

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
Closed	Closed	\$1,717.00 (per ounce)	\$29.98 (per barrel)	32,008.61	20,267.05	2,572.01	2,898.05	BUY TK 83.95	90.06	102.13	11.68
								SELL TK 84.95	93.86	105.93	12.28



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# BUSINESS

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## TAMING CORONAVIRUS RAMPAGE

### Cold storage can save farmers from ruins

**SOHEL PARVEZ**  
Farmers' combined efforts help the nation get a steady supply of vegetables throughout the year. They produced 1.72 crore tonnes of vegetables in fiscal 2018-19, up 8 per cent from the previous year. And so far this fiscal year, they have produced 54 lakh tonnes, according to data from the Department of Agricultural Extension.

Come rain or shine, their industry does not stop. And true to form, they are working tirelessly round-the-clock even during the countrywide general shutdown to keep away COVID-19.

Yet, they are in misery. As many traders from cities and deficit zones cannot visit the producing zones, particularly in the distant districts from Dhaka, in the absence of public transport, a large number of farmers are failing to get buyers to sell their produce.

While the demand for fruits and vegetables have increased in recent days for improved transport movement and slack enforcement of shutdown, a fair price is still eluding them.

Take the case of pumpkin. Farmers had to sell each kilogram of the vegetable at Tk 5 in the north district Thakurgaon yesterday. In its neighbouring district Panchagarh, grower Delwar Hossain had to sell the rotund squash for Tk 6 per kilogram.

In normal times, when buyers from other parts of the country would visit his field, he would get to negotiate a price he deems to be fair.

The shutdown has ruined that scope, forcing Hossain or pumpkin producers in the adjacent district to accept whatever prices they get.

And it is not just with pumpkin; Hossain and his fellow farmers had to count losses on brinjal and cucumber too since the shutdown began on March 26.

Asked what can be done to ensure fair prices for the perishable produce, Hossain had no answer.

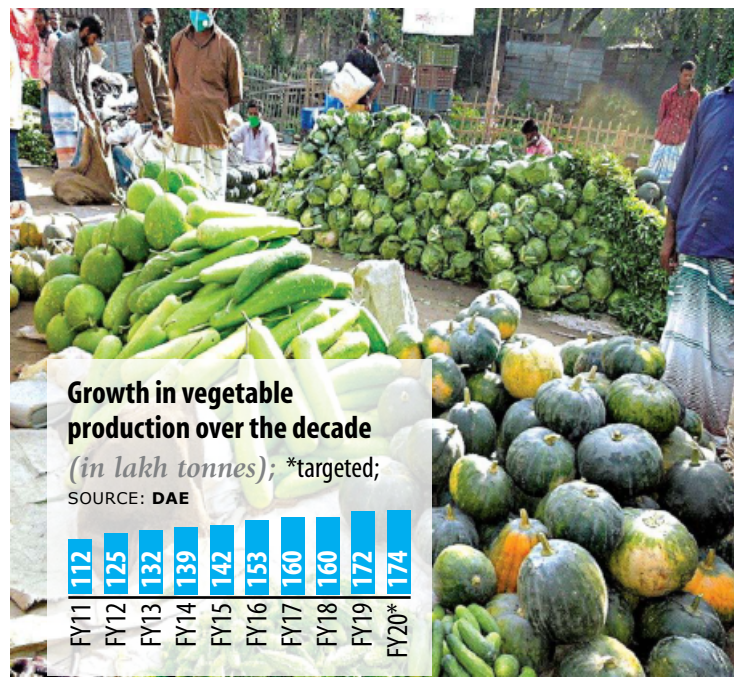
But Majedul Islam of Thakurgaon and a small cold storage owner Mohammad Shah Alam of Rangpur and some other wholesalers had an answer: storing.

Many fruits and vegetables can be stored for a certain period. "We kept pumpkin in our cold storage for three months and the quality did not deteriorate and tomato can be stored for more than a month. Similarly, we can store green chilli and brinjal for nearly three weeks. We kept ripe mango last year and got good results," Alam said.

A cold storage mechanic by profession, Alam constructed a five-tonne capacity cold storage in his village at Mithapukur of northwest division Rangpur last year to stand by farmers, who have to sell mangoes and other vegetables at throwaway prices during peak season in the absence of any storage facility.

"We got initial success last year. We are hopeful that more farmers will keep their mangoes in the coming season. Farmers get higher prices when they can sell in the lean season," he added.

At Cumilla's Nimsar, one of the biggest vegetable market in the



southeast, or at Dhaka's Karwan Bazar, vegetable wholesalers Mohammad Abdus Salam and Mohammad Habib had the same opinion.

Habib said farmers, particularly in the faraway districts, were hit hard after buses went off the road alongside a lot of trucks following the enforcement of shutdown from March 26.

To compound farmers' woes, a travel ban to the EU and the US also choked off vegetable exports.

And Dhaka, the biggest consumer also saw a sharp decline in demand as a large number of people left for their ancestral towns and villages.

Restaurants consume a big portion of vegetables but their closure wiped out demand too.

"People are not getting out of their homes other than for emergency purposes. All these factors affected farmers of both perishable vegetables and seasonal fruits like watermelon," he said.

The fact that a large number of people are suffering from a sharp drop in income also contracted demand.

"People have little appetite to buy," said Abdus Salam, a vegetable wholesaler at Nimsar Cumilla, early this week.

Mohammad Yousuf, director general of Department of Agricultural Marketing (DAM), said a special type of cold storages should be developed and his office has placed a project proposal of Tk 205 crore to build 15 agricultural commodities storage facilities in various parts of the country.

An online market platform involving all stakeholders including farmers should be developed too.

"At the same time, we need to expand and diversify agro-processing," he added.

Some 30 per cent of farm produce get damaged and subsequently lose their market value because of poor post-harvest management, said Md. Atiqur Rahman, post-harvest management expert of Hortex Foundation who is currently working at the National Agricultural Technology Programme-phase II.

Establishment of packing house for washing, sorting, grading and packing in major fruit and vegetable-producing regions will be advantageous for both farmers and traders.

Market actors in agri-business should be given support to do so, said MA Sattar Mandal, former vice-chancellor of the Bangladesh Agricultural University.

"Agri-business is a concept that is slowly emerging in Bangladesh. This should be brought to the fore with a big push."

There is a large number of wholesalers and traders in the agri-business value chain.

"But we admonish them without understanding them properly and it appears that they are responsible for everything. This ignorance is cruel."

This is a big class and they should be provided with training for skill development.

"They need literacy, numeracy, accounting and ICT skills. They should be integrated with the market and be seen as a pro-active force. For this, policy reorientation and thrust are needed. At the same time, adequate budgetary provisions should be kept for this."

He also called for higher prices for agriculture.

For this, market infrastructure should be developed, which is an important part of modern agriculture.

### Digital commerce businesses want all taxes to go

STAR BUSINESS REPORT



The e-Commerce Association of Bangladesh (e-CAB) yesterday urged the government to declare digital commerce as a tax-free industry as the sector plays a significant role in ensuring social distancing, which is key to taming the ongoing pandemic.

The e-commerce companies also demanded easy access to finance from the government-announced stimulus packages such that they can keep their business afloat in the throes of a cash crunch thanks to the coronavirus-induced shutdown.

The sector was left out of the government's stimulus package worth Tk 20,000 crore that was declared for the cottage, small and medium enterprises.

Only 15 per cent of the 80,000-odd e-commerce ventures could manage to remain in service amid the movement control restrictions.

So, the industry is losing more than Tk 600 crore a month, the entrepreneurs said at a virtual press conference co-organised by e-CAB and the commerce ministry.

Shomi Kaiser, president of the association, also called for waiver of corporate tax in the upcoming national budget.

"We are working round-the-clock to take food, medicine and other essentials to people's doorstep. We need the government's support in bank financing and tax exemption in the upcoming budget," she added.

At the press conference, Commerce Minister Tipu Munshi and the Federation of Bangladesh Chambers of Commerce and Industries' President Sheikh Fazle Fahim pledged to stand by the e-commerce industry, saying such businesses hold immense potential and can keep the novel coronavirus at bay.

The small and medium enterprises that cannot provide collateral should get funds from the stimulus package through the banking channel under special arrangements, Fahim said.

Most of the SMEs in the digital commerce industry fall in the purview of the informal economy and hence traditional means of financing are beyond their reach.

"We have taken an initiative and already talked to the bankers. We have got the green light that if the SMEs don't have previous loans, they will be offered funds from the stimulus package under special arrangements."

Bankers have prepared a checklist for the SMEs and forwarded it to the FBCCI and now the e-commerce businesses need to outline a plan on how they would repay the loans. It could be their inventory or their sales records so that the banks can get a minimum assurance that they will get their money back even if the loans are provided without collateral.

"As per our records, these types of loans given in the past had a 100 per cent recovery rate," Fahim added.

Munshi said the bankers should be given assurance that they will get back their money. "The private sector is working out a solution. I hope there will be results soon," he added.

A good number of entrepreneurs said most of the brick and mortar stores remain beyond the tax net but the e-commerce businesses have to count various taxes such as 0.6 per cent tax on their overall turnover and 5 per cent value-added tax.

Zia Ashraf, co-founder and chief executive officer of chaldal.com, the country's largest online grocery, said they have delivered more than 2.50 lakh orders so far amid the shutdown.

"If we could get rid of the tax burden, this number might go through the roof," he added.

Some businesses like those in the food delivery channels also have to pay 15 per cent VAT, which encumbers growth and should be addressed soon, said Ambareen Reza, co-founder and managing director of foodpanda.com, a leading food delivery platform.

The e-commerce industry is worth Tk 8,000 crore and engages about 1.25 lakh people, said Abdul Wahed Tomal, general secretary of the association, adding that the industry is now contributing about 2 per cent to the country's gross domestic product.

"If we get the government's support, this sector can create jobs for about five lakh people," he added.

In response, Munshi said the government is working on the matters to take the e-commerce sector to the next level.

Jafar Uddin, commerce secretary, said his ministry has already trained 500 e-commerce entrepreneurs across the country under a project.

### BB steps in to shore up banks' financial muscle

AKM ZAMIR UDDIN

The central bank yesterday rolled out long-term special repo, following the lead of the Reserve Bank of India, to help banks, many of which are cash-strapped, prop up their liquidity base such that they can adequately prime the pump during these extraordinary times.

Under the special repurchase agreement (repo), banks will enjoy funds from the central bank for one year, up from 28 days at present, by keeping their Treasury bills and bonds as collateral, according to the Bangladesh Bank notice.

"Beyond any doubt, this is a great move," said Syed Mahbubur Rahman, managing director of Mutual Trust Bank.

This will help banks improve their liquidity base and enable them to extend loans less conservatively, said Rahman, the

immediate past chairman of the Association of Banks, Bangladesh, a forum of private banks' managing directors.

MA Halim Chowdhury and Emranul Huq, managing directors of Pubali Bank and Dhaka Bank respectively, echoed the same.

Banks will have to place their T-bills and bonds after securing their statutory liquidity ratio (SLR) as collateral, an exercise that would give protection to depositors and the BB control over the money flow to the market as well.

Their SLR would be 13 per cent of their total time and demand deposit.

Excluding their SLR banks now hold T-bills and bonds worth about Tk 72,000 crore. And they can get up to 85 per cent of the face value of their T-bills and 5 per cent of their T-bonds.

The base interest rate on the special repo is 5.25 per cent or equivalent to the

policy rate set by the central bank, said a BB official. But the actual rate will be fixed at the auction from where the lenders will get the fund.

This interest rate may be slightly higher than the policy rate, and the auction committee of the central bank will take the final decision to this end, he added.

Lenders will be permitted to take the financial support only for the implementation of the Tk 95,619 crore-strong stimulus packages, which are dedicated to reviving the economy after the coronavirus-induced recess.

The long-term repo will help banks avoid the liquidity mismatch as they will have to give out loans for at least one year in many cases to businesses.

Most of the banks are now unable to mobilise deposits from savers as people are less interested in parking funds in banks

due to the ongoing rainy days.

This is a kind of quantitative easing, a handy tool for central banks in times of financial meltdown or recession.

The Federal Reserve, the Bank of England, the European Central Bank, the Reserve Bank of India are now conducting quantitative easing to inject liquidity into the market.

Under the process, they are directly purchasing T-bills and bonds from banks such that they can be able to finance their private sector.

But in Bangladesh quantitative easing is different as the majority of the lenders do not have enough excess T-bills and bonds after keeping their SLR.

So, this is a time-befitting and more effective policy measure given the financial strength of the country's financial sector, the BB official added.

### GP's scrap with BTRC ate up market share

MUHAMMAD ZAHIDUL ISLAM

In an unusual development, Grameenphone's active customer number came down to 7.53 crore at the end of March after falling for two consecutive months, as the operator could not get approval to sell new connections for a long time.

Grameenphone began the year with 7.65 crore active customers, but in February and March, the top operator lost 1.58 per cent market share, or more than 11 lakh active users, according to a new report of the Bangladesh Telecommunication Regulatory Commission (BTRC).

The loss of customers is a rare incident for the country's top carrier and the BTRC officials who deal with operators could not remember the last time when the number of Grameenphone users dropped for two months in a row.

The operator also experienced a decline in active internet connections.

At the turn of the year, Grameenphone had accounted for 46.18 per cent internet users in Bangladesh. But at the end of the first quarter,

its share declined to 45.42 per cent.

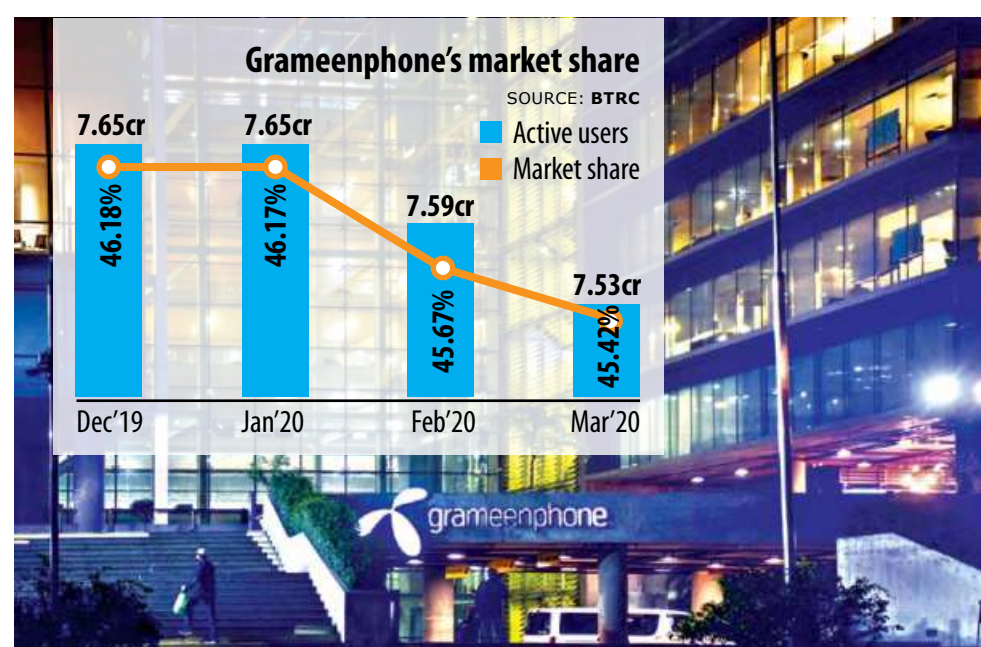
Some 4.04 crore Grameenphone subscribers are now using the internet.

Grameenphone faced a scarcity of numbers from the beginning of the quarter that negatively impacted the subscriber base, said Yasir Azman, chief executive officer of the operator, while releasing the January-March quarter financial report, recently.

"We continued to face challenges in the first quarter of 2020. The restrictions placed on us by our regulator by not issuing NOCs [no-objection certificates] lasted until March, which impacted our planned investment in the country," he added.

As a result, the operator could not sell new connections. It faced the restriction from the middle of last year until March this year involving BTRC's audit claims of Tk 12,580 crore.

After continuous engagement, Grameenphone received approval from the commission on March 12 to recycle numbers available for reselling to meet customers' demand, said Md Hasan, a spokesperson of



the operator.

As the top carrier lost some market share while others gained, Grameenphone has come up with new offers and declared free call minutes -- a move that has created caused a ripple in the industry.

However, on the back of overall customers, Grameenphone could manage to increase its 4G users and ended the quarter with 1.42 crore subscribers, up from 1.19 crore at the end of 2019.

The operator has been focusing on enhancing 4G users for the last few quarters. As a result, data consumption by the users rose, said a senior executive of Grameenphone.

Robi, the second-largest operator, ended the first quarter with 4.97 crore active users after it gained some market to take it to 30.01 per cent. Banglalink has 21.43 per cent market share and state-owned Teletalk has 2.90 per cent stake, according to the report.

At the end of March, the total active mobile connections stood at 16.53 crore as of March, according to the BTRC report.