

| STOCKS | | COMMODITIES | | ASIAN MARKETS | | | | CURRENCIES | | | |
|--------|--------|---------------------------|-------------------------|---------------|-----------|-----------|----------|------------|-------|--------|-------|
| DSEX | CSCX | Gold | Oil | MUMBAI | TOKYO | SINGAPORE | SHANGHAI | USD | EUR | GBP | CNY |
| Closed | Closed | \$1,703.80 (per ounce) | \$30.97 (per barrel) | 31,642.70 | 20,179.09 | 2,591.88 | 2,895.34 | 83.95 | 89.64 | 102.94 | 11.66 |
| | | | | 0.63% | 2.56% | 0.01% | 0.83% | 84.95 | 93.44 | 106.74 | 12.26 |



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TAMING CORONAVIRUS RAMPAGE

Health is wealth. Give it the due attention.

Says CPD in its budget recommendation for fiscal 2020-21



SOHEL PARVEZ

It is about time that the health sector takes centre stage in a national budget -- is the overarching message of the Centre for Policy Dialogue as the finance division gets down to thrashing the budget for fiscal 2020-21.

"COVID-19 is a lesson for us," said CPD Executive Director Fahmida Khatun in a virtual media briefing yesterday to share the independent think-tank's recommendations for the upcoming fiscal year's budget, due to be unveiled on June 11.

The global pandemic has exposed the historically low level of public investment in the health sector. At present, it is a mere 0.9 per cent of the country's gross domestic product.

"Unfortunately, the health sector in Bangladesh has always been neglected," the CPD said.

Apart from the lack of infrastructure and equipment, the healthcare facilities in Bangladesh are also not staffed with adequate numbers of healthcare service providers.

"The total health system should be overhauled," Khatun said, adding that the out-of-pocket expenditure was the highest in Bangladesh amongst the South Asian nations.

The sixth five-year plan had a target of increasing investment in health to 1.1 per cent of GDP.

"It is yet achieved," she said.

The think-tank also recommended the government give priority to social protection and the agricultural and small, medium enterprises (SMEs) sectors in the budget to tackle the economic fallout from the pandemic and send the \$274

billion Bangladesh economy on to a path of V-shaped recovery.

Because of the lockdown, production and supply chains were disrupted, income opportunities were lost and poverty situation worsened, with new poor population joining the ranks of the old ones.

All these adverse implications will have an immediate short-term and medium-term impact on the economy, which will need to be tackled through immediate policy response and by keeping the needs of the recovery phase in consideration, the think-tank said.

The economy had been facing various challenges such as the weak financial sector and falling exports before the outbreak of coronavirus and the rogue virus has only exacerbated the situation.

Besides, special focus should be paid on social safety net programmes (SSNPs) related activities given COVID-19 as the shutdown has wiped out income opportunities of the poor and vulnerable people.

The government should allocate at least 3 per cent of the GDP for SSNPs as outlined in the National Social Security Strategy, the CPD said, citing its previous proposals of providing cash to up to 1.90 crore families for two months at Tk 8,000 per month.

The pandemic has reemphasised the importance of food production and increased public food stocks for food security, it said.

"Fiscal 2020-21 will be a crucial period from the perspective of ensuring food security both in COVID and post-COVID periods."

The agriculture sector accounts for more than 40 per cent of employment and hence farming and rural economy should be given priority, said CPD Distinguished Fellow Mustafizur Rahman.

"This sector should get an adequate allocation," said CPD Senior Research Fellow Towfiqul Islam Khan.

To protect jobs and income, the CPD also suggested supporting domestic SMEs, which accounts for the majority of economic enterprises.

The SMEs were particularly hit hard for the lockdown, the CPD said, while suggesting raising the tax exempted yearly turnover limit for the

BUDGET RECOMMENDATIONS

- Give priority to health, agricultural and SMEs
- Cut unnecessary expenditure
- Raise tax-free income limit to Tk 3.5 lakh
- Restructure first three slabs of income tax to 5, 10, and 15pc from 10, 15 and 20pc
- Raise tax-free turnover limit for SMEs to Tk 1cr
- Curb tax evasion, illicit fund flow abroad with strong hand
- Don't give tax incentives on ad-hoc basis
- Keep corporate tax unchanged
- Initiate wealth tax and inheritance tax
- Don't allow black money whitening

enterprises to Tk 1 crore from Tk 50 lakh for fiscal 2020-21.

Furthermore, the companies that are incurring losses in fiscal 2019-20 can be allowed to carry back losses against taxable profits for the two previous years.

The CPD said the government will require additional resources to revive the depressed economy and an expansionary macroeconomic policy should be pursued in fiscal 2020-21.

"Pursuing such an approach will likely increase the fiscal deficit in the next budget. However, given the emerging scenario such a stance is conceivably the right one," Khan said.

The low oil prices and falling exports earnings will reduce pressure on public expenditure. At the same, the government should cut revenue expenses and reprioritise annual development programmes to reduce the pressure, Moazzem said.

The main focus should be curbing tax evasion and illegal fund transfer abroad, said Rahman, while citing that Tk 5 lakh crore had been siphoned off abroad in the last 10 years illicitly through various channels.

"If we could curb the transfer, the money would have been useful," he said, while also suggesting wealth and

inheritance tax.

The CPD suggested the National Board of Revenue refrain from all ad-hoc provisions of tax incentives.

"NBR needs to be selective and careful in the next fiscal year as more demand for incentives will be lined up in the wake of COVID-19."

The think-tank said the corporate tax rate should be unchanged as some measures have already been taken in support of large entrepreneurs.

It also opposed giving any opportunity to whiten the black money.

"There may be increased pressure for this on the ground of mobilising additional money in the backdrop of likely difficulties in resource generation in fiscal 2020-21. As is well known, this measure has failed to register any notable response in the past."

To ease pressure on individual taxpayers, the CPD said the first three slabs of income tax -- 10 per cent, 15 per cent, and 20 per cent should be changed to 5, 10, and 15 per cent respectively, at least for the next two years.

It also recommended increasing the threshold for tax-free income for individuals from Tk 2.5 lakh to Tk 3.5 lakh.

The twin moves would increase taxpayers' disposable income, which, in turn, would boost domestic demand and defibrillate the economy that has been on an induced coma since March 26 to slow the spread of coronavirus.

The think-tank also demanded expedition of installation of e-cash register -- the Electronic Fiscal Device -- for effective implementation of the new VAT law and increase revenue.

The CPD was also critical about the relaxation of lockdown at a time when the risk of community spread remains high.

The other countries have reopened their economies by following the scientific procedure, Khatun said.

"This is also necessary in case of reopening here. What is the necessity of livelihoods when life is at stake? Risk of spread of coronavirus is high in shopping malls, transport and markets."

The CPD carried out an opinion poll on whether shopping centres need to reopen and found 93 per cent of the participants opposed the move.

Some 96 per cent of the respondents said they would not go shopping even if the shopping centres are open.

Post office comes to bereft farmers' rescue

Will carry produce in their Dhaka-bound vans

STAR BUSINESS REPORT

The postal division has come forward to stand by farmers who are facing insurmountable losses for their failure to market their produce in cities like Dhaka in the absence of transport amid the countrywide shutdown since March 26.

The post office said it will carry vegetables and other perishables in its vans on their way back to Dhaka to help farmers sell their produce, in a development that can be viewed as the perfect example of harnessing the power of technology for the greater good.

The transport will be provided without any delivery fee, it said, after the inauguration of the service between Dhaka and Manikganj yesterday.

Termed as 'Krishok Bondhu Dak Seba', the post office transported nearly two tonnes of vegetables from Manikganj's Jithka Bazar to Dhaka Gabtoli agricultural market yesterday.

The initiative comes at a time when the cry for prices by growers continue to get louder as buyers from cities, such as Dhaka, cannot visit producing regions to buy vegetables in the absence of public transport.

An inadequate number of trucks are plying on the highways owing to the strict shutdown enforced to flatten the curve on coronavirus.

From watermelon producers to banana orchard owners, from pumpkin producers to fish farmers, the rogue virus has put tens of thousands of farmers in despair.

Even if the trucks are available, the fares are too high, said some vegetable wholesalers.

"This initiative will help get farming products easily even during the lockdown," said Posts and Telecom Minister Mustafa Jabbar after inaugurating the service.

Of the vegetables carried by the post office to Dhaka yesterday, 1,200 kilograms was onion. The rest were green chilli, brinjal, bitter gourd, snake gourd, luffa, okra, cucumber and crookneck pumpkin.

A portion of the vegetables was also sent to the Dhanmondi branch of the supermarket chain Meena Bazar, Jabbar said. The post office will also carry products from farmers to companies such as online shop Chaldal.

Under the initiative, farmers will receive the sales proceeds of their produce by sitting at their homes and without the involvement of middleman.

Mobile financial service provider Nagad will help farmers get their money without any hassle, he said.

"Vehicles of the postal division will carry these farm produce when they will return after delivering their regular parcels in the districts. So, it will not add any cost to us. The postal division is doing this as a service to farmers."

The farmers will have to take all their produce to the local post office through the local agricultural officials to get their vegetables on board the Dhaka-bound vehicles.

The postal division never carried perishables but it took the initiative considering the COVID-19 crisis to help growers, said Khandker Shahnur Sabbir, the deputy postmaster general of Dhaka GPO, who designed the project. ekshop, an online commerce channel of access to information programme (a2i) under the ICT division, is the coordinator of the postal division's owned designed project, said Rezwanul Haque Jami, head of e-commerce of a2i.

Manikganj's Jithka was the piloting phase and this project will be launched in 12 districts of Dhaka division within next week. After that, it will expand across the country, Jami said.

"It's not certain which shop and market the farmers' products will go to. It all depends on price and demand. Even it can go other districts bypassing Dhaka city," he added.

Grameenphone whips up a price war

Carrier offers 10cr free voice call minutes, bonus data; Robi to follow suit

MUHAMMAD ZAHIDUL ISLAM

Mobile carriers are bracing for a price war and this time it is centring on the coronavirus pandemic as they are offering free voice call minutes and bonus data packs through publicity gimmicks that are being overlooked by the regulator on humanitarian grounds.

Grameenphone, the market's leading operator, on Friday announced a series of initiatives, and one of them is 10 crore free minutes to 1 crore customers (10 minutes per user) who could not recharge in April and have a mere balance.

Some carriers complain that in the early days of the coronavirus pandemic in Bangladesh, they had approached the Bangladesh Telecommunication Regulatory Commission (BTRC) seeking permission to give away free minutes.

But their requests were not entertained citing voice call regulation.

Now, the move to allow Grameenphone to come up with similar offers has raised the eyebrows from the other operators and prompted them to contact the telecom minister about the issue.

"We have already distributed the free minutes to more than one crore users, which will keep them connected to their near and dear ones," said Yasir Azman, chief executive officer of Grameenphone, during a virtual media briefing on Friday.

Also, Grameenphone has introduced a Tk 0.48 per minute call rate from 8 am to 12 pm for its 7.5 crore customers. According to the voice call regulation, no operator can charge less than Tk 0.45 per minute.

The government, however, would not look into the rules right now, said Telecom Minister Mustafa Jabbar.

"Humanitarian service is our priority

and rules and regulations will be the second priority. If any other operator is interested in giving away free minutes to their customers, they are welcome," he told The Daily Star yesterday.

The minister acknowledged that Grameenphone is an operator with significant market power (SMP) and this pricing gimmick might help the carrier.

"At the same time, you will also need to consider that Grameenphone has come forward to stand by the people."

Jabbar, however, said he did not know why the BTRC did not allow others to roll out similar initiatives.

Contacted, Md Jahurul Haque, chairman of the commission, said: "I need to check the regulations and what our officers did. We want customers to get cheap service, but at the same time rules need to be followed."

Price is a huge issue and it might adversely affect other carriers, he said. "So, we need to look into it."

Grameenphone said it had approvals from the regulator about the offers and would bear all the charges applicable to revenue sharing, interconnection and the National Board of Revenue.

"Now is the time for all of us to come forward and help the government in fighting the crisis," the country's leading mobile operator said in a statement.

Grameenphone's partnership with the government in the fight against coronavirus started with the Institute of Epidemiology, Disease Control and Research (IEDCR) hotlines 333 and 16236.

Robi said it is sad to see that an operator is disguising its market-driven initiatives under the guise of corporate social responsibility.

"As a socially responsible company, we took a conscious call not to promote our market-



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Grameenphone headquarters in the capital's Bashundhara area. The operator announced a package worth a staggering Tk 100 crore in its fight against COVID-19.

driven initiatives as corporate responsibility initiative, as that would not be an honest portrayal of our commitment to our society in crisis," said Shahed Alam, the chief corporate and regulatory officer at Robi.

"In this backdrop, we are very sad to see that an operator is choosing to exploit the prevailing sentiment in the society around the crisis by dressing up their market-driven initiatives into corporate responsibility ones," he said.

Since the telecom minister has asked the other players to come up with similar offers,

carriers like Robi are now getting their package ready, said an industry insider requesting anonymity.

Robi, the country's second-largest market operator, has been introducing offers at a significantly reduced price from the very early days of the pandemic to help customers stay connected during the crisis, it said.

"With regards to other offers in the market, our offer is unmatched in terms of cost-value proposition," Alam added.

Another senior executive of an operator expressed his shock that an SMP operator

could get the approval for a campaign that can destabilise the market.

"We had designed a special package to mark the birth centenary of the Father of the Nation, but the regulator refused to give the permission saying it is not permitted under the price regulation," he said, requesting anonymity.

The disagreement between Grameenphone and other operators is not new.

A few days ago, three operators requested the BTRC to allocate free spectrum for three months to serve the customers. The Telenor subsidiary opposed the move.

"Grameenphone has financial power and it is trying to create a situation that will corner other operators," the executive said.

Its commitment to the COVID-19 response carries a total value of Tk 100 crore, said the operator on Friday.

The Grameenphone CEO also declared the carrier's continued support to the frontline medical workers and offered monthly 30GB data to the registered doctors of the Directorate General of Health Services (DGHS) with a token Tk 1 per month for the next six months.

Currently, there are 25,000 doctors certified by the DGHS.

Grameenphone internet users will get 100 per cent bonus every week on all data packs if they purchase it using the app. The operator has announced a Tk 10-crore safety net credit scheme for the affected retailers.

"This is a test for all of the citizens to be united to tackle the ongoing challenges. Our role has never been this critical before in serving this nation. No one has ever predicted this crisis and how it may take a toll on our lives. It is high time to come together, with patience, understanding and compassion," Azman said.