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TAMING CORONAVIRUS RAMPAGE

Time for MFS providers to shine



STAR BUSINESS REPORT

The coronavirus pandemic has proved a stroke of luck for mobile financial service providers as people are increasingly opting for digital payment in a bid to steer clear of the health risks the lethal pathogen poses, experts said

The expansion of MFS in recent times will also help the government advance a step closer to a cashless society, they said at a virtual discussion on 'Digital Payment Solutions during Coronavirus Pandemic', organised by The Daily Star yesterday.

"The coronavirus pandemic has given a strong message to all that there remains scope to embrace the digital financial tools to run the economy under any circumstances," said Mustafa Jabbar, posts and telecommunication minister.

Banks hardly run their financial activities in rural backwaters, but the MFS providers have brought the underprivileged people of these territories to the formal financial sector, he said.

"A difficult situation would have been created if we had not taken adequate preparations to widen the base of the mobile financial services on time."

Factories in the export-oriented industries

should be allowed to reopen gradually

for the sake of the economy, said business

They called for a quick decision in this

regard, if necessary, by forming sector-wise

taskforce, according to a statement from the Federation of Bangladesh Chambers of

Manufacturers and Exporters Association,

and other chambers and trade bodies said

the industrial units should be opened

Bangladesh's rivals like China, Vietnam,

gradually considering the lives

livelihoods of millions of workers.



now make the government's fight against director of Dutch-Bangla Bank.

coronavirus easier. "We have already brought the workers of the garment sector under the MFS platform. The necessity of traditional banking has already diminished as we have entered a digital era.

required soon due to the rapid expansion of digital banking and the strong base of the MFS, Jabbar added.

"Economic activities should remain vibrant during the ongoing shutdown such that the wheel of the economy keeps moving," said Tanvir Ahmed Mishuk, managing director of Nagad, an MFS provider of the Bangladesh Post Office and a private entity.

The benefits of the stimulus package offered by the government should reach the marginalised people, including farmers, and small entrepreneurs, he said.

Half the country's population has been benefitted by financial inclusion and efforts should remain underway to bring the rest on board, he said, adding that the ongoing measures taken by the MFS providers will deepen financial inclusion

The popularity of MFS has increased significantly in the last one month as the pandemic has forced people from all walks of life to take the service, said Kamal Quadir, chief executive officer of bKash, a leading MFS provider.

But the volume of transaction plunged 28 per cent at one point as the central bank reduced the extent of banking operations.

The Bangladesh Bank has recently increased the banking hours to four hours from two/three hours, which has helped boost MFS transactions gradually.

If the MFS agents cannot deposit or withdraw money from banks smoothly, they will be unable to run the service properly, Quadir added.

bKash, the country's largest MFS

India and Cambodia have already opened

their export-oriented industrial sector,

they said, while welcoming Prime Minister

Sheikh Hasina for announcing a stimulus

prime minister on private industry and

investment, echoed the views. He, however,

said the factories should be opened

carefully and by following the health and

FBCCI President Sheikh Fazle Fahim

said they have been working from the very

beginning with the finance and commerce

ministries, Prime Minister's Office and

Bangladesh Bank on how to offset the

Salman F Rahman, adviser to the

package for the sector.

provider, has 225,000 agents and 60,000 digital e-KYC centres across the

April 6 to April 25 to help Prime Minister's Office. disburse funds from the government's

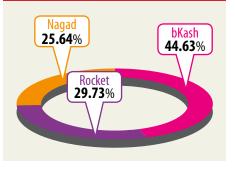
Factories need to be opened soon, but in phases

The strong foundation of MFS will said Abul Kashem Md Shirin, managing

Some 16 lakh MFS accountholders in the garment sector used to receive their wages through the digital platform earlier, but the pandemic has played a role in expanding the service further

Clients usually withdraw Tk 7,000 crore The banks' cash counters will not be via cash machines of DBBL per month, but Rocket, the bank's MFS platform, witnesses a total transaction of Tk 10,000 crore a

Share of MFS accounts opened in Apr 6-21



"This is a very good sign. But we should ensure that clients can also use the money to purchase goods and pay their house rents through the MFS platform."

The government should take measures to this end, Shirin added.

'Social distancing cannot be maintained among the economically vulnerable people if we fail to give them social protection," said Zahid Hussain, a former lead economist of the World Bank's Dhaka office.

The government should prepare a list of vulnerable people to offer them the required support with cash and food.

As distributing food among them will create a risk of virus infection, the government could start a programme to provide cash support to them during the ongoing lockdown, and MFS providers can offer support in this regard, Hussain added.

Previously, only 5 per cent of the electricity bills were paid through digital platforms, but the ratio has now reached MFS operators opened 60 per cent, said Abul Kalam Azad, former after receiving their products. This means 30 lakh new accounts from principal coordinator for SDG affairs at the delivery persons have to receive cash."

stimulus post-coronavirus period. MFS cash-out transactions through their MFS accounts, package of Tk 5,000 crore for should be brought down as part of our which will help create a full-fledged export-oriented industries, journey towards a cashless society.

Initiatives should be taken to offer trade licences to small businesses through the digital tools, Azad added.

The coronavirus pandemic is leaving a positive impact on widening the digital payment services as people now try to avoid cash transaction as a health precaution, said Rahel Ahmed, managing director of

Nagad can open 1-2 million accounts a day, said Mohammad Aminul Haque, the MFS provider's chief financial officer.

"So, we can help disburse funds quickly from the government's stimulus package."

Nagad can also support in developing an eco-system for e-money to promote the country's digital financial programme as it has the adequate technical capability as well as the experience of handling a huge amount of transactions every day, Haque

Many workers in different sectors, as well as a good number of general people, have just started using MFS to settle their transactions as part of the social distancing measure to fight the coronavirus, said Sheikh Monirul Islam, chief operating officer of bKash.

'We are also taking awareness campaigns to protect our users from fraudulence."

As the owners of the export-oriented industrial units will soon start paying salaries from the government's stimulus package, the law enforcement agencies should help the MFS agents run their outlets in the areas put under lockdown.

If the owners of grocery shops, who are yet to manage trade licences, are allowed to use the point of sale (PoS) terminals, transaction through e-money will increase "The authorities concerned should

take measures to this end as getting trade licences is hard in our country," Islam SSL Wireless had taken an initiative to

deliver groceries to clients even before the lockdown was imposed, said its Chief Operating Officer Ashish Chakraborty.

There has been a trust deficit for the settlement of e-commerce transactions. In most cases, clients make payments

The MFS providers will play a big role "We have to play a bigger role in the this regard such that clients can settle the cashless society, Chakraborty added.

Ahsan H Mansur, executive director

of Policy Research Institute, also gave his

opinion in favour of opening the factories,

but he called for taking appropriate safety

measures. Mahbubul Alam, president of

Chittagong Chamber of Commerce and

Industry, urged the government to allow

importers to release all imported goods

from the port without any compensation

to bring them back, she added.

Social safety nets, farm economy to take centre stage in fiscal 2020-21 budget

Social safety net schemes and the farm sector are set to get prime focus in next fiscal year's budget as the government looks to mop up the destruction of the global coronavirus pandemic, which stands to wipe off the gains Bangladesh made in poverty reduction over the past decade.

Millions of people have lost jobs owing to the countrywide general shutdown announced from March 26 to flatten the curve on coronavirus.

The measure has left the economy in a state of induced coma, so next fiscal year's budget, expected to be presented on June 11, would look to bring it back to

The finance division is aiming to finish its budget preparation by May.

Finance Secretary Abdur Rouf Talukder has written to more than 50 noted economists of the country and thinktanks requesting them to send in recommendations about the upcoming budget through email by May 5, as pre-budget discussions can't take place because of the countrywide lockdown and the need for social distancing.

He sought the recommendations on how to tackle the economic risks brought on by the coronavirus pandemic and keep up the higher economic growth trajectory and development.

"But everything would depend on how the pandemic plays out," said a finance ministry official.

The budget would incorporate the spending the government would have to incur to implement the Tk 95,619 crore stimulus packages, which is equivalent to 3.3 per cent of the country's gross domestic product The stimulus packages aim at mobilising working

capital for the export-oriented industries, affected industrial and service sector firms, micro and SMEs, incentives for health professionals, distributing food for free and reduced prices, cash support for the poor who were rendered jobless, widening social safety nets, agriculture subsidy, farm mechanisation and farm loans. The health sector, which has come under huge pressure

because of the outbreak of the deadly pathogen, would get a major allocation in fiscal 2020-21 as the COVID-19 has unmasked the serious shortcoming the sector faces.

Beyond the domestic impact of the health crisis, the two main channels through which the Bangladesh economy will be impacted are remittance and export of garments, both of which rake in the lion's share of foreign currency.

The subsidy allocation for the export-oriented ndustries, which have been witnessing plunge in incomes because of coronavirus-induced demand collapse in the export destinations, and remitters, who have been struggling in their host countries as many of them have lost jobs, would increase.

This year, Kamal had set aside Tk 3,060 crore for providing 2 per cent cash incentive to remitters. The export subsidy currently stands at Tk 6,000 crore.

The government usually sets aside Tk 9,000 crore in subsidy for the agriculture, but in fiscal 2020-21 it is likely to be Tk 10,000 crore for fiscal 2020-21. Farm mechanisation would receive Tk 4,000 crore.

The total subsidy for the current fiscal year stands at Tk 47,000 crore.

The budget deficit is on course to hit 6 per cent of GDP this fiscal year, which is above the recommended 5 per cent. In fiscal 2020-21 it may go up to 7 per cent in because of the heightened expenditure to counter the rampage of coronavirus and sluggish revenue generation.

Initially, the government thought that the collection from the National Board of Revenue would fall short by Tk 52,000 crore this fiscal year. But now it seems the deficit may be Tk 100,000 crore. Finance Minister AHM Mustafa Kamal would also

look to cut expenditure through, for example, slashing the allocation for foreign tours.

So, the budget size would be between Tk 550,000 crore and Tk 560,000 crore, down from Tk 580,000

crore initially planned.

The finance ministry would set aside Tk 213,000 crore for annual development programmes.

Commerce and Industry (FBCCI). safety measures. up to this month. In a discussion organised by the FBCCI Countries like Germany and France have Mir Nasir Hossain, Abdul Matlub Some 865 factories have so far expressed in Dhaka, the leaders from Bangladesh restarted their production lines, he said, intention to resume production, said Ahmad and AK Azad, three former FBCCI BGMEA President Rubana Huq. Garment Manufacturers and Exporters adding that Bangladesh should follow suit presidents; Mahfuz Anam, editor of The Work orders worth more than \$3 billion Bangladesh through discussion with the FBCCI. Daily Star; Matiur Rahman, editor of the

have been cancelled by the international retailers so far, she said, while seeking cooperation from all for opening factories in phases. If the work orders are shifted to other countries for Bangladesh's continued

daily Prothom Alo; Mozammel Babu, editor-in-chief of Ekattor Television; Manjurul Islam, chief editor of DBC News; Dewan Hanif Mahmud, editor of Bonik Barta; Shyamal Dutta, editor of the daily closure of factories, it would be very difficult Bhorer Kagoj, also spoke among others.

Layoffs unlawful during general shutdown factories since April 17 and a report is problems prolonging, they can choose production for such a long time, the factories have temporarily shuttered,

REFAYET ULLAH MIRDHA

STAR BUSINESS DESK

leaders and experts yesterday.

The Department of Inspection for Factories and Establishments (DIFE) has launched an investigation to find out whether the garment factories that are going for temporary closures following mass order cancellations are doing so by the book.

The trend of temporary shuttering is a matter of concern as the government on March 25 announced a Tk 5,000 crore package for export-oriented factories to help them pay their workers' salaries for three months, which usually tend to be their major

"So, we will mainly find out whether the factories laid off the workers following the rules of Bangladesh Labour Act or not," said Shibnath Roy, inspector general of the DIFE, which published a notice in this connection on April 17 seeking information from factory management.

The Deputy Inspector Generals of the DIFE have been investigating the

expected this week.

fallout of the pandemic.

If any factory wants to temporarily close it must inform the DIFE and fill in a specific form, popularly known as form 10. But very few have informed the DIFE or filled in the form so far.

The full list of factories that have abandoned production without following the rules will be sent to the labour ministry for punitive action.

Bangladesh Garment Manufacturers and Association last week said the factories that have no work because of the pandemic are within their rights to temporarily shutter as per provisions in the labour law.

"Laying off a worker during such a critical moment is illegal and unjust," said Amirul Haque Amin, president National Garment Federation.

The reason being, workers will not get their full remuneration but 53 per cent of their gross salary.

Article 16 of the labour law that will allow 45 days of closure.

"If any factory has gone out of

management can easily terminate the workers," Amin also said.

Nearly 50 per cent of the garment



A worker at a garment factory in Ashulia checks whether her name is on the list If the management sees their of employees terminated by the management. The photo was taken yesterday.

Amin said, adding that the number would have been a lot higher had the government not warned the factory management.

The finance ministry in a notice on April 19 said the factories that have temporarily shuttered would not be eligible to enjoy the stimulus package to pay the workers' salaries.

So, many are now forfeiting their plans, Amin said.

But a good portion is sticking to their plan. "It is not free money. The factory owners will have to pay it back," he added.

The management cannot announce temporary closure during the general holiday, said Nazma Akter, president of Sammilito Garment Sramik Federation.

Jafrul Hasan Sharif, a labour law expert, supported Akter's view.

"It is not covered by the law." The constitution of Bangladesh in Section 152 said any notice of the government during any emergency is

The government announced a general holiday in the notice, so the vorkers are also under the general

"The factory management cannot run the production units, cannot temporarily shutter them and cannot terminate the workers," Shatif added.

Uttam Kumar Das, an advocate of the Bangladesh Supreme Court, termed the move as immoral and illogical considering the current situation.

"The factory management should not go for temporary suspension although they have the right to do so as private property."

There is a lot of ambiguity in the government notice on general

"All those should have been cleared and explained," he said, adding that issues like workers' payments, layoffs and positions of the factory management should have been clearly defined in the notice.