bankruptcy."

And this is the first time in 13 years that Nazira, a university graduate, has been this cash-strapped, even though her boutique went through periods of lull in sales previously.

Her clothing store would register Tk 12,000-Tk 15,000 in sales daily when things were normal, and the annual turnover would stand close to Tk 60 lakh.

Nazira's plight is not an isolated case; some 5,000 small and medium local boutiques are in the same boat as her and might eventually have to take the bitter decision to shutter their stores.

Fashion Entrepreneurs Association of Bangladesh (FEAB) earlier estimated loss of Tk 2,000 crore in Baishakhi sales due to the coronavirus outbreak.

At the same time, payment of wages and salaries of employees and artisans for three months has become uncertain. The amount is nearly Tk 1,500 crore, according to FEAB.

"We are closed when we are supposed



SK ENAMUL HAQ

to get high returns from our investment," said Mursalin Ahmed, owner of Kapor-E-Bangla.

With five stores in Dhaka and outside, Kapor-E-Bangla designed clothes to bank on the birth centenary of Father of the Nation Bangabandhu Sheikh Mujibur Rahman on March 17 and celebration of Independence Day on March 26 apart from Pahela Baishakh and Eid.

"Eid is not even looking promising now," said the owner of Kapor-E-Bangla that could pay 30 per cent salaries to its staff for March.

The Muslim festival, which is due in the latter part of May this year, generates Tk 4,000 crore-Tk 5,000 crore in sales for local fashion houses, according to FEAB President Shaheen Ahmed.

"We cannot even imagine what lies ahead for us," he said.

Md Helal Uddin, chairman of Bangladesh Shop Owners Association,

said there are 56 lakh enterprises below 15 employees in the country.

Altogether these businesses employ nearly one crore people.

"We have owners of many shops who meet day to day family expenses based on daily sales. Now all is stuck up. All of us are suffering from a dearth of cash," he said, adding that shops and small businesses would be struggle to pay the salary for the current month too.

He urged the government to give low-cost loans to micro and small businesses to tide them over.

Akhteruzzaman Khan, president of Bangladesh Hotel Restaurant Sweets Bakery Workers Union, said workers are in a serious hardship as most of them did not get wages of March.

The government needs to introduce ration to free 25 lakh workers in the trade from the risk of hunger during coronavirus

crisis, he said.

The owners of Farhana Fashion and Kapor-E-Bangla are looking at the Tk 20,000 crore stimulus package launched by the government to provide working capital to finance small and medium enterprises, including cottage-based businesses, to ride out the troubled waters.

"We need immediate bank support so that we can keep our employees," said Ahmed of Kapor-E-Bangla, while urging the government to issue guidelines urgently so that firms can apply.

Nazira already inquired about the bank she works with. But she is uncertain whether she would get any support at the end.

"There will be a lot of pressure of application in banks as all will try. So the question is whether I will get the finance and or not. If yes, how much would I get? I am really in tension."

# Now handset assemblers, venture capital and private equity firms demand aid from stimulus package

STAR BUSINESS REPORT

Mobile phone manufacturers have sought loans from the government-announced stimulus package to offset the fallout of the coronavirus pandemic as all the handset assembling factories are now closed due to lockdown.

In a letter to Finance Minister AHM Mustafa Kamal, the Bangladesh Mobile Phone Manufacturers' Association (BMPMA) demanded loans from the Tk 30,000-crore stimulus package that the government would provide as working capital to industrial units and service sectors hit by the pandemic.

Under the package, banks will offer loans from their own funds based on their relationship with corporate clients.

The interest rate on this loan would be the regular 9 per cent but the borrowers would have to pay just 4.5 per cent, with the government

making up the difference in interest payment.

In their proposal, the mobile phone manufacturers promised to pay back the loans within 18 months.

The financial incentives were needed to pay the salaries and wages of the workers from April to September, the BMPMA said in a press statement on Thursday.

"Otherwise, a huge number of workers will be jobless."

The association also called for a waiver of their utility bills for the next six months as their factories are now closed. Otherwise, the amassing bills would be a huge burden on the entrepreneurs once they resume production, it said.

"We had been under strain long before the lockdown was imposed in Bangladesh as most of our component parts are imported from China, where coronavirus had been on the rampage since December last year," said Jakaria Shahid, general secretary of the BMPMA.

He hoped that the government would consider the matter as it is an import-substitute industry. About two lakh workers are engaged with the production of mobile phones in nine plants in the country, he added.

Not only has their production come to a halt, but their cashflow has taken a beating too for the lockdown: they sold a huge number of phones on credit but are now unable to collect the money.

"So a big chunk of our money is now stuck in the market," Shahid said.

Currently, there is a 57 per cent customs duty on smartphone import, while the duty on the components of the locally-assembled smartphones is 15 per cent.

Buoyed by the tax benefits, entrepreneurs dived into handset assembly, setting up state-of-the-art plants and taking over the local market with their relatively more affordable wares.

In another development, the Venture

Capital and Private Equity Association of Bangladesh (VCPEAB) has sought Tk 450 crore from the government's stimulus package for paying six months' salaries of employees of start-ups and clear their office rents.

The association said there are about 300 start-ups in Bangladesh that are in distress over the anticipation of more than Tk 450 crore losses as sales of products and services have come to a standstill.

"That's why we are seeking the support from the government to save our industry," said Shawkat Hossain, general secretary of the VCPEAB, which also sent the proposal to Kamal last week.

About 1.5 lakh people are directly employed by the start-ups and their jobs are at risk now, he said, adding that about seven lakh service providers who are associated with the start-ups are currently unable to provide their services.

Many start-ups have export-oriented

income which has nosedived by at least 80 per cent recently, according to a statement of the association.

As the government is giving a spirited push towards the digital sphere by encouraging online classroom and online health consultancy and entertainment, local start-ups can be engaged and hired in content creation, it said.

Priority should be given to start-ups in government works and tenders such that they can stay afloat and expand their horizon.

At the same time, a collateral-free loan at 2 per cent interest has been sought for the start-ups, the other VCPEAB members and their portfolio companies to help them meet their working capital requirements.

"Implementation of these proposals will ensure continuous revenue and cash flow for the start-ups and their ventures can be saved from the existential threat posed by the ongoing crisis," Hossain added.