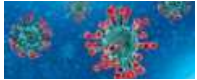


STOCKS		COMMODITIES		As of Friday		ASIAN MARKETS				CURRENCIES		STANDARD CHARTERED BANK			
DSEX	CSCX		Gold		Oil		MUMBAI	TOKYO	SINGAPORE	SHANGHAI		USD	EUR	GBP	CNY
Closed	Closed		\$1,698.80	(per ounce)	\$26.44	(per barrel)	Closed	2.84% 19,619.35	Closed	Closed	BUY TK	83.95	91.20	104.10	11.63
											SELL TK	84.95	95.00	107.90	12.22



# BUSINESS

DHAKA MONDAY MAY 4, 2020, BAISHAKH 21, 1427 BS ● starbusiness@thedailystar.net



## TAMING CORONAVIRUS RAMPAGE

# Remittance's depressing descent in 2020

*Inflows crash to a 34-month low in April*

AKM ZAMIR UDDIN

Nazma Begum, a housewife and a mother-of-three, has been fretting the last three months. Her source of worry?

How she would be making ends meet, as her husband, a migrant worker in Saudi Arabia, has been made redundant because of the economic fallout of the global coronavirus pandemic.

Her husband, Syed Ahmed, has been in the kingdom nation for the past seven years, wiring home Tk 30,000 every month, which is good enough to run the household expenditures in Cox's Bazar.

"My husband is now panicking as the Saudi government has been forcing many expatriates to go back their home," Begum said.

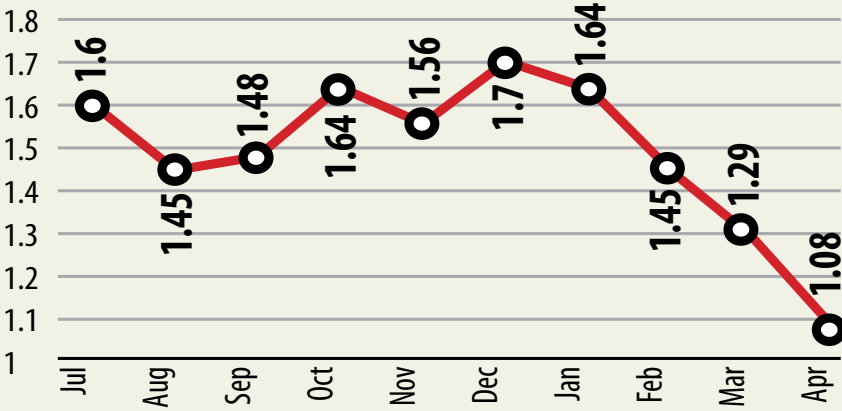
The family will be in severe hardship if Ahmed does return. "How are we going to pay for the kids' education? And how are we going to foot my parents-in-laws' healthcare bills?"

The plight of Ahmed's family is not an isolated case; families of thousands of Bangladeshi migrant workers are in the



### Remittance inflow so far this fiscal year

(in \$b)



same boat of uncertainty as the novel virus is burning through global economies, upending both lives and livelihoods.

There are about 1.20 crore Bangladeshis working across the globe, whose transfer back home has progressively become a pillar of strength for the Bangladesh economy.

But that pillar is now tottering: last month, inflows hit a 34-month low of \$1.08 billion, down 25 per cent from a year earlier.

April's inflows take fiscal

2019-20's tally to \$14.86 billion, up 11.77 per cent year-on-year, which isn't all too bad.

But there is no denying that going forward, the amount will only contract, as the Gulf nations, where 75 per cent of the migrant workers reside, are pushing to return the manpower to their respective countries, as their economies are taking a massive beating for the nosediving oil prices for a demand crunch and supply glut.

And the 2 per cent cash incentive introduced this fiscal year for sending remittance through the official channels is

powerless in stemming the tide.

Remittance from Saudi Arabia and the UAE, the top two sources of remittance for Bangladesh, has particularly shrivelled in March and April, said a Bangladesh Bank official requesting anonymity as he is not authorised to speak with the media.

The central bank has not prepared the detailed breakdown of recent months as some banks are yet to forward it, he said.

Since the middle of February, about 2 lakh migrant workers returned home, with most arriving from Saudi Arabia, the UAE and Malaysia, according to Shariful Islam Hasan, head of BRAC's migration programme.

Last month, the World Bank forecasted that remittance flow to Bangladesh may plunge by as much as 22 per cent this year because of the ongoing fallout.

Money sent by the migrant workers is projected to fall to \$14 billion in 2020, said the multilateral lender in its Migration and Development Brief.

In the past, remittances have been counter-cyclical, where workers send more money home in times of crisis and hardship back home. This time, however, the pandemic has affected all countries, creating additional uncertainties, it said.

The country's foreign exchange reserve stood at \$33.10 billion yesterday, which is good enough to make import payments for nearly six months.

The BB official said that the country's import had declined alarmingly in recent months, which has helped keep the foreign exchange reserves stable.

## FY21 budget coming in June: finance ministry

STAR BUSINESS DESK

The budget for fiscal 2020-21 will definitely be unveiled in June after the finance ministry yesterday put all suspense to bed by sending out a press release informing it.

To make the budget preparation process participatory, the government has sought opinions and recommendations from all professionals and stakeholders through the finance division's website www.mof.gov.bd.

The government is putting more emphasis on digital platforms to hear the voices of people and opinions of the experts about the next budget because of the movement control order aimed at containing the COVID-19.

## BB confiscates banks' interest income for Apr, May

AKM ZAMIR UDDIN and MD FAZLUR RAHMAN

The central bank yesterday directed banks to transfer all interest accrued or to be accrued between April 1 and May 31 this year from all of their loans to an interest-free blocked account, in what can be construed as its boldest move yet amid the pandemic.

A blocked account refers to an account that does not allow for the indiscriminate withdrawal but instead has certain restrictions or limitations on when, how much, and by who, capital can be withdrawn.

Besides, banks are not allowed to transfer the interest or profits deposited in the blocked account of the borrowers to lenders' income book until further notice, according to a Bangladesh Bank notice.

This is a great move to help the borrowers during the ongoing fallout as banks are not permitted to impose compound interest on the total outstanding loans of the businesses, said a BB official.

He thinks that the creation of the block account means borrowers might get further facilities in the days ahead.

"The central bank may either ask banks to waive the whole amount of interest in the block accounts or adjust the amount with their principal amount of loans," he said.

The central bank is yet to take any decision to this end.



AKM ZAMIR UDDIN

The government earlier assured businesses to take initiative to reduce their burden on high interest amid ongoing economic fallout resulting from the coronavirus pandemic.

If interests or profits have already been shown as incomes, it has to be adjusted through reverse entry.

A decision on adjusting the interest or profits transferred to the blocked account will be issued later, the circular said.

In another notice, the central bank has doubled the size of the fund of the refinancing scheme that bankrolls eco-friendly products, initiatives and projects.

The fund -- Refinance Scheme for Green Products/Initiatives/Project -- would stand at Tk 400 crore from Tk 200 crore now as the demand for the funds for environment-friendly initiatives is growing.

The scheme can only be used in case of term loans and can't be used to pay consultant fee, meet repairing and maintenance expenditure and be used as working capital.

Similarly, the refinancing wouldn't go past the credit ceiling set by the BB for the products and projects.

No defaulters will be eligible for the projects. Projects that are already funded by the BB, development partners and other sources would not qualify for the financing, the notice said.

Under the scheme, banks would get the funds at the bank rate, which is 5 per cent.

At the borrowers' level, the interest rate for the loans with the repayment period of less than five years would be a maximum 7 per cent.

The loans with payback tenures ranging between five years and eight years would carry a 7.5 per cent interest rate and that of more than eight years tenure would be 8 per cent.

This will give banks' a margin of 2 per cent, 2.5 per cent and 3 per cent respectively for the three repayment periods.

However, the margin for the loan going to the agriculture sector's solar irrigation pump would be 2 per cent as it is a priority sector for the government.

No hidden charges can be applied to any loans, the BB said. The grace period would be determined depending on the relationship between banks and clients.

The loan repayment would be on a quarterly basis and the loan and equity ratio would be 80:20.

The government and the Bangladesh Bank have unveiled a host of stimulus packages amounting Tk 95,619 crore, which is 3.5 per cent of the GDP, aimed at aiding people's purchasing power, widening social safety nets, increasing money supply and making working capital available for the industries, service sector firms and cottage industries.

# Deadline extension for tax matters on the cards

SOHEL PARVEZ

The government is likely to give relief to taxpayers from penalties for their inability to comply with deadlines during the shutdown, said finance ministry officials.

Officials are working to table a proposal to the government higher-ups to empower the National Board of Revenue (NBR) to relax rules related to issues that have time bar.

For example, employers have to submit statements of income tax filing by their employers within April 30 every year to avoid penalty. But this year, despite the willingness to do so, many firms could not do so for the shutdown enforced since March 26 to flatten the curve on coronavirus.

Besides, firms are required to deposit the tax deducted at source of goods and services of the current month within the first half of the following month.

There is also a time-related

obligation regarding disposal of tax-related appeals in the present rules, said officials and firms.

None of these can be done on time for the shutdown.

Under the circumstance, the finance ministry plans to extend the deadline of time-bound issues equal to the period of lockdown, said officials.

"The government is considering these matters positively," said a senior official of the NBR seeking to remain unmaned.

Meanwhile, the revenue board is also working to extend the deadline regarding the filing of value-added tax (VAT) returns.

Last month, firms faced difficulties in handing in the VAT returns as they had to open their offices to prepare transaction statement after the NBR suddenly announced that its field offices would be open to receive returns of transactions in March.

Yet, the NBR got 31,000 returns last month, which is half of the number of returns it got the



SK ENAMIL HAQ

previous month, said officials.

"VAT return submission put us in a lot of trouble last month. Rules related to VAT return submission should be relaxed," said a senior official of a multinational company asking not to be named.

As per rules, businesses have to submit details of transactions of the previous month and deposit VAT paid by the end consumers to the state coffer within 15 days of the following month.

Firms have to pay a Tk 10,000 penalty for failure to submit VAT

returns within the deadline.

They can also seek time for delayed furnishing of return but they have to pay 2 per cent simple interest monthly for delayed submission, according to rules.

On the one hand, the penalty and interest burden for delayed submission are adding to the businesses' operational costs during these days of shutdown.

And on the other hand, there was no way for them to apply to the VAT field offices seeking additional time as they were also closed as per the government directive.

And in the face of rising concerns and difficulties faced by businesses, Finance Minister AHM Mustafa Kamal last month said the deadline for returns submission would be extended.

But the extension is still not official. "We are still working on it," said a senior official of VAT asking not to be named as he is not authorised to speak with the media.

# Factories open in port city with lax health and safety measures

MOHAMMAD SUMAN, Cg

With great trepidation and no other choice, about 1.5 lakh workers in Chattogram have joined their workstation from April 26.

And the factories, and there are more than 205 of them, have not put in government-directed health and safety measures to protect them from contracting COVID-19, the workers said.

They are wearing face masks out of their own sense of self-preservation but the factory owners are neither providing hand gloves, hand sanitisers, hand washing facilities as per the health and safety rules nor ensuring social distancing.

The highest number of factories are open in the Chittagong Export Processing Zone (CEPZ): 98. Besides, 35 more factories have been opened in the Karnafuli EPZ and Korean EPZ area, according to the export processing zone authorities. Apart from garment, the factories manufacture export-oriented sports, electronics, cosmetics, shoes, and pharmaceutical products.

Maintaining social distance is not possible among so many workers, Khurshid Alam, general manager of CEPZ told The Daily Star.

The workers' temperatures are checked

at entry points of each factory. If anyone is found with high temperature, he/she is sent back, Alam said.

But Shahana Begum, a sewing machine operator in a factory in CEPZ, is not too

confident about the measures in saving her from contracting COVID-19.

"The factory authority has checked if we were wearing masks when we enter. But the temperature gun is not working properly and

there is no place to wash hands save for at mealtimes," she said.

None of the decisions taken by the government and the Bangladesh Garment Manufacturers and Exporters Association is labour-friendly, said Hasan Maruf Rume, vice-president of Bangladesh Garments Sanghati Samity.

About one lakh workers enter the CEPZ every day through a gate.

"It is impossible to enter here while maintaining social distance."

If workers enter CEPZ through four separate rows, about 25,000 workers will queue up in each row. And if the workers maintain a distance of three meters among themselves, then the length of each line will be 75 kilometre-long.

"So, it is impossible maintaining social distance," he added.

But MA Salam, first vice-president of the BCGMEA, remains defiant about the need to reopen the factories amid the ascending curve of coronavirus in Bangladesh.

Some buyers from the EU, the US, Japan and China have placed some orders, which will be fulfilled within the next few days. "Once those are done, most of the factories would be closed," he added.



RAJIB RAHMAN

Garment workers, wearing face masks, flock to the Chittagong Export Processing Zones in droves to join work on April 26 after the government announced to ease the lockdown.