

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
Closed	Closed	\$1,701.30 (per ounce)	\$30.01 (per barrel)	0.83%	Closed	0.34%	Closed	BUY TK 83.95	90.50	103.75	11.66
				31,453.51		2,572.36		SELL TK 84.95	94.30	107.55	12.26

যে বাবুল, নিরাপদে থাকুন আর আপনার কিস্তি জমা দিন জুন মাসে

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# Star BUSINESS

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## TAMING CORONAVIRUS RAMPAGE

### 8.5pc GDP growth set for fiscal 2020-21 on hopes of V-shaped recovery

REJAU KARIM BYRON

The government is gunning for an 8.5 per cent GDP growth next fiscal year in the hope the economy would be springing back to a higher expansion trajectory once the coronavirus outbreak has been quelled.

The government is expecting a V-shaped recovery in fiscal 2020-21 after its hopes of

pulling off an 8.2 per cent gross domestic product output this fiscal year were shattered because of the pandemic, said an official of the finance ministry.

A V-shaped recovery involves a sharp decline in economic output followed by a sharp rise back to its previous peak.

The International Monetary Fund also projected a V-shaped recovery for Bangladesh, saying the GDP growth would be 2 per cent this year, the lowest since 1988, before recording its highest-ever expansion of 9.5 per cent in 2021.

The new growth target was disclosed to Prime Minister Sheikh Hasina yesterday in a meeting with a finance ministry team led by Finance Minister AHM Mustafa Kamal at the premier's official residence.

The next budget and the implementation of various stimulus packages announced by the government to pull the economy out of the wreckage thanks to the public health crisis were also discussed at the meeting.

An 8.5 per cent GDP growth target is within the sight of the economy as the stunning collapse this fiscal year was not for any fundamental reason but a public health emergency, the official said.

"So, once the crisis is over, the economy will charge ahead in full steam as in the past," he added.

Bangladesh clocked the highest economic growth in Asia in 2019.

Both the government and the central bank have so far declared 18 stimulus packages worth Tk 95,619 crore to tackle the economic fallout from the pandemic. The packages are equivalent to 3.5 per cent of the country's GDP.



FIROZ AHMED

The typically bustling Shapla Square in Motijheel, located near the centre of Dhaka, is gradually seeing traffic and crowd back after wearing a deserted look for the best part of the past five weeks. The photo was taken yesterday.



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## How should a budget during a pandemic look like?



SOHEL PARVEZ

The searing devastation of coronavirus all over the globe has called for extraordinary measures from governments worldwide. And Bangladesh is no exception.

And it is under the tall shadows of the minuscule virus that the finance ministry has set out to frame the fiscal measures for the next fiscal year, set to take effect from July 1.

The need of the hour is policymakers come out of their known territories and typical drawing board to take the economy back to its high-growth trajectory.

To get a read of what should get top billing in the Tk 550,000 crore-budget for fiscal 2020-21, The Daily Star asked seven economists and all but one said cited the health sector.

Providing livelihood support to the poor and low-income people to prevent them from hunger came second, followed by ensuring enough investment in agriculture to ensure food security as dependence on the international market might cost the nation a lot in times of need.

And all of them wanted the government to trim vanity and least urgent projects under the Annual Development Programme (ADP) so that the current crisis can be overcome by optimum use of resources.

"Bangladesh has never framed a budget in such an uncertain environment since its independence," said Zahid Hussain, former lead economist of the World Bank's Dhaka office.

While there was scarcity just after independence, there had been no such uncertainty.

"So the priority would be to win the war against coronavirus to restart the economy," he said, adding that the infection rate is still increasing in Bangladesh and is yet to hit a point of inflection.

He cited public health experts and said 20,000 tests should be done daily to contain the disease.

"We are at risk. So we will need a clear strategy and work plan for increased testing, contact tracing and isolation. Based on this, we need to estimate resource and the financial requirement to do the job. We have to do it. There is no scope of a trade-off here."

These are preconditions to restart the economy.

"It should not be seen vaguely and you have to give attention to every single detail and prepare the budget,"



RAJIB RAIHAN

Hussain added.

Health must be at the centre of all efforts for at least the next six to eight months, said KAS Murshid, director general of the Bangladesh Institute of Development Studies (BIDS).

"It is vitally important that we do not let the contagion get out of hand." A large-scale health debacle will demoralise the public, cause panic and make it difficult for the economy to be restored.

"Without some kind of minimum confidence level among the public that they can get treatment if they get infected, it will be difficult to open up the economy on many fronts. Thus, we will need to give health and the health-related economy our highest priority this year."

The need of the hour now is to improve the delivery of public health services and access of citizens to testing and treatment.

Mass testing must begin rapidly. "Many countries are doing this, including Senegal, using cheap kits. If we can produce it domestically, it would be best," he added.

The pandemic has exposed the dismal state of the public healthcare system, said Fahmida Khatun, executive director of the Centre for

Policy Dialogue (CPD).

"Our capacity now seems like a drop in the ocean," she said, adding that the health sector never received due attention from policymakers.

Public financing as a percentage of GDP has been declining since 2011 and stood at 0.68 per cent in 2015, showed the Bangladesh National Health Accounts (BHNA) 1997-2015. It stood just above Pakistan amongst all the SAARC countries.

Negligence to developing healthcare facilities in the public sector has resulted in such a crisis of today, said Ahsan H Mansur, executive director of the Policy Research Institute (PRI) of Bangladesh.

"Whatever is needed for the health sector should be done," he said.

Policy and institutional reforms are also needed, said Hossain Zillur Rahman, a former adviser to an immediate caretaker administration.

A big budget is also needed for secondary cities like municipalities so that they can provide health services, he added.

A total overhaul of the health sector is needed to ensure all sorts of modern healthcare facilities up to the union levels, said Salehuddin Ahmed, a former governor of the

Bangladesh Bank.

"Because erosion of health leads to erosion of income," he said, while also recommending the introduction of health insurance.

SOCIAL PROTECTION

This is another area that should get priority. Hussain said livelihood support to vulnerable people who cannot afford to not to work is vital apart from addressing the health emergency.

"Social protection is complementary to each other," he said recommending cash transfer to poor through bank accounts instead of providing them food.

Rahman said the lockdown and squeeze of income opportunity have created a group of new poor apart from the existing poor. It should get top priority, he said.

The poor cannot survive without assistance in the form of relief or employment, Murshid said, while calling for transfer via the mobile financial service platform.

INCREASED INVESTMENT IN AGRICULTURE FOR FOOD SECURITY

Until this outgoing fiscal year, the government's expenditure on the agriculture sector has been shrinking

consistently as a percentage of the total budget, although there has been demand from various quarters to increase it to ensure food security of the nation.

Allocation to agriculture -- including fisheries and livestock, land, water and environment -- declined to 5.42 per cent of the total proposed budget for fiscal 2019-20. In fiscal 2017-18, the sector's share was 6.1 per cent of the budget.

This year, the call becomes louder as the fear of famine for the pandemic is growing, with many countries restricting exports.

"Food security is not in immediate danger but we should not let our attention shift away -- global markets, including the Indian market, cannot be relied upon any longer. We also need to support domestic cultivation of other food items we import like onions," Murshid said.

Agriculture should be given a big emphasis, Hussain said, while calling for adequate inputs, machinery, credit and incentive for farmers.

Crop, fisheries, poultry and dairy are important from the perspective of nutrition and inputs should be made available. Credit also needs to be easy and available to farmers, he said.

SUPPORT TO COTTAGE, MICRO, SMALL AND MEDIUM ENTERPRISES (CMSMEs)

Budgetary measures are needed so that CMSMEs, a source of livelihood for tens of thousands of people, can start operations, Hussain said, while suggesting easy access to credit for the ventures.

"SME restoration has to be very important as we will face a big problem with returnee migrant workers. We should think of how to utilise the human resources," Rahman said.

Importance should be given to job creation and increasing purchasing power, Ahmed said.

"These are more necessary than focusing on growth," he added.

EFFECTIVE AND TRANSPARENT IMPLEMENTATION OF STIMULUS PACKAGES

A transparent mechanism of the stimulus package is needed, said Selim Raihan, executive director of South Asian Network on Economic Modelling.

The main thrust of the next fiscal year should be given to revival of the economy by managing it during the crisis period and preparing a recovery plan for the post-crisis period, he added.

Effective implementation of the nearly Tk 100,000 crore stimulus packages is imperative, according to Mansur.

The package also needs to increase the government's stake in terms of burden-sharing to reduce pressure on banks, he added.

## BB orders longer banking hours

STAR BUSINESS REPORT

The central bank yesterday instructed banks to extend their banking hours to 2:30 pm from 1 pm from May 10 in preparation of gradually resuming economic activities, which have been put on an induced coma to flatten the curve on coronavirus.

Banks will have to keep open all their branches in the capital's Motijheel and Dilkusha areas and Chattogram's Agrabad and Khatungonj.

Branches that are yet to be brought under the online coverage will have to remain open until further instruction, according to a BB notice.

In addition, the Bangladesh Bank also asked lenders to keep open at least one of their branches in every upazila.

The BB asked banks to keep open their authorised dealer branches for settling foreign exchange transactions in metropolitan or divisional cities.

Bank employees will have to stay put at branches until 3:30 pm every working day to complete their official tasks. They will get a break of 15 minutes for Zuhr prayers from 1:15 pm to 1:30 pm.

Health and safety guidelines provided by the World Health Organisation must be maintained in the branches.

Banks have been giving financial services on a limited scale since March 29 as per the central bank instruction amid the countrywide general shutdown.

However, the curtailed banking hours have led to customers flocking the bank branches, disregarding the social distancing rule needed to safeguard oneself from coronavirus contagion.

The latest instructions will give a boost to the country's business activities, the BB notice said.

## WB to redirect funds from sluggish projects for budget support

REJAU KARIM BYRON

The World Bank has decided to free up funds from three ongoing but slow-moving projects and relaxed conditions to allow Bangladesh to secure \$250 million in budget support as part of its efforts to help the country stave off financial ruins.

Bangladesh was supposed to get the

funds in budgetary support in September this year, but now the Washington-based multilateral lender has brought forward the date to make the funds available by May.

Some \$160 million would be re-routed from the three projects, said an official of the Economic Relations Division.

The WB and the government would sit for

negotiation on May 14 and the funds may be available within a couple of days of the meeting, he added.

Bangladesh desperately needs the funds as it has unveiled 18 stimulus packages amounting to Tk 95,619 crore to pull various sectors of the economy out of the coronavirus-induced slump and protect the poor and newly

unemployed.

Another \$100 million would come from the WB's IDA-19, the current round of the International Development Association, one of the largest sources of funding for fighting extreme poverty in the world's poorest countries.

To make the budget support available, the WB has gone one step further: it has

agreed to relax conditions related to the reforms that Bangladesh had to be put in place before availing the funds.

The reforms relate to setting up childcare centre at the export processing zones and amending the Company Act.

The Washington-based multilateral lender has already allocated \$100 million to Bangladesh for health services.