

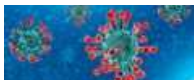
STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX			MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
Closed	Closed	Gold ▲ \$1,746.80 (per ounce)	Oil ▼ \$36.33 (per barrel)	▲ 0.37% 30,932.90	▲ 0.21% 20,552.31	▲ 0.26% 2,555.34	▲ 0.55% 2,867.92	BUY TK 83.95	90.82	102.06	11.66
								SELL TK 84.95	94.62	105.86	12.26



Star

# BUSINESS

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## TAMING CORONAVIRUS RAMPAGE

# Shutdown gobbles up NBR collections last month

REJAUL KARIM BYRON and MD FAZLUR RAHMAN

Revenue collection crashed more than 55 per cent in April, revealing the massive hit the Bangladesh economy has taken from the coronavirus outbreak in the country.

The National Board of Revenue (NBR) collected Tk 8,789 crore last month, the lowest monthly earnings in recent times. April's receipts were down 57.32 per cent from even the previous month, showed the preliminary data from the NBR.

This is the clearest indication yet of the outside impact the rogue virus has had on the economy since the first confirmed cases of COVID-19 were reported on March 8.

The breakneck speed at which it was spreading through the country has prompted the government to declare countrywide shutdown since March 26 to put the brakes on its contagion.

Seeing that the country saw its highest

single-day surge in terms of both fatalities and infections suggest that the government measure is not succeeding but it is impairing the economy by leaps and bounds.

The stay-at-home order has resulted in simultaneous supply and demand shocks, with production, consumption, trade and investment all at a standstill.

In April, earnings from import duty plunged 56.64 per cent year-on-year to Tk 2,652 crore.

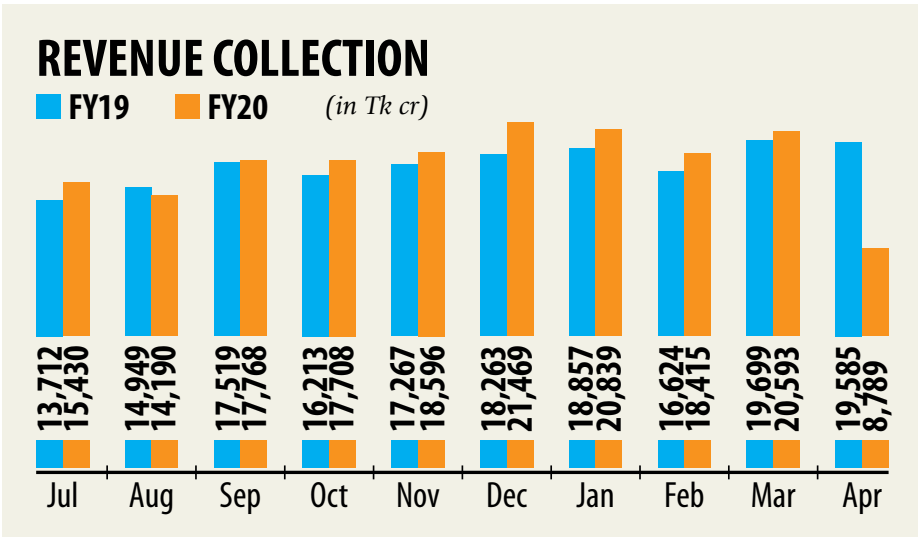
VAT receipts crashed 51.78 per cent to Tk 3,872 crore and income tax receipts 58.34 per cent to Tk 2,265 crore.

Revenue generation had grown 8.25 per cent in the July-March period of the fiscal year paced by the increased collection of advance corporate tax and higher receipts of indirect tax value-added tax (VAT).

But the growth nosedived to 0.64 per cent in the July-April period thanks to the deadly pathogen.

April's collections take the NBR's earnings in the first 10 months of the fiscal year to Tk 173,796 crore, missing the target by a staggering Tk 61,999 crore, or 26.29 per cent.

Earnings from import duty dropped 4.54 per cent to Tk 50,637 crore and missed the 10-month target by 28.58 per cent.



Income tax collection rose 6.44 per cent to Tk 55,175 crore, which is Tk 23,927 crore shy of the target during the period.

Receipts from VAT, the biggest source of revenue for the state coffers, rose 0.26 per cent to Tk 67,983 crore, but still missing the target by 20.76 per cent, NBR data showed.

Subsequently, the government has revised downwards the revenue generation target for the NBR by about 20.5 per cent to Tk 300,500 crore.

The revenue collection target from import

duties has been set at Tk 85,221 crore. It is Tk 108,600 crore from VAT sources and Tk 106,679 crore from income tax.

Normally, revenue generation picks up in Bangladesh at the fiscal year nears its end. In the past several fiscal years, the NBR posted an average revenue generation growth of 13.16 per cent.

But such growth is impracticable this time.

The pandemic may inflict a minimum revenue loss of 2 per cent of GDP, said the Asian Development Bank recently.

# ‘It is incumbent on international community to ensure Bangladesh does not slip back’

*AIIB says as it approves \$250m in budget support*

REJAUL KARIM BYRON

In an uncharacteristic gesture of goodwill, the Asian Infrastructure Investment Bank (AIIB) yesterday approved \$250 million in loans as budget support to Bangladesh to cope with the economic impact of the global coronavirus pandemic.

Unlike the other multilateral lenders, the Beijing-based AIIB typically lends to nations in the Indo-Pacific region on building infrastructure regardless of the state of development.

Bangladesh has in recent years performed exceedingly well with annual growth averaging 7.4 per cent over the last five years, said DJ Pandian, vice-president for investment operations at the AIIB.

“It is incumbent on the international community to come together to ensure that the country does not fall behind but continues to make strides in its development efforts,” he added.

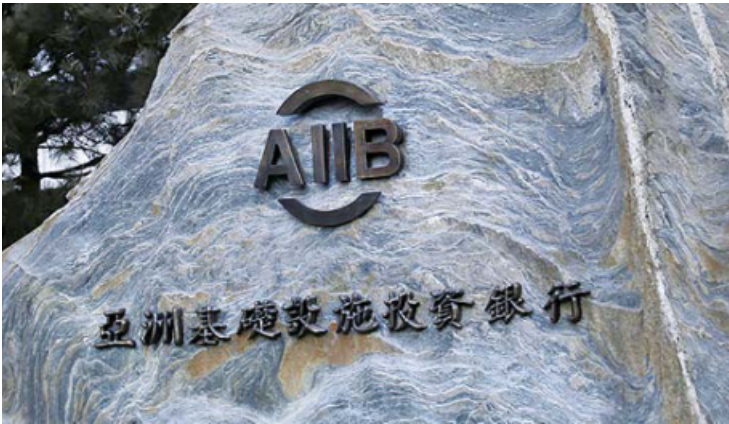
The coronavirus pandemic will drive an additional 13 million

people into poverty, cut 3.7 million jobs, take budget deficit to as high as 7.5 per cent and inflict a minimum revenue loss of 2 per cent of GDP in Bangladesh, warned the Asian Development Bank recently.

Bangladesh is extremely vulnerable to the highly contagious virus given that it has one of the highest population densities in the world, the AIIB said in a statement yesterday.

Nearly 15 per cent of the households continue to live in poverty, with a high share of households living in informal settlements, and more than 80 per cent of the workforce employed in the informal sector, all of which make it difficult and expensive to maintain social-distancing measures to contain the spread of the virus.

The loan, which is being co-financed with the Asian Development Bank (ADB), is aimed at mitigating the adverse effects of the pandemic on



the country's poor and most vulnerable, particularly those affected by job losses in small and medium enterprises and the informal sector, as well as strengthen social safety nets.

By March 2021, 15 million poor and vulnerable people, of whom at least 40 per cent are women, will benefit from at least one economic assistance programme, such that national poverty

incidence will be maintained at the 2019 level of 20.5 per cent by June 2022.

At least Tk 17,000 crore, or \$2 billion, in loans with subsidised interest will be provided to the affected industries and sectors and micro, small, and medium-sized enterprises by December 2021.

The programme also has specific targets to support at least 1.5 million workers, of whom at

least half are women, in export-oriented industries by way of providing extended salary support.

While the AIIB does not have a regular instrument for policy-based financing, it is extending such financings on an exceptional basis under the COVID-19 Crisis Recovery Facility to support its members on projects co-financed with the World Bank or the ADB.

AIIB's Covid-19 Crisis Recovery Facility, created as part of the coordinated international response to counter the crisis, has an initial size of \$5 billion to \$10 billion to support the members' urgent economic, financial and public health pressures and quick recovery from the crisis.

The \$250 million assistance from the AIIB is part of the Bangladesh Covid-19 Active Response and Expenditure Support Programme.

The Beijing-headquartered multilateral lender is currently reviewing projects from a number of members, the statement said.

# This has been the most depressing Eid for clothing brands

MAHMUDUL HASAN

With butterflies in their stomachs, a host of clothing brands took up their shutters after one-and-a-half months after the government allowed them to reopen ahead of Eid-ul-Fitr, their biggest sales season that rakes in one-third their total annual sales.

But their sales since May 10 amid shortened opening hours of 10 am to 4 pm have been lacklustre at best.

“We had two options: to resume our operation or to just sit idle. We decided on the former,” said Mohammad Ashraful Alam, chief executive officer of Aarong, a leading lifestyle brand.

The brand has 21 stores in total and 12 of them are open.

“Given this crisis, sales are good. But it's not our priority. The priority is to ensure the safety of our customers and workers.”

To ensure social distancing, the brand is now allowing a limited number of customers to enter its stores based on capacity.

The six hours of opening time is divided into six time slots and customers are required to book a date and time on its website before calling in.

Asked about the criticism on social media for reopening at a time when the coronavirus caseload and fatalities are escalating, Alam cited two predominant reasons.

There are about 65,000 craftsmen or artisans, who would be left with no new commission if Aarong cannot sell.

“Those artisans eventually would be jobless.”

And finding no work, the workers could switch professions and that would lead to the extinction of many traditional handicraft products considered to be part of Bengali heritage.

Although Aarong's online sales have soared tenfold amid the pandemic, it is still the brick-and-mortar stores that brings most of its revenue, and especially ahead of the country's biggest sales season.

The contribution of e-commerce is only 1 per cent of Aarong's total sales, Alam said, adding that the brand's daily average daily Eid sales this year are just 10 per cent of last year's.

Monnujan Nargis, CEO of Le Reve, is somewhat satisfied with the sales this year as the customer conversion rate is 100 per cent.

The brand has opened 11 of its 17 stores in Dhaka, Narayanganj, Sylhet and Khulna, and almost all the customers who are braving it to the stores are buying something.

“The presence of customers is not that much like during other Eid, when the shopping itself became a festival. But considering this grave situation, our sales are good,” she said, adding that the brand's average invoice value now is Tk 3,500.

And it is enjoying good sales online too.

Before the pandemic, only 5 per cent of the brand's total sales came from e-commerce. But now it is about 50 per cent.

To address the pandemic which contributed to decreasing people income significantly, Twelve Clothing introduced equal monthly instalment (EMI) facility for the first time in Bangladesh.



FIROZ AHMED

## \$250m from World Bank on the way

REJAUL KARIM BYRON

Bangladesh is on course to availing \$250 million in loans from the World Bank this fiscal year to bring in reforms to address jobs challenges by modernising trade and investment environment, strengthening systems that protect workers and improving policies that enhance access to jobs for vulnerable populations.

The finance ministry has completed the final negotiations with the Washington-based multilateral lender on May 18, said an official requesting anonymity.

The proposal might be placed at the board of the bank on June 19 for approval, according to a document of the WB.

The proposed financing under the WB's Bangladesh Second Programmatic Jobs Development Policy Credit reflects Bangladesh's priorities as articulated in the 7th Five-Year Plan. However, the programme has also been adapted to support the country's capacity to respond to and recover from the COVID-19 crisis.

Despite Bangladesh's remarkable development progress, availability of good jobs remains a persistent challenge, said the Washington-based multilateral lender.

Job quality is poor, with high levels of vulnerability, including unpaid, agricultural workers, day labourers, and overseas migrants; moreover, workers are at risk from lack of application of basic occupational health, safety, and environmental standards.

Gender disparities are acute, with just 36 per cent of females in the labour force versus more than 80 per cent of males, and one in three working women are engaged in unpaid work versus 5 per cent of working men.

While GDP growth exceeded 7 per cent over the past three years, the pace of job creation slowed sharply, putting further pressure on labour markets, particularly for women and youth.

Bangladesh's structural challenges to creating good jobs are now aggravated by the increasing impact of the pandemic.

Jobs and income losses in both the informal and formal sectors have put livelihoods of several million at risk in both rural areas and urban spaces.

The COVID-19 crisis has highlighted the risk of relying on a single sector, with garment manufacturers caught first by the supply shock from China and then later the demand shock from European and American buyers.

As of early April, more than \$3 billion in existing garment export orders had been cancelled and most large global buyers have suspended future orders.

This has forced the closure of hundreds of large factories, putting a million or more jobs at risk in the garment sector alone. “Diversifying will require a significant increase in both FDI [foreign direct investment] and domestic investment,” the WB said.

In the context of the Covid-19 crisis, there is an urgent need to protect the earnings of both formal and informal workers, particularly those who are not already covered by social safety nets, it said.

“Mobility restrictions and the collapse in domestic demand from the continued lockdown since late March is having even more widespread impacts.”

To secure the loans, the government has had to implement several conditions and remove many complexities to a better investment climate in the country.

When the WB approved its previous budgetary support, it set a condition for the government to draw up a law one-stop service. Under the new financing, Bangladesh would have to implement the law.

Bangladesh has issued a gazette notification on 54 rules and regulations, eliminating barriers standing in the way of investment.

The government has also taken steps to make a bonded warehouse facility available for non-garment firms. So far, the facility was limited to only garment sector companies.

The cabinet has approved the Customs Law and now it would be passed in parliament.

It has also approved in principle the law on daycare centre to help working mothers continue to jobs while their kids are taken care of. The bill would now be passed into law at parliament.

Bangladesh is set to amend the Company Act to allow a single individual to set up a company.

But for many clothing brands like Sadakalo, the reopening is not bearing any good news, said Azharul Haque Azad, managing director of Sadakalo.

Only one outlet among its 11 stores has been opened a few days ago.

“We are facing a devastating situation in our business. We thought online orders would be good, but it's not,” he said, adding that the brand's online orders dropped around 70 per cent.

Soumik Das, CEO of Rang Bangladesh that has opened 5 of its 14 stores, echoed the same.

“Our online orders are also flat because lockdown created an obstacle to reach the people,” he added.

With the exorbitant rent on space, almost no business in the last few months and a bleak future ahead, many brands would completely fold, Das added.

Mohoshin Alam, head of operations at Trendz that opened 4 of its 10 stores, articulated the grim situation many clothing brands are now staring at.

“We had prepared 20,000 pieces of clothing items targeting the Pahela Baishakh, the first day of the Bangla calendar. Of them, only three pieces were sold. And for Eid, we prepared 200,000 pieces and I think almost all would remain unsold.”

He predicts the Eid sales this year would be just 2 per cent of last Eid.

“With such sales, most of the brands will not be able to sustain. So, the government must come to our rescue and save us from the burden of space rent and utility bills,” he added.