

STOCKS		COMMODITIES		ASIAN MARKETS		CURRENCIES		
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
Closed	Closed	\$1,686.50 (per ounce)	\$28.08 (per barrel)	31,588.72 ▲ 3.22%	19,897.26 ▲ 3.15%	2,614.60 ▲ 0.09%	2,838.49 ▲ 0.66%	
		USD	EUR	GBP	CNY			
		BUY TK	83.95	90.28	103.86	11.71		
		SELL TK	84.95	94.08	107.66	12.31		



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TAMING CORONAVIRUS RAMPAGE

Nimble-footed RBI shows BB the way to steer the crisis

AKM ZAMIR UDDIN

Adversity brings out the best in man, William Shakespeare once said.

And the way that the Reserve Bank of India, the neighbouring country's central bank, has risen to the titanic challenges brought on, in short notice, by the global coronavirus pandemic, evokes the line written by the great English dramatist some 400 years ago.

Captained by Shaktikanta Das, the RBI's contingency planning began soon after the outbreak of the novel virus in China in January, as a result of which its actions are now seeming dynamic.

To prevent coronavirus from causing much disruption to India's financial system, the RBI has segregated 150 staff of its critical departments such as debt and reserve management and monetary operations. They have been put in a hotel in the vicinity of the primary data centre.

Although the Indian government is yet to declare its full financial package to fight the economic fallout, the RBI has created the ground for them already.

On March 27, Das unveiled a host of financial programmes to inject a total of Rs 374,000 crore into the financial system, including slashing the policy repo rate by 75 basis points to 4.4 per cent.

The auction of long-term repo operation (LTRO) of 3-year papers to the tune of Rs 100,000 at a floating rate will be conducted too.

Cash reserve ratio (CRR) was reduced 100 basis points to 3 per cent for one year -- a move that released Rs 137,000 crore across the banking system.

Accommodation under the Marginal Standing Facility (MSF) has been increased from 2 per cent of statutory liquidity ratio to 3 per cent until June 30 to release Rs 1.37 lakh crore.

MSF is a window for banks to borrow from the RBI in an emergency when inter-bank liquidity dries up completely.

Indian banks have also been permitted to allow a three-month moratorium on repayment of term loan instalments.

Then on April 17, Das unveiled a second set

of measures to ensure better credit flow and enable normal functioning of the financial markets.

With the view to conserving cash, he asked banks and co-operative banks not to make any dividends for the financial year ending March.

On March 26, the Indian government announced a relief package of Rs 170,000 crore for those hit the hardest by the coronavirus-induced lockdown, along with insurance cover for frontline medical personnel.

And it is poised to declare a large financial package to the tune of Rs 9-10 trillion for its industrial and service sector within a day or two. But the RBI's has already taken its preparation for this.

In contrast, the Bangladesh Bank just seems leaden-footed, with its work on softening the fallout from the pandemic did not start until the middle of March, after the announcement of the first confirmed cases of COVID-19.

While it has taken on several programmes, its moves seem reactionary rather than anticipatory.

As part of the move, the BB cleaved CRR by 150 basis points to 4 per cent to inject about Tk 19,400 crore into the economy.

To make funds cheaper for banks, it slashed the policy or repurchase agreement rate by 75 basis points to 5.25 per cent.

The BB also announced quantitative easing and increased the ceiling for loan-deposit ratio.

As per the government announcement, the BB asked banks to give out loans amounting Tk 50,000 crore to large, medium and small enterprises and service sector at a lower interest rate.

It also introduced a pre-shipment credit refinance scheme involving Tk 5,000 crore at a low interest rate. A fresh refinance scheme of Tk 5,000 crore for businesses of the farm sector has been introduced, too.

It has widened its export development fund from \$3.5 billion to \$5 billion and asked banks not to consider borrowers as defaulters for failure to repay instalments until June 30.

Banks will have to disburse the lion's share of the stimulus package from their own sources. But, they are already mired in cash crunch due to the huge cash withdrawal in recent days.

And this is where the BB's role has been found wanting. It has yet to provide any roadmap on how to supply the required money to both the government and the banking sector to implement the rescue packages.

Poor revenue collection has already forced the government



Pedestrians walk past the Asiatic Society of Mumbai library as the headquarters of the Reserve Bank of India are seen in the background. RBI has been acting decisively against the challenges thrown up by the global coronavirus pandemic on the Indian economy.

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to exceed its annual borrowing limit from banking sources seven-and-a-half months into the fiscal year.

Although the central bank has declared to buy back T-bills and bonds, it has yet to finalise any plan on how much securities will be purchased.

The Indian banks will get term loans in the form of LTRO, whose repayment duration is three years. But such a mechanism is absent in Bangladesh.

Bangladeshi banks will have to pay back the BB fund, taken using the repo method, within 28 days.

So, lenders may face a fund mismatch in the days ahead.

There is no denying that the GDP this fiscal year and calendar year will come crashing down by as much as 500 basis points to 2-3 per cent, meaning that the BB will have to inject a large amount of money to keep the demand level up.

If the BB fails to operate the money management properly, inflation may be fuelled once the lockdown is lifted.

The RBI has completed all tasks before the Indian government declared the bailout package, but the BB has issued most of the

notices as per the government's instruction.

A good number of BB officials are working round-the-clock, but there has been no coordination among different departments to draw up plans on how to soften the landing.

"The number of monetary experts in the BB is lower than in the RBI. But we should use our limited workforce properly to manage the situation," said a BB official requesting anonymity when informed of the neighbouring country's banking regulator's proactive department.

Perhaps, the BB can follow the RBI's lead, he added.

Govt should join hands with non-state actors in fight against COVID-19

Suggests the Citizen's Platform for SDGs

STAR BUSINESS REPORT

The government should team up with the non-governmental organisations in its fight against the raging coronavirus as the non-state actors have an appreciable presence across the country, said the Citizen's Platform for SDGs, Bangladesh yesterday.

"While the NGOs are already doing their best in various areas in the fight against coronavirus, the efforts could be significantly scaled up if the government purposefully utilises them," said the platform, which comprises more than 100 non-state actors and their networks and associates.

The government should use this unused strength properly in this national crisis, said Debapriya Bhattacharya, convener of the Citizen's Platform for SDGs, Bangladesh, in a virtual media briefing styled "Strengthening Effectiveness of the Non-State Actors in COVID-19 Response Activities".

According to the platform, the national strategy rolled out by the government to address the deadly bug that has so far 2,144 and killed 84 does not explicitly identify the non-state actors as partners in dealing with this national emergency.

Although some interactions are coming to pass between the district or upazila and these organisations, there needs to be a policy announcement from the highest level, Bhattacharya said.

"We would like to strengthen the hands of the government," said Shaheen Anam, a core group member of the platform and executive director of the Manusher Jonno Foundation.

Two of the platform's partner organisations started working from the first week of January 2020 to soften the blow of the novel, lethal virus, while most of the partners got engaged by the

middle of March, soon after the first confirmed cases of COVID-19 were announced.

An initial estimate indicates that the organisations have committed more than Tk 600 crore to implementing short- and mid-term interventions to deal with coronavirus.

It is becoming increasingly obvious that the unfolding pandemic, along with the immediate visible stress, is going to have a far-reaching impact on Bangladesh's economic performance, social cohesion, environmental sustainability and democratic governance, the platform said in a paper presented by Bhattacharya.

"There is a high possibility that, as a result of this unprecedented pandemic, inequalities and discriminations may further heighten in the country."

These trends may accentuate the entrenched vulnerabilities of the citizens left behind, frustrating the progress made by Bangladesh during the first cycle of the implementation of the 2030 Agenda for Sustainable Development.

The protracting shutdown, which began on March 26 and is expected to continue until the end of this month, is creating serious livelihood challenges for income-vulnerable groups.

The so-called lower middle-class people are feeling the pangs of acute economic hardship.

The government needs to work out a targeted cash support infusion strategy to deal with this situation, the platform said.

Due to the total stoppage of transportation, there is a breakdown of the supply chains.

The farmers are the direct victims of this situation, as they are not getting the proper price for their produce, while prices remain high in the markets of the capital.

"The government needs to urgently organise

military convoy vehicles to restore the agri-supply chain," Bhattacharya said.

Given the huge amount of public resources being allocated for the marginalised and vulnerable population, it is natural for the government to have the interest to know the level of efficacy of its initiatives, the platform said.

"We are earnestly welcoming all of the stimulus packages. There has to be proper monitoring of the implementation of the stimulus packages but we are not seeing that. So, we doubt whether these assistances would be properly distributed," Anam said.

The coronavirus has unmasked many institutional, social and political weaknesses, said Bhattacharya.

If there were no budget deficit and revenue collection were higher, the government would have been able to give more stimulus.

If there were accountable local government system, rice and wheat theft would not have taken place.

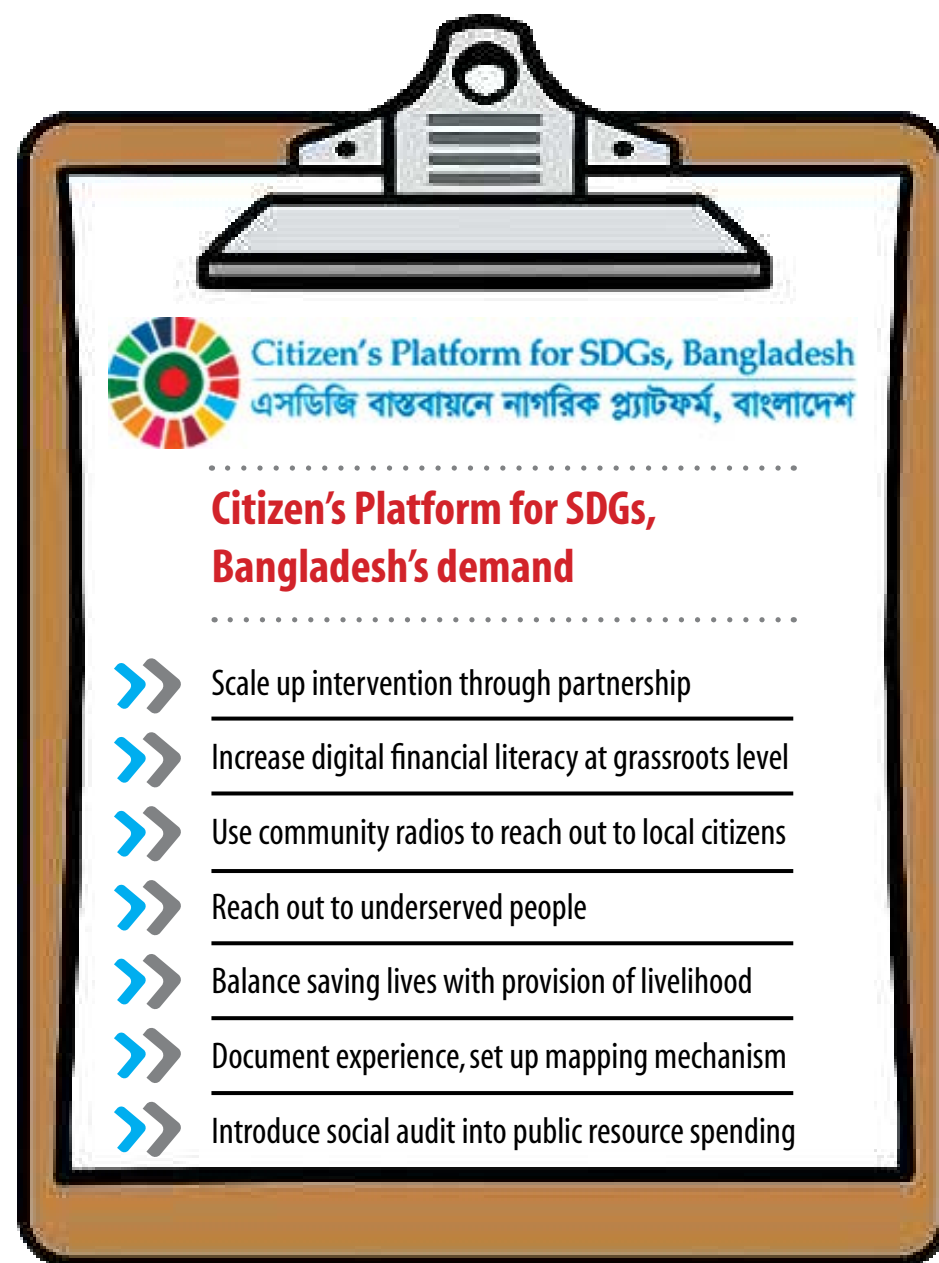
"We are also seeing a lack of coordination in the government. We have to think about the mid-term solutions within the short-term solutions," Bhattacharya added.

Anam also said those who are suspected of getting COVID-19 are also being stigmatised: they are being left unattended and are not being admitted to hospitals.

"We are getting information and news from the field level that returnee migrant workers are being stigmatised."

A common message should be given from the government to save them from stigmatisation, she added.

Rasheda K Choudhury, executive director of the Campaign for Popular Education, also spoke.



Citizen's Platform for SDGs, Bangladesh
এসডিজি বাস্তবায়নে নাগরিক প্রাটফর্ম, বাংলাদেশ

Citizen's Platform for SDGs, Bangladesh's demand

- Scale up intervention through partnership
- Increase digital financial literacy at grassroots level
- Use community radios to reach out to local citizens
- Reach out to underserved people
- Balance saving lives with provision of livelihood
- Document experience, set up mapping mechanism
- Introduce social audit into public resource spending