





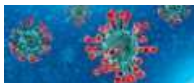


STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX			MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
Closed	Closed	Gold 	Oil 	 1.17%	 0.06%	 0.53%	 0.19%	BUY TK 83.95	89.84	103.35	11.70
		\$1,716.60 (per ounce)	\$20.13 (per barrel)	32,114.52	19,771.19	2,562.95	2,810.02	SELL TK 84.95	93.64	107.15	12.30



# BUSINESS

DHAKA WEDNESDAY APRIL 29, 2020, BAISHAKH 16, 1427 BS ● starbusiness@thedailystar.net



## TAMING CORONAVIRUS RAMPAGE

## Revenue collections stable until Mar

REJAUL KARIM BYRON and SOHEL PARVEZ

Revenue collection soared 8 per cent in the first nine months of the fiscal year, paced by the increased collection of advance corporate tax and higher receipts of indirect tax value-added tax (VAT).

The tax authority logged in Tk 165,007 crore between July last year and March this year, showed the preliminary data of the National Board of Revenue (NBR).

Yet, the gap between collection and target widened further as receipts from all three areas fell short of targets for the period.

The NBR sat on a shortfall of Tk 56,000 crore until March from its target of Tk 221,145 crore and the task of narrowing down the gap is likely to widen as the near-collapse of economic activities for the global coronavirus pandemic will hit overall collection.

"The performance may exacerbate in the last quarter as the country has gone into a 'lock-down' period," said Towfiqul Islam Khan, a senior research fellow of the Centre for Policy Dialogue (CPD).

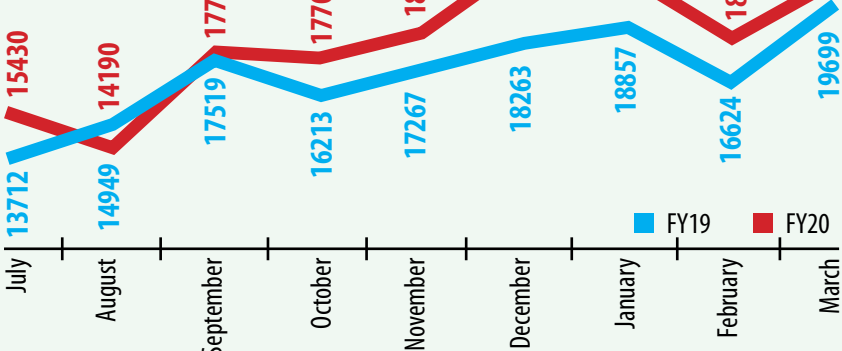
The independent think-tank earlier apprehended that the revenue shortfall in fiscal 2019-20 might be Tk 100,000 crore. But that was before coronavirus arrived.

"Surely the actual shortfall this year will be far greater. And the NBR may have little to do to minimise the damage," he added.

The NBR data showed that income tax receipt grew 14 per cent year-on-year to

### REVENUE COLLECTION UPTO MARCH

(in cr Tk)



Tk 52,910 crore from a year earlier. Yet, the taxmen could log 45 per cent of their full-year target with three-fourth the year gone.

And a senior official of Large Tax Units (LTU), the main collector of income tax for the NBR, said collection is likely to seriously suffer in April as economic activities remained shut to tackle COVID-19. There may even be negative growth.

"We have got a good amount of tax from banks and mobile operators. Besides, advance payment of corporate tax by firms also buoyed overall receipts in March."

The arrears and tax-at-source account for most of the tax collection in the fourth quarter of the year. However, payments by firms except for salary payment is very low, he said.

The countrywide shutdown, which has now stepped into its second month, is likely to ravage collection of VAT too as the

tax is paid by final consumers of goods and services.

Also known as consumption tax, VAT is the biggest source of revenue. VAT collection increased 7 per cent year-on-year to Tk 64,111 crore in the July-March period.

Revenue officials could collect more than half of their annual collection goal but remained 45 per cent below their

target for the year.

The similar is true for the collection of tariffs from overseas trade, particularly from imported goods. Customs official could log just over half of their annual target as imports declined.

During the July-March period, collection of customs tariffs grew 2 per cent year-on-year to Tk 47,985 crore.

And in the face of the continuing shortfall from the heightened target of Tk 325,600 crore this fiscal year, the government revised down the goal for taxmen to Tk 300,000 crore.

Yet, the target is unlikely to be achieved given the devastation of coronavirus.

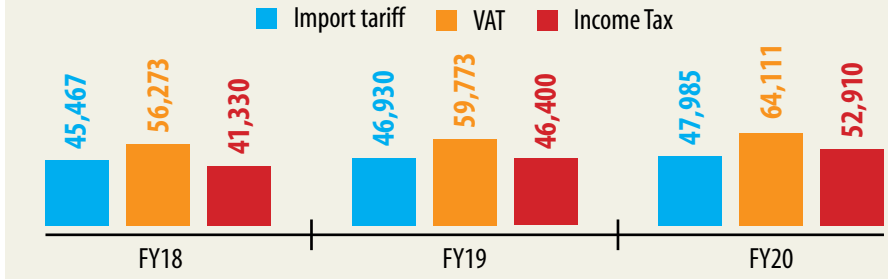
"Apparently, weakness in revenue mobilisation restrained government from extending enhanced support to the marginalised to combat COVID-19," Khan said.

The government will need to pursue an expansionary fiscal policy and go for expanded public expenditure in fiscal 2020-21.

"The NBR's performance will be critical in this context. While the pressure for granting tax breaks is likely to be high, raising administrative efficacy to curb tax evasion and implementation of reform agenda will hold the key," he added.

### REVENUE COLLECTION UP TO MARCH

(in cr Tk)



## Walton ventilators set off for clinical trials today

MUHAMMAD ZAHIDUL ISLAM

Bangladesh is inching towards a major breakthrough in its fight against the coronavirus pandemic, as the Access to Information programme under the government's ICT division has so far received 19 prototypes of ventilators developed by different organisations and individuals.

After scrutiny, the ventilators will be handed over to the Directorate General of Health Services (DGHS) for clinical trials, said Zunaïd Ahmed Palak, state minister for the ICT division, at a virtual press conference yesterday.

At the press conference, Palak received prototypes of three ventilators manufactured by local tech giant Walton. Their clinical trial is expected to start today.

Bangladesh has only 1,250

ventilators, which takes over the body's breathing process when coronavirus infection causes the lungs to fail. And if the pandemic spreads further, the country with more than 16 crore population will need at least 25,000 ventilators, said an official of a private hospital.

"Our main target is to become self-sufficient in manufacturing technological equipment within a short time and I believe the response we have received so far regarding ventilators is tremendous."

Even a few years back Bangladesh had only one or two technology companies but now at least nine firms have popped up riding on the policy support the government has provided to the sector.

Palak also praised Walton, which is making the ventilators using the patent and design of Medtronic, an Ireland-based medical device company run by an iconic

Bangladeshi expatriate Omar Ishrak.

Of the three types of ventilators Walton is putting up for trials, two were developed using its own technology, officials said.

Another local company named Minister is also making ventilators while the Military Institute of Science and Technology (MIST), an engineering university run by the Bangladesh Armed Forces, has also joined the fray.

Palak said the WPB560 model of the ventilator developed by Walton emulating Medtronic's PB560 model, which was approved by the US Food and Drug Administration, will be technologically sound as Medtronic directly supervised production from its Dhaka and Hyderabad offices.

Medtronic also supplied more than ten components of the ventilator that were not available in Bangladesh.

The government on March 31 received the patent, design and source code for making ventilators from Medtronic, and then moved to manufacture ventilators locally.

Walton is already importing equipment and raw materials for bulk production and these should reach the country within May, according to its Executive Director Golam Murshed.

Liakat Ali, executive director of Walton Group and adviser of the project, said they need the government's support in terms of approval and sourcing equipment to make the project successful.

"If we can deal with this situation successfully, we can even export ventilators," he said.

Walton also sent some ventilators to the biomedical engineering department of the Bangladesh University of Engineering and Technology for their opinion.

## Biman waives demurrage on storage at Shahjalal Airport

REPAYET ULLAH MIRDHA And RASHIDUL HASAN

The government yesterday decided to waive the demurrage fees on the storage of imported raw materials of garment items piled up at Hazrat Shahjalal International Airport (HSIA) warehouse.

Biman Bangladesh Airlines yesterday said it would give the waiver to the garment raw materials that would be imported between March 26 and May 5.

"Because there is a lockdown," the national flag carrier said in a circular.

The move came after the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) applied to the Biman authorities seeking the waiver because of the coronavirus fallout.

A lot of imported goods have been stored in the warehouse for many days because of the coronavirus pandemic.

Currently, nearly 2,000 tonnes of imported cargoes are now stored in the Biman warehouse because of slow delivery, up from its storage capacity of 800 tonnes.

Of the stored goods, 60 per cent are garment raw materials and the rest includes pharmaceuticals raw materials and spare parts.

The waiver should be extended to all other imported goods, said Kabir Ahmed, president of the Bangladesh Freight Forwarders Association.

The waiver decision on the garment raw materials was taken as the BGMEA applied earlier, said Mohibul Haque, secretary of the civil aviation and tourism ministry.

"We are planning to extend the same facility to other imported goods stored in the airport warehouse."

The Federation of Bangladesh Chambers of Commerce and Industry has called for the waiver.

Currently, the warehouse management is releasing 190 tonnes of cargoes every day.

## Would the store rent waiver the second time finally decongest Ctg port?

DWAIPAYAN BARUA, Ctg

The Chattogram Port Authority (CPA) has once again announced full waiver on store rent for all import containers that have arrived after the general holiday began as it desperately attempts to decongest the country's main port.

In order to get the waiver, importers would have to take delivery of the cargoes by May 4.

The first waiver has apparently failed to get the response from the importers, who seemed to have taken the advantage and used the port as warehouse.

The importers had earlier faced difficulties in taking delivery of the cargoes due to limited services offered by the offices and a lack of logistics, said CPA Chairman SM Abul Kalam Azad.

Since the working hours have been extended with adequate staff in the offices such as customs and banks recently, importers would be encouraged by the port's store rent waiver, he said, adding that the situation would now see a significant improvement.

About 44,492 TEUs (twenty-foot equivalent units) of import load containers are lying at the port against the capacity of 37,620 TEUs. And about 40 per cent of the import containers are for the garment factories.

The acute container congestion

has been created mainly because of poor delivery since the countrywide shutdown began on March 26 amid the coronavirus pandemic.

On April 5, the CPA announced 100 per cent waiver on store rent for import containers that arrived during the general holiday, hoping such step would encourage importers to take the delivery.

Usually, there is no storage rent in the first four days. For a 20-foot loaded container, the port charges \$6 per day in the first week after the free days and then \$12 each day in the second week. From the 19th day, it charges \$24 per day up to the delivery.

For a 40-foot container, the charges are double.

But seeing poor improvement to the situation, the traffic department on April 18 issued another notice, saying the benefit would be applicable for the containers that arrived after March 27 and the cargoes have to be taken away by April 20.

The following day, MA Salam, the first vice-president of the Bangladesh Garment Manufacturers and Exporters Association, in a letter requested the CPA to extend the waiver.

Until April 4, the average daily delivery was 1,500 TEUs. It came down to 960 TEUs per day between April 5 and April 19, according to the traffic department.

After the waiver expired on April

20, the average daily delivery gained momentum and reached 2,700 TEUs in the last eight days.

Many port users, including shipping agents, were sceptical about the utility of the waiver.

"Everything depends on the importers and they should not waste this second chance," said Bangladesh Shipping Agents Association Chairman Ahsanul Huq Chowdhury.

The scenario has changed this time, said Anjan Shekhar Das, a director of the BGMEA.

Many factories have reopened recently and the working hours at the offices have also been extended, Das said, adding that now many importers would expedite the deliveries.

It would take several more days to ease the congestion since many garment factories are yet to reopen, said Khairul Alam Sujon, director of the Bangladesh Freight Forward Association.

Importers from Dhaka and other parts of the country are still facing delays in sending import documents to the C&F agents in Chattogram through courier services, Sujon said.

It is taking three days or more to complete a release procedure at the customs, banks and shipping agents. He called for extending the waiver period by several days as many garment factories would reopen next week and they need.



## Adverse weather ahead for banks: Moody's

REJAUL KARIM BYRON and AKM ZAMIR UDDIN

The global rating agency Moody's Investors Service yesterday gave a negative outlook for the country's banking sector for the next 12 to 18 months as coronavirus-induced disruptions to domestic and export demand is deteriorating lenders' credit profiles.

The general shutdown coupled with declining remittance inflows due to disruptions in the Middle East will also dampen domestic consumption and investment.

"This adds to their persistent weakness in asset quality in the banking sector -- a result of poor corporate governance, as well as weak laws and regulations," it said.

Deterioration of asset quality means defaulted loans in the banking sector will rise shortly.

Default loans will increase across multiple zones, including but not limited to the garment sector.

At the end of 2019, default loans stood at Tk 94,313 crore, up 0.42 per cent year-on-year, according to data from the Bangladesh Bank.

Provision coverage against the soured and unclassified loans in Bangladesh is now inadequate and it will narrow further in the days to ahead.

While regulatory deferments of loan classification and repayments will provide temporary relief to keep provisioning, inadequate provisioning could raise risks for banks in the longer term.

As of last year, a total of 12 banks suffered provision shortfall of Tk 10,797 crore.

Besides, profitability in banks will deteriorate due to higher credit costs and lower net interest margins (NIMs) between lending and deposit.

NIM means income from loans after deducting the interest given to depositors.

The major indicator of the banks will contract because of the decline in loan repayments and a regulatory 9 per cent cap on lending rates that took effect on April 1, the report said.

Capital base in the banking sector will deteriorate as well amid a slow capital accumulation because of weaker profitability.

New tax rules imposed on retained earnings, stock dividends or both, which took effect in July 2019, will further constrain internal capital generation at listed banks.

Current levels of capital preserved by banks will provide limited buffers against potential loan losses.

Banks' loan-to-deposit ratios will rise further as borrowers draw down on their credit facilities and depositors withdraw their savings to alleviate cash flow crunches due to the ongoing shutdown.

The BB on April 12 increased the loan-deposit ratio by 2 percentage points to 87 per cent for traditional banks and 92 per cent for Shariah-based banks.

But banks will still feel the pinch in controlling their loan-deposit ratio in the coming days due to their difficulties in mobilising deposit amid economic fallout.

Mutual Trust Bank Managing Director Syed Mahbubur Rahman agreed with the Moody's projection for the banking sector.

Banks will have to struggle to manage their profit due to the lower NIMs.

"Defaulted loans will increase further. So, the central bank should give more support to the banking sector," said Rahman, also an immediate past chairman of the Association of Bankers, Bangladesh, a forum of MDs of banks.

Moody carries out the rating for eight banks in Bangladesh, which accounted for 20 per cent and 17.5 per cent of total loans and deposits in the banking sector.

Of the banks, the agency has given the higher rating for Brac Bank, which is Ba3-Negative.

## As factories reopen, ILO calls for safer workplace

STAR BUSINESS REPORT

As Bangladesh eased lockdown restrictions to allow factories to reopen, the International Labour Organization has urged governments across the world to take action to prevent and control Covid-19 in the workplace.

All employers need to carry out risk assessments and ensure their workplaces meet strict occupational safety and health criteria beforehand, to minimise the risk to workers of exposure to the novel coronavirus, the ILO said.

"Without such controls, countries face the very real risk of a resurgence of the virus. Putting in place the necessary measures will minimise the risk of a second wave of contagion contracted at the workplace."

The statement from the ILO came as at least 1,820 factories reopened in Bangladesh on Monday, a day after another 1,427 export-oriented units resumed production.

"Ultimately, the well-being of our communities and our economies depends on how well we protect our workers," said ILO Bangladesh Country Director Tuomo Poutiainen.

The ILO has developed a three-pronged strategy to ensure a safer return to work.

The first step is the adoption of several safety and health measures at work based on dialogue between employers and workers, and a shared understanding of coronavirus risks.

To prevent transmission of the virus and safeguard workers, the ILO has developed Covid-19 specific occupational safety and health guidelines, together with the Department of Inspection for Factories and Establishments.

Furthermore, the ILO is recommending employment retention through work-sharing and reskilling and essential social protection measures to ensure access to subsistence allowance, basic healthcare and income security for formal and informal sector workers.