

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 1.50%	▲ 1.13%	\$1,731.26	\$37.51	33,303.52	22,062.39	2,550.86	2,915.43	BUY TK 83.95	92.46	103.08	11.64
3,999.49	6,873.21	(per ounce)	(per barrel)					SELL TK 84.95	96.26	106.88	12.23

Star

# BUSINESS

DHAKA TUESDAY JUNE 2, 2020, JAISHTHA 19, 1427 BS • starbusiness@thedailystar.net

## TAMING CORONAVIRUS RAMPAGE

### Inflation declines drastically

REJAUL KARIM BYRON

Inflation fell 61 basis points to 5.35 per cent in May from a month earlier owing to a drastic fall in food prices caused by a collapse in demand because of the coronavirus pandemic.

This is the lowest general inflation rate in at least 23 months. In April, general inflation stood at 5.96 per cent, according to a Bangladesh Bureau of Statistics (BBS) report. The BBS is expected to release the inflation figures for April and May today.

The general inflation was 5.63 per cent in May last year and 5.58 per cent in April last year.

Food inflation dropped 82 basis points to 5.09 per cent last month from 5.91 per cent in April.

Non-food inflation also fell, to 5.75 per cent, down 29 basis points from April's 6.04 per cent.

Headline inflation has declined primarily due to a decline in food inflation. Non-food inflation was also lower in May 2020 relative to May 2019, said Zahid Hussain, a former lead economist of the World Bank's Dhaka office.

"This reaffirms what was already being speculated as coronavirus hit our economy in March."

The pandemic caused both a supply shock and a demand shock and it segmented markets within the economy because of disruption in transportation, he said.

The supply shock pushed up inflation, particularly food prices in April, but the demand shock muted the rise subsequently, the economist said.

General inflation in rural areas declined 43 basis points to 5.65 per cent in May from 6.08 per cent in April.

Food inflation went down 56 basis points to 5.61 per cent and non-food inflation fell 19 basis points to 5.73 per cent.

In urban areas, headline inflation came down drastically to 4.81 per cent, a decrease of 92 basis points from 5.73 per cent a month earlier.

Food inflation gave up 1.39 percentage points to 3.94 per cent and non-food inflation declined 41 basis points to 5.79 per cent.

The prices of rice, lentil, egg, vegetables, spices, onion and garlic fell in May compared to a month earlier, said officials of the BBS.

The average inflation was 5.61 per cent between June 2019 and May 2020, up from 5.48 per cent a year earlier, BBS data showed.

The government has targeted a 5.5 per cent inflation rate this fiscal year. It was able to contain it at 5.48 per cent last fiscal year, which is comfortably below the target of 5.6 per cent.

Going forward, Hussain said inflationary pressure is likely to remain somewhat stable in the very near term as consumption demand remains depressed due to deep uncertainties about what is likely to happen.

"Yet, policymakers should not let their guards down," he added.

In a report in late February -- before the first confirmed cases of the COVID-19 in Bangladesh were announced on March 8 -- the finance ministry said the crash in oil prices might help the country keep its current account deficit and inflation lower.

## Even Eid failed to haul up remittance in May

AKM ZAMIR UDDIN

Remittance inflows dropped off 14 per cent year-on-year to \$1.50 billion in May on the back of the global coronavirus pandemic, in a departure from historic trends that saw money sent by Bangladeshi migrant workers go up ahead of Eid-ul-Fitr.

This meant the contagion, which has caused havoc in the oil-rich countries where Bangladeshi migrant workers are mostly based, has hit the incomes of the expatriates so hard that they could not send a higher amount for their families and relatives back home.

However, the country received \$16.36 billion between July last year and May this year, up 8.72 per cent from a year earlier, showed data from the Bangladesh Bank.

Migrant workers usually send in larger amounts of remittance during any national crisis relative to typical times to help the recipients back home tackle the situation.

But the ongoing situation is completely different as remittances from the Middle East and East Asia to North America and Europe have seen a steep decline due to the ongoing financial meltdown.

Besides, eight countries in the Middle East are now trying to deport expatriate Bangladeshis, a move that will put an adverse impact on the country's macro-economic stability in days ahead.

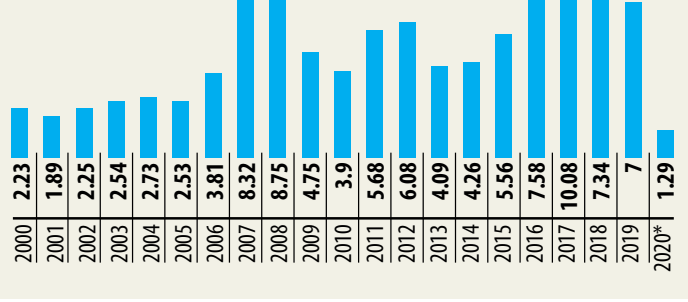
One such case is Palash Osman, a resident in Nabinagar upazila of Brahmanbaria, who went to Saudi Arabia just a few months ago by borrowing Tk 3 lakh from a local non-governmental organisation before the rogue virus surfaced.

He started working at a shop

### Overseas employment

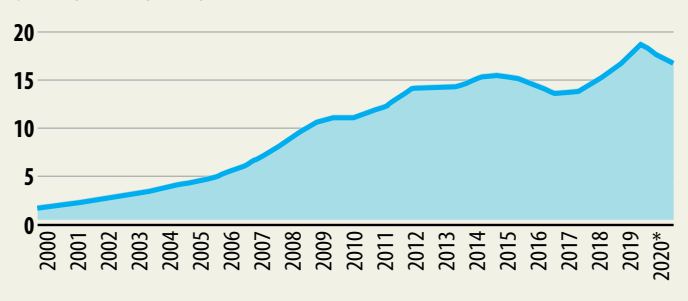
(in lakh) \* up to Feb

SOURCE: BMET



### Remittance's growing stature over the past two decades

(in \$b) \* as of May; SOURCE: BB



that sells electronics products.

"I got the salary for only one month. After that, I became unemployed," he told The Daily Star over the phone last month.

Like Osman, more than 7 lakh Bangladeshi workers may be forced to return home from the Middle East as the ratio of unemployment is gradually increasing in the oil-rich countries, said officials of the ministry of expatriates' welfare and overseas employment.

A majority of workers usually work on a contractual basis in the Middle Eastern countries

and a good portion of them have already lost jobs.

Nearly 80 per cent of the 1.20 crore-odd Bangladeshi migrant workers are based in the Middle East.

But the situation was not as bad during the last global recession. For instance, during the global financial crisis in 2007-08 Bangladesh even enjoyed an increased trend of remittance.

Global remittance dropped 5.5 per cent year-on-year in 2009 but Bangladesh enjoyed 19.35 per cent growth.

But this time remittance began a downward trend from January when the pandemic was in its nascent stage.

Both the central bank and the government had earlier projected that remittance would touch the \$19-billion mark this fiscal year given an upward movement in the first half.

In fiscal 2018-19, migrant workers sent home \$16.41 billion, up 9.59 per cent year-on-year. But the current trend shows

that it would hardly go past the \$17 billion-mark this fiscal year.

The country faced a large deficit both for products and services in its balance of payments in the last one decade, but remittance helped protect the current account from a large deficit, said Zahid Hussain, a former lead economist at the World Bank's Dhaka office recently.

In some cases, the current account enjoyed robust a balance riding on remittance, which widened the country's foreign exchange reserve to a great extent, he said.

In fact, remittance has been spearheading a silent economic revolution in Bangladesh since its independence as it helped make the rural economy vibrant. Although the inflow had faced some obstacles in the wake of a fall in oil prices, remittance got back its momentum within the shortest amount of time due to a steady outflow of migrant workers.

The government started to record both exports of manpower and remittance in 1976 when about 6,000 workers went abroad and sent \$23.71 million.

The infrastructure development boom following the rise in oil prices in 1973 fuelled the demand for labour migrants in the Middle East and especially in the Gulf States: Saudi Arabia, Kuwait, Bahrain, Qatar, Oman and the UAE.

Remittance flow reached \$630 million in 1983. Although it fell the following year, it maintained the upward growth from 1986.

In 1984-85, the oil prices fell and the migration flow ebbed, although the rising employment in service and maintenance sectors kept the demand for labour migrants high.

The newly industrialised countries in South-East Asia such as Singapore, Malaysia and South Korea went through a similar expansion boom and needed migrant workers to fill the demand for unskilled workers.

In general, the employment of labour migrants abroad is quite sensitive to the prevailing sociopolitical environment of the receiving countries, according to a study of the International Organisation for Migration.

READ MORE ON B3

## Balance of payment shrinks with pandemic

AKM ZAMIR UDDIN

The major economic indicators of the country's balance of payments (BoP) shrivelled in the first nine months of the fiscal year on the back of the economic fallout from the global coronavirus pandemic.

Both the contraction of exports and imports has not widened the trade deficit to a great extent in the first three quarters of fiscal 2019-20.

But this is not a good sign at all for the country as the economy has been shrinking remarkably in the last few months, economists said.

The trade deficit narrowed 1 per cent year-on-year to \$12.07 billion in the first nine months.

Exports stood at \$28.25 billion between July last year and March this year, down 6.34 per cent from a year earlier. Imports also decreased 4.81 per cent to \$40.33 billion during the period.

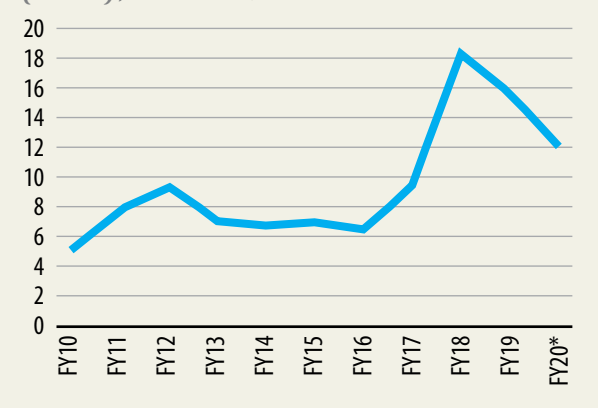
Both the volume of export and import have been decreasing alarmingly this quarter, which will put a negative impact on the BoP, said Zahid Hussain, former lead economist of the World Bank's Dhaka office.

The deficit in the current account stood at \$2.64 billion in the first nine months of the fiscal year, down 37.13 per cent year-on-year.

"But the situation of the current account will change in the last quarter of this year. The deficit will increase alarmingly."

### Trade deficit over the decade

(in \$b); SOURCE: BB; \*as of Mar



April's export, import and remittance figures do not suggest otherwise.

Export and remittance may decrease more in the months to come, he said.

"Against the backdrop, the trade deficit will widen more in the days ahead."

The foreign exchange reserves too will face trouble as both the export and remittance declined, he said.

As of March 31, reserves stood at \$32.38 billion, which is good enough to settle import payments for 5.5 months.

The country, however, will manage about \$1.5 billion from different multilateral lenders to mitigate its BoP crisis and implement the fiscal budget.

"But the amount will not be good enough to tackle the crisis stemming from the BoP in the days ahead," Hussain said, while urging the central bank to stop intervention in the foreign exchange market to keep the economy stable.

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## 10.22cr people staring at high economic, health risks

Finds Brac, Data Sense, Unnayan Shamannay study



STAR BUSINESS REPORT

A staggering 10.22 crore people are facing high economic and health risks in Bangladesh and about 74 per cent of the families have seen a reduction in income because of the coronavirus pandemic, according to a new study.

Brac, Data Sense and Unnayan Shamannay carried out the joint study. The study used researches from Brac, the Power and Participatory Research Centre (PPRC), the Brac Institute of Governance and Development (BIGD), the International Monetary Fund and others.

It also carried out a survey among 962 people in 25 districts between May 15 and May 18, said Brac in a press release.

Of the people facing economic and health risks, 5.36 crore are extreme poor, including the newly poor.

The number of people facing high economic risks stands at 4.73 crore and those facing high health risks total 3.63 crore, according to the survey.

Of those surveyed, at least one individual from 34.8 per cent of the families has lost jobs. The family income went down by an average of 74 per cent between May to May.

The findings of the survey were shared at a virtual discussion titled "COVID-19 and National Budget 2021: Rethinking Strategy for BoP Population."

"The upcoming budget should be about helping people remain alive. We have to be alive

first and then comes our dream and potential," said Atiur Rahman, a former governor of the Bangladesh Bank.

Because of the pandemic's impact on the formal and informal sectors, unemployment and poverty are both rising, he said.

Poverty and vulnerability have increased for those at the bottom of the pyramid. To counter that, people's food security has to be ensured while addressing their health risks.

"They should be given both food and cash support. Cash support should be continued for the next few months."

The budget should be centred around health as the h sector is fragile and out of the pocket expenditure is very high, the former governor said.

The budget allocation for the health sector was less than 1 per cent of the GDP this fiscal year and this should be doubled to more than 2 per cent.

"The growth of the health budget should move upward for the next several years keeping in mind the universal health system and to take the allocation to 4 per cent."

Agriculture and the rural economy would be the saviour of the Bangladesh economy, Rahman said.

"The demand shortfall following the fall of export and remittance flow would largely be compensated if we can keep the agriculture and the rural economy dynamic."

Bangladesh spends 2.3 per cent of the budget for social protection but 35 per cent to 40 per cent of the amount goes for the pension of government employees. If the pension expenditure is excluded, it would be about 1.7 per cent, he said.

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## Mobile phone use to be even costlier



SOHEL PARVEZ and MUHAMMAD ZAHIDUL ISLAM

Mobile phone users are likely to face higher taxes next fiscal year as the government looks to chase a bigger revenue target riding on the essential services sector that generates more than Tk 30,000 crore in turnover a year.

The existing 10 per cent supplementary duty on phone calls, data use, texting and other services may rise to 15 per cent in fiscal 2020-21, said a senior official of the finance ministry, asking not to be named.

Apart from the 10 per cent SD, mobile phone users now have to pay 15 per cent VAT and 1 per cent surcharge on their bills.

If the SD goes up as planned, customers will foot a bill of Tk 133.0725 to get a service of Tk 100, or against each Tk 100 topped up, a user would get services not more than Tk 75.147, according to officials.

On the eve of the announcement of the national budget every year, the National Board of Revenue issues some statutory regulatory orders which empower them to collect some additional taxes even before the budget gets through the parliament.

The revenue authority considers raising the SD on the mobile phone services as it has been tasked with collecting Tk 128,800 crore in value-added tax and SD from domestic sources in the next fiscal year, which is 19 per cent higher than the revised target of the outgoing year.

The government had first slapped a 3 per cent SD on mobile phone use in fiscal 2015-16 and progressively brought it to 10 per cent this fiscal year.

Smartphone imports faced a huge tax hike last year as the government wanted to offer the local assembling industry an edge but the move eventually stymied smartphone penetration, industry insiders said.

Mobile phones and SIM cards were the third biggest sources of VAT and SD after cigarette and construction firms generating Tk 4,800 crore in fiscal 2017-18, up 12 per cent from the previous year, according to NBR data.

Year	Tax Change
FY16	15% VAT imposed
FY15	1% surcharge imposed
FY16	3% supplementary duty imposed
FY17	SD increased to 5%
FY20	SD increased to 10%

There should not be any such decision as it will further add to the burden on the customers, said Shahed Alam, chief corporate and regulatory officer of Robi.

"We need to remember that 53 out of every 100 taka spent by the customers reaches the government exchequer in different forms."

READ MORE ON B3







# Even Eid failed to haul up remittance in May

FROM PAGE B1  
The Gulf Crisis in the 1990s also forced the return of 56,000 workers to Bangladesh from Kuwait and Iraq and the Asian Financial Crisis of 1997-98 resulted in a decrease in the demand for labour migrants.

"But the existing situation is more critical than the previous ones as we do not know how long it will take to normalise the global economy," Hussain said.

Oil price is one of the major components for the rebound of the global economy and the price will return to its previous position if countries like China, India and the US can restart full-fledged economic activities, he said.

Benchmark Brent crude was down 46 cents, or 1.2 per cent, at \$37.38 a barrel on Monday. US crude fell \$1.04, or 2.9 per cent, to \$34.45 a barrel, according to Reuters.

Hussain feared that the global oil market might take nearly two years to return to its previous situation.

Federal Reserve Chair Jay Powell warned on May 17 that a full US economic recovery may take until the end of next year and require the development of a COVID-19 vaccine.

"Remittance has a strong correlation with the global market and vaccine is highly important to get rid of the falling trend," Hussain said.

At the same time, the government must control the virus at home.

"If Bangladesh fails to do so, it will have to face a dire strait. No country would import manpower from Bangladesh if the country can't bring the situation under control. This will create a catastrophic situation for remittance," he said.

And this will impact the country's GDP

growth and the rural economy as well.

The impact of 1 percentage point increase in the remittance share of GDP on per capita GDP growth can range between 0.12 and 0.74 percentage points, according to a WB study.

The lower remittances, however, did not create an adverse impact for the country's current account given the fall in import.

Import slid 62 per cent year-on-year to \$1.95 billion in April and exports fell 82.9 per cent to \$520.01 million.

Between July and February, the current account deficit, which records a nation's transactions with the rest of the world, stood at \$2.64 billion, down 37.13 per cent year-on-year.

The lower import has also contributed to keeping stable the foreign exchange reserves, which stood at \$32.84 billion as of May 17.

"But the country's banking sector will have to face problem in the days to come if remittance continues this declining trend," said Syed Mahbubur Rahman, managing director of Mutual Trust Bank.

Import declined in April, but it could go up within the next few months as the government has started to reopen the economy, he said.

Lenders have two major sources for foreign currencies: remittance and export. But both are now in a critical situation.

So, banks will face problems in settling letters of credit as exports are facing a negative trend as well, Rahman added.

"The government should take immediate measures to boost remittance flow," said Tasneem Siddiqui, chair of the Refugee and Migrating Movements Research Unit at the Dhaka University.

The authorities should take immediate

steps to stop the forced repatriation of migrant workers and this will help stop the collapse in remittance, she said.

"This is an unprecedented situation. The migrant workers have never faced such a consequence," she said.

More than 1 lakh migrant workers have so far been deported and thousands of them are waiting to return home, she said last month.

The host countries are deporting migrant workers violating international rules, said Siddiqui, also a professor of political science at the university.

As per the United Nations rules, no nation is allowed to deport foreign workers during a crisis.

"The government should raise the issue with the global community," she said.

If the government takes proper measures, remittance will make a turnaround in three to four months, said Abdul Alim, president of the Female Worker Recruiting Agencies Association of Bangladesh.

The demand for female workers as housekeepers, caregivers, beauticians, cleaners, medical technicians, paramedics, physiotherapists and nurses will not decline, he said.

"It is interesting that most of the Middle East countries are now asking to send back male workers, but not the female ones."

The government should improve the capacity of the workers immediately by giving training.

The government has about 70 training centres and they will produce a better result if the centres are handed over to the private sector under the supervision of the government, Alim added.

# 10.22cr people staring at high economic, health risks

FROM PAGE B1  
"This should be increased to 2 per cent this year and 3 per cent next year, excluding pension expenses."

The micro, small and medium enterprises (MSMEs) should be given support because if they remain inactive for a long time because of the lockdown, 60 per cent would be out of business, according to Rahman.

The government has announced a Tk 20,000 crore stimulus packages for the MSMEs.

Of the fund, Tk 10,000 crore would come in the form of refinance scheme from the central bank. "I think the whole Tk 20,000 crore should come in the form of refinance scheme."

A robust credit guarantee scheme should be launched in the next budget to encourage banks to lend to small and micro-entrepreneurs. Either the central bank or the Palli Karma-Sahayak Foundation can roll this out.

"If the budget is formulated taking into account the bottom of the pyramid and boosts local consumption and demand, we will be able to counter the increasing poverty and ensure social development," Rahman added.

Hossain Zillur Rahman, a former adviser to the caretaker government and chairperson of Brac, backed the calls to make the upcoming budget health- and poor-friendly.

The budget has to be implemented efficiently within the limited resources, he said.

"People also expect that the budget would give some relief from the uncertainty caused by the pandemic."

There has been a collapse in effectiveness in

the health sector and the health ministry and institutional reform have to be a top agenda there.

"Otherwise, you will put the country in danger by increasing the allocation because the allocation would be wasted ultimately. We are already seeing the examples of waste," Hossain Zillur said. The government agencies, the private sector, the social organisations, civil society organisations and all other stakeholders should be on board in the country's fight against the coronavirus.

But there has been a tendency to walk backwards, he said. Steps are being taken but there is no scope to check the reality. "Those who are formulating the budget should go for the reality check."

"The allocation should be proper. At the same time, the strategies should be proper," he added.

The government would have to think about the migrant workers who returned home because of the pandemic and those who were due to go abroad for jobs but have not been able to do so, said Nazneen Ahmed, a senior research fellow of the Bangladesh Institute of Development Studies.

Similarly, some migrant workers are still residing in other countries but their income has been lost. They have families in Bangladesh who need support, she said.

The stimulus package for the agriculture sector at 4 per cent interest rate is still a burden for farmers. This rate may be reduced. The support should be disbursed fast.

The use of internet has gone up, so the budget should come up with a measure to cut the cost of

using telecommunication technology for the people.

The budget should help expand access to smartphones, laptops, computers through incentives and tax measures. A fund can be set up to provide consumer loans to the people to this regard.

"The stimulus packages for the private sector should be designed by taking into account the people of the bottom of the pyramid, both entrepreneurs and employees," Ahmed added.

Health should get the most priority to give immediate relief to the people and ensure economic recovery, said Imran Matin, executive director of the BIGD.

Morbidity, or the amount of disease within a population, would affect the economic recovery more compared to the mortality rate.

"Even if the mortality rate is low in Bangladesh, the overall economic effect of the infection would be much higher the way infections are going up because morbidity would affect productivity."

If the infection rate does not come under control, it will lessen external trade and investor confidence, according to Matin.

"Even if we consider the economic recovery as a policy priority, the health dimension would have to be given huge importance," he added.

To mitigate the new economic divide, the country should introduce universal unemployment benefit scheme starting with extreme poor by fiscal 2020-21 and for other unemployed groups from fiscal 2021-22, said Ananya Raihan, chief executive officer of iSocial, during a presentation.

## Balance of payment shrinks with pandemic

FROM PAGE B1  
Although the import payment will increase due to the central bank intervention, the higher export earnings and remittance will play a role in trading off the situation, he said.

The country's overall balance stood at a surplus of \$345 million in the first nine months of fiscal 2019-20, in contrast to a deficit of \$326 million a year earlier.

But the overall balance will also enter a negative zone if the trade gap and current account deficit widen.

The ongoing image of the BoP indicates that the country's economy has been downsized due to the financial recession, said Ahsan H Mansur, executive director of the Policy Research Institute.

The oil price in the global market has also declined massively, which has given a breathing space to the government.

"But this is not good enough to tackle the situation as the indicators of the BoP will get worse in the last quarter of the fiscal year," said Mansur, also a former official of the International Monetary Fund.

Both the central bank and the government will tackle the situation cautiously as the economy will not bounce back until the global economy will make a turnaround.

## Now non-bank entities can set up ATMs

FROM PAGE B4  
"Most private banks do not have an adequate number of branches in rural areas, let alone ATMs and POS terminals."

Besides, banks have to spend Tk 5-7 lakh to install an ATM and count a minimum of Tk 60,000 per month to maintain it, he said.

"So, the growth of ATMs and POS terminals has been very sluggish. The situation will change once non-bank entities start providing the services."

As per the guidelines, private companies will have to submit a three-year business plan while obtaining licences from the central bank and set up three ATM booths in rural areas against one in the cities.

They must deploy at least 100 ATMs and 1,000 POS machines per year.

Besides cash withdrawal, clients will be allowed to transfer funds from one bank to another and pay their credit card bills through the ATMs.

The entities should have Tk 45 crore in paid-up capital if they intend to offer ATM services

only, while an additional bank guarantee of Tk 10 crore would be required for providing both ATM and POS services.

Each company must select a bank as a settlement lender through which the clients' transactions will be executed.

The companies will establish their own switches or use the ones of their settlement banks to connect to the local or international payment and settlement platforms.

They must run a call centre round-the-clock and an online portal to receive complaints and put in place standard dispute resolution procedures.

The non-bank entities will be allowed to display their own logos and advertisements and offer value-added services as per regulations, while banks will be able to issue co-branded cards in partnership with these entities.

The companies cannot charge a customer directly for any transaction. In case of an ATM transaction, the settlement bank's account will be credited as per the

existing policies and procedures of the central bank.

Pay Union Bangladesh, a local fintech company, applied to the central bank in August last year seeking permission to set up ATMs, the BB official said.

Jasoda Jibon Debnath, managing director of the company, told The Daily Star that they would install at least 5,000 ATMs across the country.

As of January, banks have installed 10,961 ATMs and 60,474 POS terminals while they issued 15.56 lakh credit cards and 1.86 crore debit cards, according to data from the central bank.

The number of ATMs and POS terminals will increase manifold as the central bank is allowing non-bank entities to set up the infrastructure, Debnath added.

"We have started making preparations to install ATMs as the Bangladesh Bank has issued guidelines in this regard," said Osman Haidar, director (business) of IT Consultants, another fintech company that had applied the BB two years ago.

## Tk 2,492cr projects to fight COVID-19 to get nod today

FROM PAGE B4  
Moreover, it will help strengthen the country's response by ensuring that effective surveillance and diagnostic systems are in place and that medical supplies, personal protective equipment, ventilators and isolation units are available in designated hospitals.

The project will equip designated laboratories with COVID-19 trained staff as well as diagnostic equipment, test kits and reagents.

To deliver critical medical support and cope with the increased demand for services, the project will rehabilitate district-level health facilities, selected medical college hospitals, the Infectious Diseases Hospital, and the Bangladesh Institute of Tropical and Infectious Diseases, among others.

It will help set up new isolation wards and ramp up intensive care units, provide personal protective equipment, medical equipment including ventilators and medicines in designated hospitals.

The project will also help improve medical waste management and disposal and water and sanitation systems in the designated health facilities.

To minimise risks for patients and health personnel, the project will help develop guidelines for treatment and hospital infection control, train medical professionals and health workers.

Further, it will help the government design and implement behavioural change communication campaigns for social distancing and improved hygiene practices.

The ADB will provide Tk 850 crore for the other project worth Tk 1,365 crore, which targets to fight Covid-19 and improve preparedness. The government will mobilise Tk 514 crore to implement the plan.

The project will help meet the government's immediate and medium-term needs to prevent the spread of coronavirus, by supporting emergency procurement and the provision of the most crucial medical equipment and supplies, an official of the

planning ministry said.

In today's Ecnec meeting, another proposal will be placed seeking a 12 per cent rise in the construction cost and a two-and-a-half-year time extension of the Dasherbandi Sewage Treatment Plant project.

Dhaka WASA undertook the Tk 3,318 crore project in 2015 to build a sewage treatment plant with funds from the Export-Import Bank of China.

Construction works were scheduled to be completed by December 2019 but the DWASA could not implement the project in time as it failed to acquire necessary land.

Now the implementing entity wants the project cost to be increased to Tk 3,713 crore and the duration to be extended until June 2022. In the project document, the depreciation of the taka against the US dollar and the increase in salary of government officials and staff have been shown as the reason behind the cost overrun.

The exchange rate of the US dollar was estimated at Tk 78 in 2015, which has now hit Tk 85, and the salary of government officials and staff have almost doubled during this time, according to the proposal.

On November 23, 2014, the DWASA entered into an engineering, procurement and construction contract with HydroChina International Engineering Co Ltd (HydroChina), a subsidiary of HydroChina Corporation, for the construction of the plant.

Under the terms, HydroChina will operate and maintain the plant for one year following the completion of the project.

According to the project summary of August 2015, approvals were secured from the government. The cabinet committee on economic affairs approved the project to appoint HydroChina.

The Export-Import Bank of China was scheduled to provide a financial assistance of \$273.4 million for the project while \$140.6 million would have been accommodated from the national exchequer and \$1.25 million from the DWASA's own fund.

## What will happen when overseas employment and remittance dip?

FROM PAGE B4  
Given the precarious situation of the economy, it may be more practical to think in terms of helping them start their own enterprises.

Probashi Kalyan (Expatriate Welfare) Bank has to come forward and play its due role, especially by providing credit support to those interested in starting enterprises.

However, speed and ease with which credit is made available would be key to the success of such a programme.

Such an effort is likely to be a win-win proposition for the economy and the individuals concerned.

If properly integrated, the returning workers should be able to contribute to the

economy by creating their own enterprises and by generating some employment for others as well.

To minimise the possible adverse effect of a fall in remittance on the balance of payment, the measures that are needed include: (i) all-out effort to put exports back on track; (ii) frugality in imports while maintaining a smooth and speedy supply of intermediate and capital goods needed for reinvigorating production; and (iii) keeping a close eye on payments so that leakage and capital flight do not take place in the guise of imports.

The author is an economist and a former special adviser to the employment sector of the International Labour Office, Geneva

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4.	Purchaser district	Chattogram.	
5.	Invitation for	Goods	
6.	Reference number	a) ERIPURIT-06/2020 (RT) b) ERIPURIT-06/2020 (RT) c) ERIPURIT-07/2020 d) ERIPURIT-08/2020 e) ERIPURIT-08/2020 f) ERIPURIT-10/2020 g) ERIPURIT-11/2020	
7.	Date	31 May, 2020	
<b>KEY INFORMATION</b>			
8.	Procurement method	International Open Tendering Method.	
<b>FUNDING INFORMATION</b>			
9.	Budget and source of funds	Eastern Refinery Limited (Own Fund).	
<b>PARTICULAR INFORMATION</b>			
10.	Tender document last selling date	(a), (b) 05 July 2020, 16:00 Hrs (c), (d) & (e) 19 July 2020, 16:00 Hrs (f), (g) 26 July 2020, 16:00 Hrs	
11.	Tender closing date and time	(a), (b) 06 July 2020, 14:15 Hrs (c), (d) & (e) 20 July 2020, 14:15 Hrs (f), (g) 27 July 2020, 14:15 Hrs	
12.	Tender opening date and time	(a), (b) 06 July 2020, 14:30 Hrs (c), (d) & (e) 20 July 2020, 14:30 Hrs (f), (g) 27 July 2020, 14:30 Hrs	
13.	Offer validity	120 days (from the date of tender opening).	
<b>NAME &amp; ADDRESS OF THE OFFICE(S)</b>			
14.	Tender document selling address	i) Softcopy of the document will be uploaded in ERL website. Also softcopy can be found via Email if required. For the softcopy please send email to <a href="mailto:officeerlp@erl.com.bd">officeerlp@erl.com.bd</a> . Tender document price payment by Bank Draft or Pay Order with tender submission considering COVID-19 Pandemic.	
15.	Tender receiving address	Purchase Department, Eastern Refinery Limited, North Patenga, Chattogram-4204, Bangladesh.	
16.	Tender opening address	Purchase Department, Eastern Refinery Limited, North Patenga, Chattogram-4204, Bangladesh.	
<b>INFORMATION FOR TENDERER</b>			
17.	Eligibility of tenderer	As per Tender Data Sheet.	
18.	Brief description of goods		
	Name	Price of tender document (non-refundable)	Tender security
a)	Bloode in liquid form	Tk 1000.00/-set Or, USD 12.00/-set	Tk. 25,000.00 Or, USD 300.00
b)	Complete Centrifugal Pump (Horizontal) Coupled with Motor	Tk 1000.00/-set Or, USD 12.00/-set	Tk. 90,000.00 Or, USD 1080.00
c)	ERIW Carbon Steel Pipe	Tk 1000.00/-set Or, USD 12.00/-set	Tk. 65,000.00 Or, USD 785.00
d)	Variable Area Flow Meter for ABP Unit	Tk 1000.00/-set Or, USD 12.00/-set	Tk. 12,000.00 Or, USD 140.00
e)	Thermometer and Thermometer Gauge	Tk 1000.00/-set Or, USD 12.00/-set	Tk. 40,000.00 Or, USD 475.00
f)	Heat Exchanger Tube	Tk 1000.00/-set Or, USD 12.00/-set	Tk. 120,000.00 Or, USD 1430.00
g)	Aero Condenser Fin Tube for storage tank and SCP Unit	Tk 1000.00/-set Or, USD 12.00/-set	Tk. 50,000.00 Or, USD 590.00
<b>PURCHASER DETAILS</b>			
19.	Name of official inviting tender	Kazi Mahabubur Rahman.	
20.	Designation of official inviting tender	Manager (Purchase).	
21.	Address of official inviting tender	Eastern Refinery Limited, North Patenga, Chattogram-4204, Bangladesh.	
22.	Contact details of official inviting tender	Telephone: 880-31-2501261-67, Ext. 382 Fax: 880-31-250269 Email: <a href="mailto:managerp@erl.com.bd">managerp@erl.com.bd</a> , <a href="mailto:officeerlp@erl.com.bd">officeerlp@erl.com.bd</a> , <a href="mailto:officeerlp@erl.com.bd">officeerlp@erl.com.bd</a> Website: <a href="http://www.erl.gov.bd">www.erl.gov.bd</a>	
23.	a) The purchaser reserves the right to reject all tenders or annul the tender proceedings. b) If it is not possible to receive/open the tender on the scheduled date for any unavoidable circumstances the same will be received/opened on the next working day at the same time and same venue.		

**Kazi Mahabubur Rahman**  
Manager (Purchase)  
Eastern Refinery Limited  
North Patenga, Chattogram

GD-912

## Mobile phone use to be even costlier

FROM PAGE B1  
It is also worth noting that digital communication has become the only means of connectivity for a large portion of the population during the pandemic; if additional SD is levied it further add to the woes of the people under the current circumstances, Alam added.

Officials of other mobile operators said the additional taxes will slow down the government's digitalisation efforts and compel subscribers to

cut down on their mobile phone use.

"This industry is already burdened with huge taxes," said an official of a mobile phone operator preferring anonymity.

More than half of their earnings go to the state coffers in different forms, while another 30 per cent is paid to other telecom service providers.

"And at the end, we don't have enough money to run our operations," he said, adding that any new taxes will deal them a blow.

The number of mobile internet users rose 9 per cent year-on-year to 9.5 crore in March this year, according to the Bangladesh Telecommunication Regulatory Commission (BTRC).

The number of active mobile phone subscribers went up to 16.53 crore in March from 15.97 crore in the same month a year earlier. But the number of subscribers dropped in March compared to that in the previous month, BTRC data shows.



**TAMING CORONAVIRUS RAMPAGE**

# What will happen when overseas employment and remittance dip?



RIZWANUL ISLAM

Among all the news about the fallout of the pandemic caused by COVID-19, two pieces of news didn't escape my attention.

The first is an announcement by the foreign minister that more than 28,000 workers who were employed in different countries outside Bangladesh were likely to return soon. The second piece of news was a dip in remittances.

In the journey of Bangladesh from a "basket case" or "test case of development" to a lower-middle-income developing country, one factor that has played an important role is overseas employment.

From a paltry 6,000 in 1976 the number going abroad for employment in recent years has soared to some 7-10 lakh. These, of course, are gross outflows and don't represent the net outflow because nobody knows how many return every year.

The government seems to assume that even taking returnees into account, about five lakh people find employment abroad every year.

There are at least three ways in which overseas employment contributed to the success story of Bangladesh's development. The obvious one is as a source of employment and as a way of relieving pressure on the domestic labour market.

The figure of five lakh can be put in perspective by noting that the new addition to the labour force in recent years has been

about 16 lakh.

Second, most of the workers are from relatively lower-income groups (though not from really poor households), and their families usually remain home.

Remittances sent by the workers are usually the major -- if not the only -- source of income of such households, and thus play an important role in meeting their expenditures.

And that, in turn, contributes to the growth of GDP through the consumption route.

Household expenditure on a range of goods and services generates demand for them, which, in turn, creates the impetus for output growth.

Third, remittances have played an important role in building up the foreign exchange reserves to an impressive level and in supporting the current account balance of the country.

The trade balance (i.e., the balance of exports and imports) of the country is almost always negative. It is the current transfers -- in which remittances are by far the major component -- that help makes up for the negative trade balance.

As a result, the current account balance has been positive in most of the years during the past couple of decades.

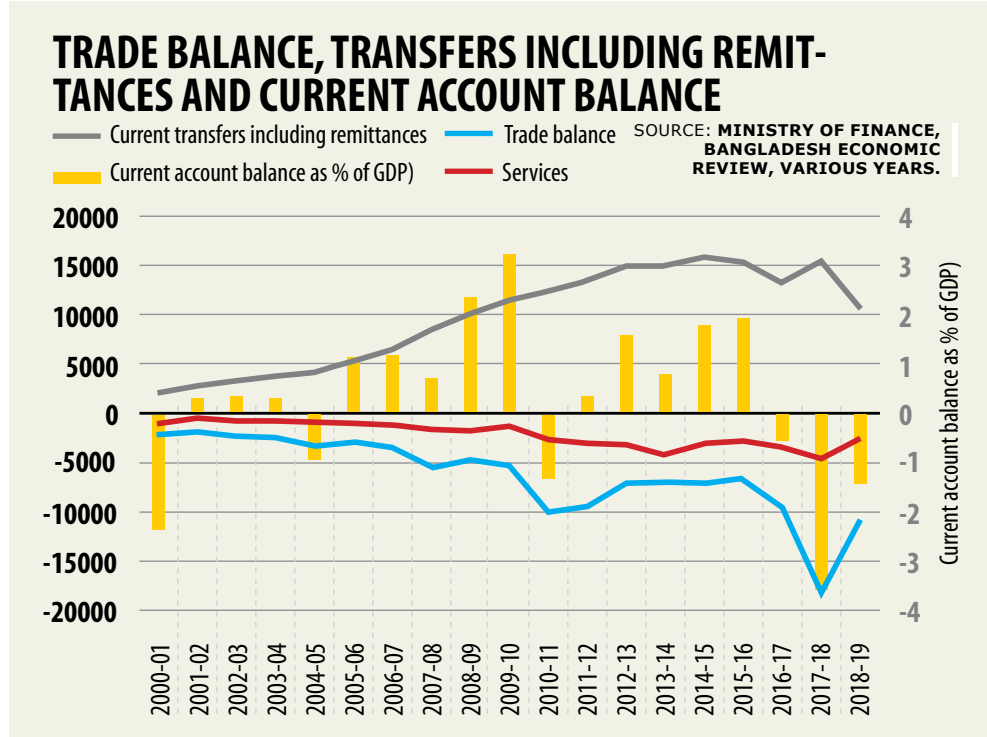
But in fiscal 2017-18, there was a sudden steep increase in imports; and as a result of that spike in imports, the current account balance had a huge deficit that year.

Then there was a decline in the inflow of remittances during fiscal 2018-19, which led to a continuation of that deficit.

In the kind of situation mentioned above, what could be the consequences of a sharp decline in overseas employment and the flow of remittances?

On the employment front, it is easy to see that additional pressure will be created on the already fragile domestic labour market.

As pointed out by myself in an earlier article in this newspaper (May 1 2020), about one crore people may have lost their jobs in



March-April due to the shutdown of public life and economy.

On top of that, one would have to add the number of workers who will be losing their jobs abroad and will return and perhaps join the labour force.

Although there is no data on overseas employment after February this year, one can surmise that very few were able to get such jobs. And the situation is likely to continue until at least economic recovery starts in the labour-receiving countries.

If the current forecasts of global economic growth made by the International Monetary Fund and the World Bank are any guide, it can be assumed that the tap of overseas jobs is unlikely to reopen until about the last quarter

of this year.

In that scenario, the number of such jobs for the whole of 2020 is unlikely to be more than three lakhs (the total for January and February was 129,127).

If one takes into account the number that is likely to return because of loss of jobs, the net outflow may turn out to be insignificant.

So, the current year is likely to be a lost year as far as overseas employment is concerned.

What was once a reliever of pressure on the domestic labour market is going to turn back and play the opposite role.

Coming to remittances, a survey on their use carried out by the Bangladesh Bureau of Statistics in 2013 showed that nearly 39 per cent of the amounts received by households is

spent on food and clothing alone.

Education and health together account for another 9 per cent or so. The rest is spent on purchasing land or constructing house and repaying debt.

Although it is not known how households would adjust to a sharp decline in the flow of money, one can conjecture that adjustment may take place mainly in the items of consumption outside food.

To the extent that happens, the demand for non-agricultural products (e.g., clothing, furniture, etc.) may decline, which, in turn, may have a dampening effect on their production.

The fallout of the dip in remittances may thus extend to create a negative impact on output and economic growth as a whole.

The possible negative impact of a fall in remittances on the balance of payments of the country has already been indicated earlier.

With the sharp decline in exports that the economy is currently experiencing, unless imports also fall simultaneously, trade balance may worsen further.

In fact, during the July-April period of this fiscal year, exports declined 19.09 per cent from a year earlier. Not unexpectedly, imports also declined.

But if projections made by the WB of a 22 per cent decline in remittances turn out to be true, the impact on the current account balance is likely to be quite severe.

What policy measures can be undertaken in the face of the situation mentioned above?

On the employment front, the issue is linked to that of overall employment strategy that the country should be pursuing; and this is not the place to get into that.

However, a word may be said about the large number of workers who are already returning and are likely to do so in the coming weeks and months.

A full-fledged strategy is required to extend assistance to them in getting re-integrated into the economy.

READ MORE ON B3

## Banks might be able to give dividends to retail investors after all

STAR BUSINESS REPORT

Bangladesh Bank, it seems, may walk back on its bold move on May 12 to bar listed banks from giving cash dividends to both sponsors and investors until September to boost their capacity to absorb the strain on their capital base from the ongoing economic dire straits.

The decision turned out to be wholly unpopular with general investors, who have been hit hard by the continued slide of the bourse.

Subsequently, in a meeting yesterday between the Bangladesh Securities and Exchange Commission and BB Governor Fazle Kabir, it was decided that banks might be allowed to give dividends to their general shareholders after all.

"We stepped in to give the small investors some relief," Shibli Rubayat Ul Islam, the newly appointed chairman of the Bangladesh Securities and Exchange Commission, told journalists after the meeting.

The central bank may issue a notice soon that will allow the listed banks to distribute dividends only among general investors and not institutional investors and sponsors, Islam said.

"Bangladesh Bank and the BSEC will work together to fight coronavirus and develop the capital market. We met the central bank to work for the betterment of the economy where we talked to find the way out to help the economy after the pandemic."

The two regulators will appoint two officials from both sides who will work intensively towards fighting any liquidity shortage prompted by the pandemic, he said, adding that they would meet every month and take timely decisions.

"We are ready to help the banking sector if they need the stock market to implement incentive packages of the prime minister," the chairman said.

Commissioners Shaikh Shamsuddin Ahmed and Khondoker Kamaluzzaman were also present at the meeting.

# Accord finally hands over safety role to local body

REFAWET ULLAH MIRDHA

A new chapter begins in the country's apparel factory inspection and workplace safety, as RMG Sustainability Council (RSC), a local entity formed by the sector's apex trade body with representation from brands and trade unions, finally started its journey yesterday.

Various apparel manufacturers, international brands and retailers, global unions and their Bangladeshi affiliates established this national initiative to carry forward the significant accomplishments made on workplace safety in Bangladesh, according to a statement from the RSC.

The responsibility to monitor safety measures at the apparel factories of Bangladesh previously belonged to the Accord, a platform of more than 200 European retailers and brands formed after the Rana Plaza building collapse in April 2013.

Bangladesh's apparel industry fell into an image crisis after the disaster when the eight-storey commercial building housing many garment factories collapsed due to structural faults.

It was the country's deadliest industrial accident as 1,138 garment workers lost their lives while a further 2,500 were injured.

The disaster brought light to the prevalence of abysmal working conditions and safety

measures at local factories and so, many Western consumers began to shy away from Bangladeshi products.

Hundreds of consumers abroad stood outside their local malls and protested the purchase of apparels tailored at 'Bangladesh's sweat shops'.

To mitigate the situation, the retailers and brands that sourced garment products from Bangladesh formed the Accord less than a month after the Rana Plaza collapse.

The aim of the five-year legally binding agreement was to strengthen the fire, electric and structural safety measures of Bangladesh's garment sector.

READ MORE ON B2

## Deadline for tax-related formalities extended to June 29

STAR BUSINESS REPORT

Taxpayers who failed to comply with tax-related formalities for coronavirus-induced shutdown will be able to accomplish their tasks by June 29 this year.

The National Board of Revenue (NBR) issued a notification in this regard yesterday waiving penalty and interest on tax matters that taxpayers could not comply with from March 26 to May 30 this year amid the lockdown and closure of most of the offices.

Taxmen said many taxpayers could not timely submit tax returns, statements of return

filing by employees and withholding tax deductions during the period. Problems also arose for various tax appeal-related issues that are time-bound as per law.

Yesterday, the NBR extended the deadline for complying with tax appeal and alternative dispute resolution related matters that should have been accomplished between March 26 and May 30.

The deadline has been extended until August 5 this year.

The NBR's move came after the government issued an ordinance last month, giving power to the tax authority to take into consideration

the period of the pandemic in computing the time limits and extend those.

A senior official of the NBR yesterday said they took the shutdown periods into context and no interest or penalty would be charged for the inability of taxpayers to comply.

For example, employers have to submit statements of income tax filing by their employees within April 30 every year to avoid penalty.

But this year, despite the willingness to do so, many firms could not do so for the shutdown enforced since March 26 to flatten the curve on the novel coronavirus.

## Tk 2,492cr projects to fight COVID-19 to get nod today

REJAUUL KARIM BYRON and JAGARAN CHAKMA

Two projects worth Tk 2,492 crore chalked out as part of the government's plan to fight the pandemic will be tabled in today's meeting of the Executive Committee of National Economic Council (Ecnec).

The World Bank (WB) and the Asian Development Bank (ADB) have decided to join hands with the government as both of them have set aside a \$100 million fund each to implement the projects during April 2020 to June 2023.

The first one -- COVID-19 Emergency Response and Pandemic Preparedness Project -- will have a budget of Tk 1,128 crore, of which Tk 850 crore will come from the WB and the rest from the government.

To support the project, the WB approved a fast-track \$100 million financing on April 3 to help Bangladesh prevent, detect and respond to the Covid-19 pandemic and strengthen its national system for public health emergencies.

The project will be rolled out nationwide to help upgrade selected health facilities and laboratories to detect, manage and treat

suspected and confirmed COVID-19 cases and support screening in Bangladesh's designated health facilities and entry points.

It will benefit people with suspected and confirmed infections, at-risk populations and medical and emergency personnel, as well as public and private service providers, medical and testing facilities and the national health system, according to the planning ministry officials.

This project will support the implementation of Bangladesh's national plan to respond to the pandemic.

READ MORE ON B3

## No charge for missed instalment on fixed deposit and pension schemes

STAR BUSINESS REPORT

The central bank yesterday asked banks not to impose any charges on savers if they fail to pay instalments on fixed deposit and pension schemes.

Banks have been asked not to impose any penalty on clients in case of their failure to

pay the instalments for April and May.

The government had declared a general holiday from March 26 to May 30 and imposed restrictions on people's movements, which created a problem for clients in paying the instalments.

Banks will have to take this issue into consideration, according to a central bank

notice.

Clients will have to pay their due instalments within June 20 or else they will not enjoy the relaxed facility.

If lenders impose any charge on clients due to their failure to pay the instalments, they will have to pay back the money to the clients.

## Now non-bank entities can set up ATMs

AKM ZAMIR UDDIN

In a ground-breaking move, the central bank yesterday allowed non-bank entities to install automated teller machines and point-of-sale terminals across the country as part of its efforts to promote card-based transactions.

The initiative will help people in the backwaters to settle transactions without going to banks as some private companies have expressed their intent to build a wider network of ATMs.

Only banks are now allowed to build ATM and POS infrastructure but they are unwilling to expand the base further given the rising cost for maintenance, manpower and security.

The central bank has worked on the issue for years and issued a detailed guideline yesterday, according to a Bangladesh Bank official.

India's central bank drew up such regulations in 2012 and let private companies set up ATMs in 2014. In many countries, banks hardly provide ATM services.

Banks in Bangladesh usually set up ATMs and POS terminals based on the number of customers in a given area, said an official of a private bank.

READ MORE ON B3

