

**TAMING CORONAVIRUS RAMPAGE**

# State banks seek liquidity support amid fund withdrawal by SoEs

AKM ZAMIR UDDIN

State-run lenders yesterday approached both the central bank and the finance ministry to seek liquidity support as government agencies are withdrawing funds rapidly, a development that will handicap them ahead of implementing the government's massive stimulus packages.

They came up with the plea at a virtual meeting with the finance ministry. Managing directors of all state-run banks and non-bank financial institutions were present.

Md Ashadul Islam, senior secretary of the financial institutions division, chaired the virtual meeting. Bangladesh Bank Deputy Governor Ahmed Jamal was present.

The state-run lenders have been asked to play a leading role in materialising the packages by using their large branch network.

As of November, the country's 59 banks have 10,467 branches. Of the sum, four state-owned banks -- Sonali, Janata, Agrani and Rupali -- together account for 34 per cent of the branches and 56 per cent of the branches are located in the rural areas.

Both the government and the central bank have so far declared 18 stimulus packages worth Tk 95,619 crore to tackle the economic fallout.

The packages, which are equivalent to 3.5 per cent of the country's GDP, will be implemented under the supervision of the BB and the finance

ministry.

The finance ministry asked the lenders to implement the stimulus packages in a quick manner with a view to pulling the economy out of the meltdown.

There are 68 state-run enterprises (SoEs) that have Tk 212,100 crore deposited in banks, and the state-run banks have been sitting on enough liquidity for long on the back of the bulk deposits.

But the liquidity base has started to contract as the government has been forced to meet its expenditure due to the ongoing economic fallout resulting from the coronavirus pandemic.

For instance, the Bangladesh Petroleum Corporation will withdraw Tk 2,000 crore from Sonali and Janata respectively within the next week.

The central bank, however, assured the lenders of required fund injection in the form of repurchase agreement to mitigate the impending liquidity crunch.

The meeting did not take any final decision, but the finance ministry gave a hint that the state banks would have to play a major role in implementing the stimulus packages, said Md Abdus Salam Azad, managing director of Janata Bank.

The ministry has asked the lenders to give an idea about the potential losses their business will face due to the ongoing fallout, he said.

Bangladesh Krishi Bank (BKB) will have to execute the stimulus package

largely for the farm sector, said its managing director Md Ali Hossain Prodhania.

The central bank has formed a refinance scheme of Tk 5,000 crore for the small and medium enterprises of the farm sector, of which Tk 1,199 crore will have to be disbursed by BKB.

Besides, the bank will have to give out a major portion of loans to farmers at 4 per cent interest rate, he said.

"We are well prepared to do so. This will help protect the agriculture sector from the recession," Prodhania said.

The state lenders could lead the implementation of the stimulus packages by using the huge network, said Mohammad Shams-Ul Islam, managing director of Agrani Bank.

In a separate move, the central bank has divided proportionately for banks the stimulus package of Tk 30,000 crore earmarked for the industrial and services sectors.

A majority of banks now face a liquidity crunch in the wake of deposit withdrawal by clients, so they will try to disburse loans under the package.

The central bank has taken into account the outstanding amount of the respective bank's working capital until December in the industrial and service sectors while fixing the sum for them.

Banks will get an interest rate subsidy of 4.5 per cent for the disbursed loans under the package.

# Mobile operators demand tax reforms



STAR BUSINESS REPORT

Mobile phone operators in their budget proposals for the upcoming fiscal year have called upon the government to streamline the telecom tax regime, saying the existing policies encumber them and stand in their way to contributing more to the economy.

The operators' contribution to the country's economy is 7 per cent now, but if proper tax reforms can be brought on board, the rate will rise further, the Association of Mobile Telecom Operators of Bangladesh (AMTOB) said in the proposals emailed to the National Board of Revenue.

"Since the sector is already going through multiple issues regarding taxation, it's time to find solutions to them," said AMTOB President Mahtab Uddin Ahmed.

As the whole country is facing unprecedented challenges due to the COVID-19 outbreak, the telecom sector has become the backbone of all sorts of communication, business and entertainment, he added.

In the proposals, the operators requested the government to abolish SIM tax, bring down the corporate tax, lift turnover tax and eliminate double taxation.

Mobile operators are currently paying Tk 200 tax per SIM, which

they say is a major barrier to taking telecom services to low-income people, according to an AMTOB statement issued yesterday.

"If the SIM tax is waived, mobile phone coverage will widen in the rural areas and it will bring greater benefit to the national economy," it said.



The AMTOB called for bringing down their corporate tax from 45 per cent to 30 per cent, a rate currently applicable to other companies in Bangladesh.

The corporate tax rate for mobile phone operators is 22 per cent in India, 30 per cent in Pakistan and Nepal, 28 per cent in Sri Lanka and 20 per cent in Afghanistan.

The minimum threshold of the turnover tax creates a huge pressure on small carriers, which pay 2 per cent of their revenue regardless of whether they incur a loss or make

a profit, the AMTOB said, adding that three loss-making operators are paying this tax from the equity injected by shareholders.

"Bringing down the turnover and corporate taxes is a prerequisite for the sustainability of the industry."

The operators share 5.5 per cent of their gross revenue with the government, while contributing another 1 per cent to a "social obligation fund" of the regulator, the AMTOB said, stressing the need for eliminating double taxation.

It also urged the NBR to clarify the Value Added Tax and Supplementary Duty Act, 2012, which they say does not provide specific guidelines with regards to VAT exemption for regulatory agencies.

"The government agencies and regulators are not following the VAT regulations as they are demanding or collecting VAT without registration and are not issuing any VAT challan, which goes against the principle of the VAT law," the AMTOB said.

It is difficult to ascertain the consequences of COVID-19, but mobile phone services will face huge challenges soon if the regulatory, tax and VAT-related issues are not addressed immediately, said AMTOB Secretary General SM Farhad.

"The coronavirus situation is negatively impacting the operators and wreaking havoc on their revenues. We request the government to consider our proposals so that the industry can help the country with its full potential," he said.

# Textile millers missed sales of Tk 20,000cr

REFAJET ULLAH MIRDHA

Shahid Alam, a yarn manufacturer for the local garment industry, used to sell cotton yarn worth Tk35 crore a month, and more so on the occasions of Pehela Baishakh and Eid-ul-Fitr.

But this year has been starkly, depressingly different. His factory in Narayanganj has been bolted shut for the past one-and-a-half month for the countrywide shutdown

enforced on March 26 to flatten the curve on coronavirus.

Unfortunately, both the mega sales events took place during this time, leaving him and his sector ruing missed sales to the tunes of Tk 20,000 crore.

The local millers produce fabrics for salwar kameez, curtains, home textile, sari, lungi, hand towels and so on. With the increase in purchasing power capacity for Bangladesh's tremendous growth momentum, sales of

the goods had been increasing on the two occasions.

The weavers, dyers, printers and spinners say they were deprived of Tk 5,000 crore in lost revenue during Pehela Baishakh and another Tk 15,000 crore in Eid, which is three weeks away.

Every year, almost all the Eid sales would be cleared from factories in the first week of Ramadan. But this time, the factories remain firmly shut in the first week of the fasting

month, which began on April 25.

The slump in production at the mills has negatively impacted the sales of garment, dress materials, sari and lungi in the country's major wholesale hubs such as Baburhaat, Islampur, Sirajganj and Madhabdi.

Subsequently, the Bangladesh Textile Mills Association (BTMA) has called for government support.

"There are so many micro, small and medium units serving the local markets,

but they are not enjoying the government benefits," said BTMA President Mohammad Ali Khokon.

There are about 11,000 micro, small, medium and large spinning, printing, dyeing and weaving mills, according to the association.

So far, three members of the BTMA sent letters to the association because the banks are not cooperating with them in availing the fund from bailout package, said Monsoor Ahmed, secretary of the trade body.

# Things looking up for Banglalink

MUHAMMAD ZAHIDUL ISLAM

Banglalink, once the most spirited operator in the market, seems to have gotten a spring back in its step in 2020 after two consecutive quarters of underwhelming performance.

In the first quarter of this year, the country's third largest operator reported a 3.75 per cent year-on-year growth in revenue thanks to 4G, according to its parent company VEON's quarterly report.

Its revenue of Tk 1,163 crore was the highest after it purchased additional spectrum in February 2018 and invested in 4G services.

However, the operator did not disclose its profit status in the report published yesterday.

"Our simplified product offers accompanied by the continued expansion of 4G coverage has supported our data customer growth and improvement in data revenue," said Erik Aas, chief executive officer of Banglalink.

During the quarter, Banglalink's data customers increased 7.8 per cent year-on-year and its data revenue a whopping 18.5 per cent to Tk 265.78 crore.

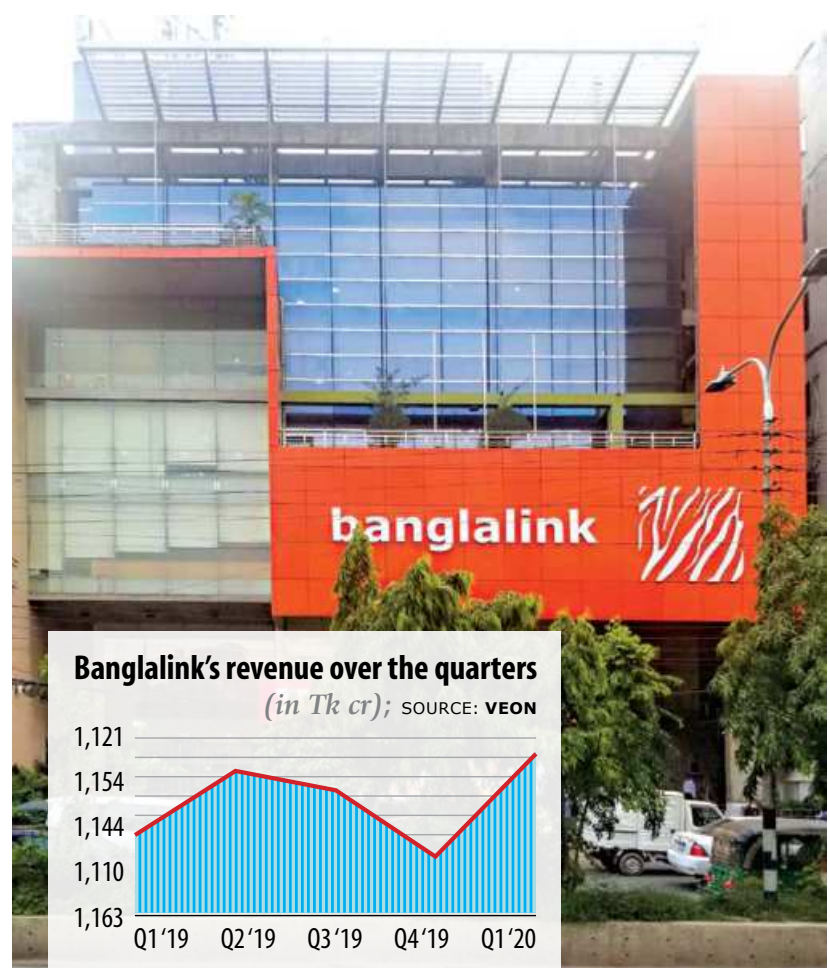
Its data usage growth between January and March was up 42.8 per cent year-on-year to 1,713 MB per user per month.

And the average earning per user every month increased to Tk 113 from Tk 109 in the previous quarter, which was its lowest yet.

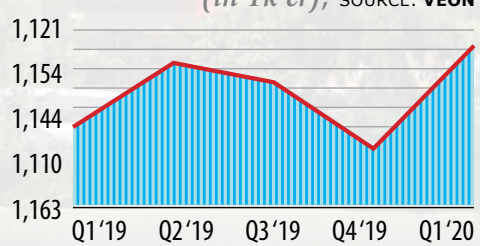
At the end of March, Banglalink's 4G network covered 52 per cent of the population, which also help its customers to use more data. Its 3G coverage was 73 per cent of the population, reads the report.

The carrier ended the quarter with 3.36 crore active users, up 1.9 per cent year-on-year.

To support its customers during the general shutdown, Banglalink is providing some of its services free of



Banglalink's revenue over the quarters (in Tk cr); SOURCE: VEON



charge and has improved access to digital reload channels.

On top of ensuring uninterrupted telecommunication services to their customers, Banglalink has also been active with various social initiatives that are beneficial to the people of Bangladesh during this difficult time, Aas said.

The social initiatives include relief distribution among the population in need, free e-learning facility for primary school students and toll-free

hotlines to coronavirus testing centres.

The pandemic has exposed both the customers and Banglalink to unprecedented challenges.

"Bangladesh is already a challenging market for us to operate in due to the high tax rates and the less favourable regulatory environment, and the current crisis is posing another challenge to our business' sustainability. Nevertheless, we do hope to overcome this situation soon and come out stronger," Aas added.

## NEXT STEP

### Making a DIFFERENCE

Bangladesh is rapidly moving towards middle income status by 2021. Our businesses definitely offer immense opportunities for the growing economy and this diversity needs a stage for the stories untold. See Bangladesh make its mark on the global map as Making a Difference brings you our proudest success stories from across the country.

## How to stay connected with your team while working remotely

Social distancing has become an integral part of our daily life during this pandemic. While working from home, remote workers face many challenges. The main challenge is to stay connected with the whole team. Here are some insights on how to be a successful remote worker while staying connected with your colleagues.

### SCHEDULE DAILY MEETINGS

To encourage team spirit, daily meetings are much needed even if it's just for 10-15 minutes. It'll involve all the colleagues in the discussion of company updates and help them stay on top of information. A meeting in the morning to set the daily goals and to rank urgent projects can keep you and your team on the right track.

### MAKE VIDEO CALLS MANDATORY

Many nonverbal cues incentivize you to work proficiently. But when you default to phone calls, you're not able to build a level of rapport. Face-to-face meetings or video calls let us feel like we are huddled together in a small conference room and enable us to coordinate our work.



### ENGAGE YOURSELF IN A REASONABLE AMOUNT OF CHIT CHAT

Remote work gets lonely in between meetings and calls. This gap can be tackled if you stay connected with your team in a group chat. You can make small announcements and ask quick questions here. It is also the best way to understand your co-workers and develop a better team spirit.

### STICK TO A SET SCHEDULE FOR WORK

When you are working from home,

there is no fixed time to complete the assignment. Procrastination and slackness can make your whole team less productive. The balance between personal life and professional life will be in trouble because of this slackness. Set primary working hours and stick to them no matter what. In this way, you can achieve your daily goals and stay connected with your colleagues actively. You may also spend time with your family.

JINAT JAHAN KHAN