BUSINESS

TAMING CORONAVIRUS RAMPAGE Another fillip for farmers

Govt has fiscal breathing space for unexpected lower outlay

REJAUL KARIM BYRON

The onslaught of the novel coronavirus has paralysed the Bangladesh economy. While it is an unfortunate development, it is not all doom and gloom as it has thrown open some fiscal space for the government to rev up the economy once the lethal pathogen is vanquished.

For instance, Finance Minister AHM Mustafa Kamal has allocated Tk 46,385 crore for subsidy expenditure for fiscal 2019-20, an amount that will not be expended fully.

He set aside Tk 6,825 crore, up 70 per cent year-onyear, to provide an incentive to exporters after raising the subsidy to 3 per cent this fiscal year from 2 per cent previously.

Now that exports have slumped amid a record collapse in economic activities in its core markets, the government may be able to save at least a fourth of the sum earmarked for this end

Another savings would come from the remittance incentive. The government allocated Tk 3,000 crore to provide 2 per cent cash subsidy for remitters to give a boost to remittance income and tackle foreign exchange crisis.

GOVT WILL SAVE MONEY FROM

- Subsidies on exports, remittance, LNG import, electricity, agriculture
- >> Lower ADP implementation
- >> Amount set aside for unexpected expenditure

GOVT WILL SPEND MORE MONEY FOR

>> Health sector

>>> Expanding social safety net

BY THE NUMBERS

- >> Revised budget size is Tk **505,000**cr
- >> Revised ADP stands at Tk 192,921 cr
- Govt raises non-tax revenue target by Tk **20,000** crore
- Budget deficit to go past **6**pc
- >> ADP implementation may fall **20**pc from revised size

The full amount would not be needed in the end as money sent home by the migrant workers is falling sharply amid the coronavirus pandemic in their host countries.

In March, remittance flow plummeted 12 per cent to \$1.28 billion year-on-year, the lowest in 15 months.

The use of liquefied natural gas (LNG) fell, meaning

STAR BUSINESS REPORT

Farmers will enjoy agriculture loans at 4 per cent interest as the government looks to perk up the growers who will feed the nation amid the coronavirus-induced economic uncertainty, the central bank said yesterday.

Banks, however, will charge 9 per cent interest on their disbursed farm loans, while Bangladesh Bank will provide the est 5 per cent as subsidy.

Farmers will be entitled to the subsidised oans from April 1 this year to June 30 next year, according to a BB notice. Banks will have to return the 5 per cent interest taken from farmers against their loans disbursed his month

Any fresh refinance scheme is not needed for farmers at this moment as banks have to lend at least 60 per cent of their annual farm loan disbursement target for crop production, a BB official said.

The central bank has set a farm loan disbursement target of Tk 24,124 crore for the current fiscal year.

The BB on April 13 declared another stimulus package of Tk 5,000 crore for small and medium businesses and entrepreneurs in the farm sector. The affected clients of banks can receive

an additional 20 per cent of their existing credit ceiling under the scheme.

The tenure for the loans will be 18 months, including a grace period of six months at both banks' and clients' ends.



Banks will borrow from the refinancing scheme at 1 per cent interest and lend at 4 per cent.

In a separate move, the central bank rolled out a refinance scheme of Tk 10,000 crore for cottage, micro, small and medium enterprises (CMSME).

This will give a sigh of relief to the cashstrapped banking sector that was fretting about implementing the Tk 20,000-crore stimulus package announced on April 12 from their own sources for the CMSME sector.

Under the refinance scheme, banks and non-bank financial institutions (NBFIs) will borrow funds in the form of working capital at 4 per cent interest from the BB, while endusers will get the funds at 9 per cent.

But to enjoy the refinance scheme, banks will have to provide at least 50 per cent of each loan to the CMSME sector borrowers from their own sources.

The duration of the refinance scheme is three years and lenders will have to sign a participation agreement with the BB to take funds from the scheme

Sick and troubled lenders will not get support from the fund directly as their applications will be verified on a case-tocase basis.

If the lenders disburse funds to other sectors breaching regulations, the central bank will impose an additional 2 per cent penal interest on them.

The banks and NBFIs will be allowed to get an interest subsidy of 5 per cent for the loans given from their own sources.

The lenders will be able to disburse a maximum of 10 per cent of their outstanding loans as of December 31 last year to the CMSME sector in a single fiscal year.

If needed, the BB can raise or lower the ceiling in order to cover as many entrepreneurs as possible, according to guidelines.

The manufacturing and services subsectors would get priority under the package, while business and trade-based micro and small firms would also be eligible.

In another development, the BB yesterday extended the deadline for submitting audited financial statements of banks to June 30. As per the Banking Companies Act 1991, all banks have to submit their financial statements to the central bank within April every year.

As many lenders are yet to prepare their financial statements because of the ongoing restrictions on movement, the BB extended the deadline in consultation with the government.

GSK Bangladesh had a stunning turnaround in 2019

AHSAN HABIB

GSK Bangladesh's profits surged in 2019 even though the British multinational saw a decline in turnover thanks to the relief from incurring losses from its pharma unit.

Last year, the company's profits stood at Tk 98.57 crore in 2019, up from the Tk 63.54 crore losses it had logged in for the previous year. This year's earnings per share stood at Tk 81.83, which is its highest yet since it got listed in the

Dhaka Stock Exchange in 1976. "The shuttering of our loss-making pharma unit has brought

this result to our balance sheet," said Masud Khan, chairman of GSK Bangladesh, yesterday. multinational The British shuttered 60-year-old its pharmaceuticals business

in Bangladesh in 2018. The pharmaceuticals unit, based in Chattogram, was incurring losses

the concern of the GSK Bangladesh board. With the view to preventing any more losses, the board decided to bring down the curtains on the

business In 2018, there were significant costs incurred for the factory closure in the form of severance pay to employees and so on, due to which the company recorded losses, Khan told The Daily Star earlier in February.

In 2019, the impact of discontinued business was minimal. And there were some cost-saving activities too, according to a posting on the DSE website by GSK Bangladesh.

In 2019, its revenues amounted to Tk 447.5 crore, down 7.1 per cent year-on-year, thanks to lower sales of Horlicks, a sweet malted milk-based beverage that has been one of the crown jewels in its portfolio since ages.

unit in 2018, the company's focus market situation this year with





business, where Horlicks is its premier brand. In 2019, sales of the company's powder products, including Horlicks, dropped 11.08 per cent to Tk 404.17 crore.

Horlicks, which can be bought for as low as Tk 10 in sachets. increased its market penetration to 8.9 per cent in 2019 from 6.9 per cent in 2018.

However, the large packs of After the shutdown of its pharma Horlicks faced a challenging

consumption. Sales of GSK Bangladesh's oral product, like Sensodyne, rose 59.75 per cent to Tk 43.31 crore.

"This year was not good for health food, but we have taken steps to ensure higher sales in the current year," Khan told The Daily Star yesterday.

Now, the company is focusing on driving penetration and distribution of its products at affordable price points such as in

market too, Khan said. The company, after all, has no other choice if it must continue with the profit streak: on December

3, 2018, Unilever announced the purchase of 82 per cent stakes of GSK's health food and drinks business in Bangladesh for Tk 1,640 crore, as part of the Anglo-Dutch company's push to cash in on Asia's fast-growing economies.

GSK Bangladesh is working on bringing in new products to the

The transaction is yet to be completed, Khan said.

But for now, the company is rewarding its shareholders generously: it is set to distribute 530 per cent cash dividend for the year ended on December 31, 2019. Some 18 per cent of the company's shares are with the public.

Stocks of the multinational company traded at Tk 2,046 on March 25, the last day of trading before it went on recess for the outbreak of coronavirus in

the Tk 5,000 crore dedicated as incentives for the segment would not be required entirely.

The closure of factories, industries, offices and educational institutions because of the lockdown and the recent increase in tariff for electricity would allow Bangladesh to save on the Tk 9,500 crore allocated in power subsidies.

Because of the lower demand coerced by the countrywide shutdown, electricity generation has gone down by 2,500 megawatts to 3,000 megawatts in April, said an official of the power and energy ministry yesterday.

The government may end up using Tk 6,000 crore out of Tk 9,500 crore set aside for agriculture subsidy.

The revised budget set Tk 192,921 crore in the annual development programme (ADP), down from Tk 220,728 crore from the original budget.

Usually, the government spends 5 per cent to 9 per cent lower than the revised ADP. But as development activities have screeched to a halt, the gap between the revised ADP size and the actual execution maybe 20 per cent.

The government has allocated Tk 6,000 crore to meet the financing needs for unexpected expenditure. As the government has planned to cut back on unnecessary foreign tours and put more focus on emergency expenses, the funds might be freed up for other areas.

Still, the government's budget deficit for fiscal 2019-20 may cross the 5 per cent of GDP threshold largely owing to the anticipated slide in revenue generation for the coronavirus-induced collapse in economic activities.

Economists supported the budget deficit because the poor, the marginalised and the currently unemployed have to be fed and aided so they can survive until the economy reopens and they can return to work.

n the previous five years, much to turned to its consumer healthcare a decline in average household

A glut of fresh fruits held up at the port

DWAIPAYAN BARUA, Ctg

With the eye on Ramadan, Jannat Enterprise, a Dhakabased importer, brought in about 250 tonnes of dates from Egypt in 20 refrigerated (reefer) containers that arrived at the Chattogram port 15 days ago.

As of yesterday, on the second day of Ramadan, the importer was yet to get the dates, whose consumption sees a spike during the Muslim holy month, on hand.

Including Jannat Enterprise's dates, more than 57,000 onnes of fresh fruits like apple, date, orange, grape in about 2,300 twenty-feet equivalent units (TEUs) of reefer containers were lying at the port against the capacity of ,620 TEUs.

The staggered release of the imported perishable goods, mostly fresh fruits, from the port, means there is a good chance of supply shortage in the market during Ramadan.

And the reason the goods are stuck at the port is the countrywide movement control order since March 26 o flatten the curve on coronavirus that has left delivery decelerating to a snail's pace and offices firmly shut.

The reefer containers used to transport perishable are now posing a big challenge for the Chattogram Port Authority (CPA) as it desperately looks to solve the acute container congestion.

Since the reefer containers are kept at the upper rows, delays in discharging them holds back the overall discharge



AMRAN HOSSAIN

of other import containers, resulting in overstay of the vessels at the port's jetties, said Ajmir Hossain Chowdhury, assistant general manager of Mediterranean Shipping Company.

And such overstay at the jetties are forcing the port authority to make berthing delays, increasing vessels' waiting time at the outer anchorage, he added.

For instance, a vessel Cape Quest carrying 1,285 TEUs

of import containers, including 62 TEUs reefer ones, got a berth at NCT jetty No. 3 on April 24 after a nine-day wait.

Only 482 TEUs could be unloaded from the vessel until yesterday morning as the reefer ones could not be discharged due to shortage of plug-in capacity in the yards, said officials of the ship's local agent Sea Consortium.

The reefer containers need to be constantly plugged into a power source and the CPA can supply electricity to at best 2,100 TEUs.

Though the overall delivery from the port improved in the last few days after a concerted effort by the finance and shipping ministries, the reefer containers lying at the port are causing delays in timely unloading from vessels, according to CPA Member Md Zafar Alam.

So desperate is the CPA that it recently sent letters to the leaders of Bangladesh Fresh Fruits Importer Association and Chattogram Fruit Trader Association to insist their members to take away their imported consignments.

But the matter is out of the fruit importers' hands.

Borhan Uddin Sikder, Jannat Enterprise's C&F agent, said due to flight disruption for the global coronavirus pandemic suppliers are failing to send the original bill of lading (B/L), which is needed for getting delivery order from the shipping agents.

And Jannat Enterprise's supplier is yet to do so, he added.

Now the shop owners want to pull up their shutters

SOHEL PARVEZ

Shop owners yesterday urged the commerce ministry to allow the opening of retail and that several garments factories were given the go-ahead to reopen.

Thanks to the countrywide shutdown since March 25 to flatten the spread of coronavirus, the store operators had to forfeit turnover to the tunes of Tk 6,000 to Tk 7,000 crore, according to National Association of Shop Owners of Bangladesh (NASOB)

And they can ill-afford to keep their shutters down during Ramadan that crescendos into Eid, the peak shopping season: they could lose up to Tk 22,000 crore in sales.

Yet, they were ready to keep their stores closed for the sake of protecting the lives of the staff and for the greater interest of the nation.

But when they saw that the Federation of Bangladesh Chambers of Commerce and Industries has decided to restart garment trade bodies attended the meeting. factories and large industries, they could not

hold back, said a letter submitted by NASOB next day, even though there is no sign that the Secretary General Md Jahirul Haque Bhuiyan to the commerce ministry.

Besides, the wholesale market Baburhat of wholesale stores from the first of May seeing Narsingdi has been opened recently, NASOB added.

> "When you allow other business to resume, our members do not want to stay shut," said NASOB President Md Helal Uddin, told The Daily Star.

> At a meeting at the FBCCI headquarters on 25 April, business leaders and experts said factories in the export-oriented industries should be allowed to reopen gradually for the sake of the economy.

> They called for a quick decision in this regard, if necessary, by forming sector-wise taskforce.

> Leaders from the Bangladesh Garment Manufacturers and Exporters Association, the Bangladesh Knitwear Manufacturers and Exporters Association and other chambers and

Some 1,400 garment factories reopened the country, according to Helal.

coronavirus outbreak has been contained in Bangladesh.

Seven more persons died of COVID-19 yesterday and there were 497 new cases, taking the tally of deaths to 152 and infections to 5,913 in the country.

Helal admitted that there is a risk of spread and infection but added that small shops did not get support from the government's stimulus package of nearly Tk 100,000 crore.

"Large businesses have got everything. But small business and wholesalers do have any scope to avail the support from the stimulus package," he said.

NASOB said the month-long closure wiped out income opportunity of shops. Their salesmen are passing very hard times, it said.

The shop owners demanded the government allow wholesale markets and shops to open from 10 am to 4 pm from May 1.

Bangladesh has 22 lakh shops and more than one crore people work in them across the



NATIONAL CREDIT AND COMMERCE BANK LIMITED

Sel/-

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Price Sensitive Information

The Board of Directors of National Credit and Commerce Bank Limited (NCCBL) in its 427th meeting (virtual meeting) held on April 27, 2020, among others, took the following decisions

1. After considering/adopting its annual audited Financial Statements for the year 2019:

iv	Recommendation of entitlement for the Shareholders	17.00% cash dividend for the year ended December 31, 2019.		
111	Record Date	Monday, June 01, 2020		
ii	Venue	Kurmitola Golf Club, Dhaka Cantonment, Dhak		
i	Date and Time of 35th AGM	Monday, July 27, 2020 at 11:00 A.M.		

2. The following financial positions were also declared /disclosed in the Board Meeting:

SI.No.	Particulars	2019 (Taka: where applicable)		2018 (Taka: where applicable)	
		Consolidated	Solo	Consolidated	Solo
i	Net Asset Value (NAV)	1,948.95 Crore	1,936.74 Crore	1,779.70 Crore	1,767.66 Crore
	NAV per Share	21.02	20.88	19.19	19.06
11	Earnings Per Share (EPS)	2.30	2.30	1.97	1.96
iv	Net Operating Cash Flow Per Share (NOCFPS)	4.60	4.61	5.44	5.48

	300		
Dated: Dhaka	Md. Monirul Alam, FCS		
April 27, 2020	EVP & Company Secretary		

Bangladesh.