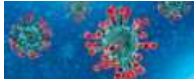


STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX			MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 0.25%	▼ 0.05%	Gold ▼	Oil ▲	▲ 0.38%	▼ 0.36%	▼ 0.25%	▲ 0.14%	BUY TK	83.95	93.16	104.39
3,953.38	6,808.23	\$1,709.06	\$39.52	33,980.70	22,695.74	2,707.20	2,919.25	SELL TK	84.95	96.96	108.19
		(per ounce)	(per barrel)								



BUSINESS

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TAMING CORONAVIRUS RAMPAGE

Economy to blast off again from Oct: IMF

AKM ZAMIR UDDIN

There appears to be glimmer of light at the end of the tunnel after the International Monetary Fund yesterday projected that the Bangladesh economy would pick up from the second quarter of next fiscal year from the coronavirus-induced downturn.

The Washington-based multilateral lender agency, however, said the country's GDP growth would stand at 3.8 per cent this fiscal year against the previous projection of 7.4 per cent as the coronavirus pandemic has severely affected the economy.

This means, growth is projected to decline by about 4.50 percentage points fiscal 2018-19, in what would be the largest one-year decline in the last three decades.

Growth next fiscal year would be 5.7 per cent.

The organisation disclosed the projection in a report, which has prepared for the approval of \$732 million in emergency funding to the country under its credit facility and the rapid financing instrument.

The credit support was approved on May 29 in order to mitigate the balance of payment crisis because of the ongoing economic recession.

A good number of stimulus packages amounting to close to Tk 100,000 crore taken by both the government and the central bank will help the economy to rebound.

In addition, the government reopened the economy on May 31.

CPI inflation has been around the Bangladesh Bank (BB) target of 5.5 per cent, with increases in non-food inflation offset by a decline in food inflation.

Despite signs of disruptions in the domestic food supply chain, overall inflation is projected to remain broadly unchanged, owing partly to a bumper harvest in the agriculture sector.

But the IMF has also mentioned some downside risks for the economy in the days ahead.

“External risks include a prolonged COVID-19 outbreak that would delay and slow down recovery in exports and remittance inflows.”

Impact of COVID-19 on Selected Economic Indicators (annual % change)				
	Pre-Covid		Projection	
	FY20	FY21	FY20	FY21
GDP	7.40%	7.30%	3.80%	5.70%
Inflation	5.70%	5.60%	5.70%	5.60%
Current account balance	-1%	-1.50%	-2.20%	-3.50%
Export	-1.50%	7%	-17.90%	-0.80%
Import	1%	10%	-8.80%	4.80%
Remittance	18%	7%	1.40%	-7.10%

SOURCE: IMF

Oversupply in the oil market could continue to slow down economic activity in the Middle East countries, which are the most important sources of remittance for Bangladesh.

Remittance had soared 20 per cent in the first eight months of the fiscal year but have started to decline from March. In May, inflows dropped off 14 per cent year-on-year to \$1.50 billion.

Some Bangladeshi diaspora workers have elected to return, while those that remain are likely to experience job losses amid a stall in economic activity.

After a modest decline in the first three quarters of fiscal 2019-20, exports in April contracted 83 per cent year-on-year.

COVID-19 has heavily affected the garment sector, with reports

of more than \$3 billion in orders already cancelled, leading to many factories to shut down.

An estimated 3.5 million Bangladeshis work in the garment sector and about one million workers have reportedly been laid off.

A larger outbreak of COVID-19 might require longer containment measures by the authorities, which could increase social discontent, further weaken domestic demand, and disrupt the lives of Bangladeshi people, the IMF warned.

The multilateral lender has suggested the central bank to strengthen its monitoring on the banking sector during the ongoing pandemic.

The already-weak banking sector could face further

challenges in maintaining its asset quality and providing necessary support to the private sector due to the ongoing economic fallout.

Controlling stressed assets of the banking sector will be imperative with banks bearing the entire credit risk for the stimulus package routed through banks.

Effective supervision by the Bangladesh Bank needs to continue while strengthening the corporate governance of commercial banks.

Loans under the stimulus package should be effectively targeted and monitored by the authorities with necessary due diligence and risk assessment considerations by banks to preserve banking soundness while providing support where most needed.

Banks can be encouraged to undertake prudent re-negotiations for loans that have deteriorated due to the shock.

But loan reporting, classification and provisioning standards should not be eased.

Before the pandemic, at the end of 2019, reported default loans approached 9 per cent, with state-owned commercial banks' classified loans reaching 24 per cent.

The authorities have already started amending several laws to enforce more discipline, but repeated loan rescheduling, regulatory forbearance and failure to deal with weak and insolvent banks hindered progress.

READ MORE ON B3

Bangladesh finally gets its own contact tracing app

STAR BUSINESS REPORT

Bangladesh yesterday rolled out a contact tracing app on a trial basis to warn users if they have been near someone who later tested positive for the coronavirus and suggest the next course of actions in a bid to flatten the curve on the rogue pathogen.

Technologically advanced countries such as South Korea and Singapore were among the first countries that have rolled out such apps to trace infected persons and prepare a risky zone. Some other countries later developed and put in place their own contact tracing apps.

To avail the service, smartphone users need to use mobile application Corona Tracer BD, a contact tracing app.

The app has been developed by local technology company Shohoz under an initiative of the ICT Division and the Directorate General of Health Services (DGHS) to bring the people of the country together in its fight against the COVID-19.

So far, 50 countries have introduced contact tracing app to flatten the curve of the coronavirus pandemic.

State Minister for ICT Zunaid Ahmed Palak introduced the application during a virtual ceremony and requested every smartphone user to download it to stop the spread of the highly contagious virus.



The app utilises Bluetooth signal to understand whether a user is near another individual who was tested positive in the past and this will help users find out whether they are at risk of COVID-19.

If a user is found to have been in contact with an infected individual recently, they would receive an alert. If the users' case seems risky, they will be able to seek medical help at the earliest and go into self-isolation, Palak said.

To use the app, mobile phones have to have data connectivity and the mobile's Bluetooth and location features have to be activated.

The app came as the number of coronavirus infections and deaths continues unabated.

More than 2,400 people tested positive for COVID-19 in the last 24 hours yesterday, taking the total number of infections to 57,563. The death toll stands at 781.

The government would ask the Bangladesh Telecommunication Regulatory Commission to request the mobile phone operators to make the app under zero internet benefit, Palak said.

The application also provides information on what to do in case of suspected infection and on the locations of nearby health and testing units.

READ MORE ON B3

Govt pledges transparency, addressing banking sector ills to IMF

REJAUUL KARIM BYRON and MD FAZLUR RAHMAN

Bangladesh has pledged to use the emergency assistance from the International Monetary Fund transparently and effectively, ensure fiscal discipline and prioritising addressing banking sector problems as it secured \$732 million from the crisis lender to tackle the coronavirus pandemic.

The finance ministry and the BB are finalising a letter of intent on their respective roles and responsibilities for servicing financial obligations to the IMF, they said.

“We are committed to ensuring that crisis resources are used transparently and effectively,” said Finance Minister AHM Mustafa Kamal and Bangladesh Bank Governor Fazle Kabir in a joint letter to the Washington-based multilateral lender.

Toward that end, the government would ensure that applicants for coronavirus-related contracts provide their beneficial ownership information to the government and that this information is appropriately recorded and

made available to audit authorities.

The government will publish online an audit of COVID-19-related expenditure and other government subsidised programmes by the Office of the Comptroller and Auditor General within 12 months and crisis-related public procurement contracts and related documents.

“We will seek to adopt reforms to allow publication of beneficial ownership information of companies awarded public procurement contracts as soon as feasible,” said the letter dated May 20.

On May 29, the executive board of the IMF approved a disbursement of \$244 million under the Rapid Credit Facility and a purchase of \$488 million under the Rapid Financing Instrument.

This will help finance the health, social protection and macroeconomic stabilisation measures, meet the urgent balance of payments and fiscal needs arising from the coronavirus outbreak and catalyse additional support from the international community, the lender said.

The IMF has not attached any conditions

GOVT COMMITS TO

- » Undergoing safeguard assessment
- » Providing IMF access to BB's external audit reports
- » Ensuring crisis resources are used transparently and effectively
- » Publishing audit of COVID-19-related expenditure
- » Addressing banking sector problems
- » Bringing fiscal deficit back to 5pc of GDP

for the loan like it did while extending assistance in the past and has not called for belt-tightening because spending is needed to stop people dying or from falling into a permanent trap of unemployment.

READ MORE ON B2

Floor price drags down DSE turnover to a 13-year low

STAR BUSINESS REPORT

Turnover on the Dhaka Stock Exchange (DSE) plunged 72 per cent to Tk 42.97 crore yesterday, the lowest in 13 years, as investors refrained from trading because of the floor price set by the regulator.

The previous lowest turnover of Tk 40.39 crore was recorded on April 24 in 2007, data from the premier bourse showed.

The Chittagong Stock Exchange too saw a similar trading activity with shares worth only Tk 4.59 crore changing hands.

The fall in turnover, an important indicator of the market, came after the Bangladesh Securities and Exchange Commission (BSEC) set the floor price of all stocks on March 19 by taking into account the average price of previous five trading days to prevent

the massive decline of the index amid the coronavirus pandemic.

The move made the capital market illiquid and after the floor price was introduced, the turnover averaged just Tk 180 crore, way lower than Tk 400 crore previously.

Due to the floor price, investors can't trade shares at the forced price, said a top broker. “So, turnover tanked.”

Investors are keeping their hands off to see how the market behaves after the regulator withdraws the floor price, said a merchant banker.

The index may nosedive abruptly when the floor price is scrapped because it is not possible to keep the stock price up artificially, he said.

The pandemic-induced shutdown has battered the business of the listed companies as operations were closed for two months as part of a government effort to contain the virus

and the demand has collapsed.

“So, their stock prices deserve a sharp fall and there is nothing the regulator can do,” the merchant banker said.

Only some pharmaceuticals, telecommunications and technology-related companies would be able to make profits in the current year, while others would incur losses, said a top official of an asset management company.

“This is normal and investors should understand this reality. So, we are thinking of how the losses can be minimised.”

Yesterday, 11 securities advanced, 36 declined and 265 were unchanged on the DSE.

DSEX, the benchmark index of the bourse, fell 10.01 points, or 0.25 per cent, to end the day at 3,953.38.

The port city bourse, however, rose 4.01 points to 6,808.23.

Massive garment sector job losses likely this month

STAR BUSINESS REPORT

A considerable number of garment workers might lose their jobs this month as factories are now running at 55 per cent of their capacity because of a thin flow of work orders for the global coronavirus pandemic, said a top leader of the sector yesterday.

“Job and work order situation might turn even grimmer in future as it is not clear what will happen in the coming months of July and August,” said Rubana Huq, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The factory management must follow the labour law strictly in case of termination of workers, she said.

The international retailers have already cancelled work orders amounting to \$3.15 billion as a result of which many factories may face

either closure or termination of a large number of workers.

About 99 per cent of the factories have experienced work order cancellation and the buyers are not saying anything clearly about payments, she said.

Only 26 per cent of the buyers who previously scrapped orders have assured suppliers of receiving the shipments but dictated payment terms for renegotiation.

“Although most of the remaining buyers agreed to take the goods, they did not set any specific time and payment terms. Some of the buyers did not even respond to our calls,” Huq said, while addressing a virtual event for the inauguration of a coronavirus testing laboratory for garment workers.

Citing a report of McKinsey & Company, she said consumption

of goods, especially clothing items, plunged 65 per cent globally because of the pandemic.

“So, it is perceived that consumption will not improve anytime soon.”

Huq said they will take the responsibility of the workers who lost jobs in April and May because of the stimulus package that the government has given them to pay staff salaries.

However, if the production and work order situation improves, the management will reemploy the terminated workers on a priority basis, she said.

The garment sector has faced damages worth \$5 billion due to the pandemic.

“And this loss is irrecoverable.”

Huq, however, sees some light at the end of the tunnel: shipment may look up ahead of the next Christmas.

READ MORE ON B2

bKash hands 6.5 lakh emergency medical toolkits to PM's relief fund

Alibaba Foundation, Jack Ma Foundation donated the supplies

STAR BUSINESS DESK

Mobile financial service provider bKash yesterday handed over 6.5 lakh emergency health toolkits, including 50 ventilators, donated by China's Alibaba Foundation and Jack Ma Foundation to the Prime Minister's Relief Fund.

The list also includes 20,000 Covid-19 detection kits, 60,000 KN95 masks, 300,000 face masks, 200,000 inspection gloves, 15,000 face shields, 15,000 protective clothing, 80 electronic laser thermometers, 20,000 nucleic acid isolations and 20,000 sample preservation solutions.

The kits were sent as humanitarian aid with the assistance of bKash, which has Alibaba Group's affiliate Ant Financial as one of the investors.

Alibaba Founder Jack Ma took the initiative in order to strengthen the medical system and corona prevention activities of Bangladesh, according to a statement of bKash.

Kamal Quadir, CEO of bKash, handed over the medical supplies to Ahmad Kaikaus, principal secretary to the prime minister at the Prime Minister's Office in Dhaka.

Prime Minister Sheikh Hasina was present through video conferencing from Gana Bhaban.

These medical supplies will be of great



Prime Minister Sheikh Hasina attends an event through video conferencing from Gana Bhaban in Dhaka yesterday when bKash handed over 6.5 lakh emergency medical toolkits donated by Alibaba Foundation and Jack Ma Foundation to the Prime Minister's Relief Fund.

help during this emergency situation, the premier said.

"We are delighted that Alibaba Foundation and Jack Ma Foundation have sent these medical supplies for the people of Bangladesh," Quadir said.

"Jack Ma and his organisations are

not only participating in Bangladesh's economic activities through investments, but are also concerned about the well-being of the people. Hence, they have sent this medical aid during this emergency."

Alibaba came up with the ventilators when the country has been struggling

due to a lack of such facilities in efforts to save the lives of the patients with severe respiratory infections caused by Covid-19, experts said.

Major General Sheikh Md Monirul Islam (Retd.), chief external and corporate affairs officer of bKash, was also present.

SoftBank creates \$100m fund for black entrepreneurs

AFP, Tokyo

Japanese tech giant SoftBank Group said Thursday it was setting up a \$100-million fund for black entrepreneurs, the latest firm aiming to burnish diversity credentials amid US protests over racial injustice.

The Opportunity Growth Fund "will only invest in companies led by founders and entrepreneurs of colour," said the firm's executive vice-president Marcelo Claure in an internal letter obtained by AFP.

Venture capital start-ups are "overwhelmingly white, male and Ivy-league educated and based in Silicon Valley. Just one percent of VC-backed founders are black," he added.

Originally set up as a telecoms company, SoftBank Group has become an investment and tech behemoth with stakes in some of Silicon Valley's hottest start-ups through its \$100-billion Vision Fund.

But it has struggled recently and last month reported record losses caused by its investment in troubled office-sharing start-up WeWork and depreciation in many other assets.

Adding to Softbank Group's woes, Chinese tycoon and Alibaba co-founder Jack Ma will also be resigning as a director of the board this month.

With mass protests raging on US streets after the police killing of unarmed black man George Floyd, corporate bosses are under pressure to do more than simply speak out against racism.

Many major US corporations have issued statements decrying discrimination and some, including Apple and Bank of America, have put some money behind the effort by supporting civil rights advocacy groups or programmes targeting disadvantaged populations.

"When it comes to diversity, SoftBank absolutely has to do better as an employer, investor, and partner," admitted Claure, who sits on a board made up of 11 men and no women.

Farmers lost Tk 56,536cr to coronavirus

Brac surveys find

STAR BUSINESS REPORT

Eighty-eight per cent farmers have suffered economic losses because of the production and marketing challenges induced by the ongoing coronavirus pandemic, according to two surveys carried out by Brac recently.

Nationally, farmers lost Tk 56,536.68 crore in estimated income in one and a half months and more than Tk 2 lakh on an average.

This was experienced by 100 per cent of fish farmers, 97 per cent of livestock, 93 per cent of poultry and 81 per cent of crops and vegetables.

The findings were shared at an online media briefing yesterday.

Some 42 per cent had no way to cope with the crisis, while 95 per cent have not yet received any form of support.

Around 82 per cent do not see the problems going away soon and 41 per cent find loans the sole way to survive if they are unable to produce next season.

Around 64 per cent heard about the government stimulus for them but 79 per cent do not know how to avail it. Though the assistance is scheduled to be delivered through banks, only 20 per cent of farmers have previous experience of taking bank loans.

In order to recover from the losses, 68 per cent farmers are seeking credit on easy terms, 58 per cent fair prices of produce, 48 per cent availability of inputs at fair prices and 45 per cent

full operation of markets.

Aiming to get an insight about the impact of the COVID-19 on agriculture and food security, the surveys were carried out among 1,581 farmers over the phone and 21 wholesalers, retailers and input sellers covering 64 districts from the end of March till mid-May.

One focused on the situation faced by farmers at the grassroots producing crops and vegetables, poultry, fisheries and livestock. The other survey concentrated on the changed market situation and how it has failed to serve the farmers during the lockdown.

Using secondary price data of the state-run Department of Agricultural Marketing, it found panic buying in late March led the prices of essential items such as rice to go up by 300 per cent and then came down in early May for drying up of demand.

However, this in some cases such as that of poultry led to a reduction in production, causing a 26 per cent rise in prices from in the last week of April. Farm gate prices dropped for poultry (44 per cent), dairy (22 per cent) and vegetables (38 per cent to 90 per cent).

The studies suggested establishing innovative farmer-friendly credit disbursement systems, including microfinance institutions and NGOs alongside collection centres closer to smallholder producers.

Farmers' produce could be distributed through open market sale

and as relief and midday meals while allied sectors such as that of seed, fertilizer, feed, storage and transport be incentivised, said the studies.

They also recommended subsidising poultry, fishery and livestock subsectors with inputs and developing guidelines to help farmers remain productive in this "new normal" situation.

Professor Emeritus MA Sattar Mandal, former vice-chancellor of the Bangladesh Agricultural University, suggested local government representatives act as guarantors so that farmers can fast avail bank loans.

He advocated for the upcoming budget to focus on farm mechanisation and associated research at universities and backward and forward linkage support. FH Ansarey, executive director of ACI Agribusiness, said the previous three months' produce helped get through the pandemic shutdown period and so measures should be taken fast to get by the coming months.

He advocated for ensuring working capital and technical assistance for farmers, establishing storage facilities under public-private initiative and reducing tax on agricultural products.

Elash Mridha, managing director of Pran, said the pandemic pointed out the role middlemen play and restrictions should be relaxed in areas where infections were not present.

Five farmers joined the meeting to share their experience.

Spain maps route for late June tourism opening

REUTERS

Spain will open up land borders with France and Portugal on June 22 and also aims to start welcoming tourists to some islands and other areas that have the coronavirus under control around the same time, a minister said on Thursday.

Frontiers with France and Portugal have been shut to everyone but Spaniards, cross-border workers and truck drivers since a mid-March lockdown to curb what was then one of the world's worst coronavirus

outbreaks.

But with its rate of deaths and infections sharply down, Spain is among nations trying to gradually restore freedom of movement in Europe's usually border-free Schengen area.

"This is very important because it will allow us to recover some tourists ... on land routes," Spain's Tourism Minister Reyes Maroto said in the world's second most visited nation where the sector accounts for about 12 per cent of the economy.

Maroto said Spain would probably exempt arrivals by land from France and Portugal from a 14-day quarantine obligation currently in place, but added that was yet to be approved.

Maroto said tour operator TUI was due to bring 6,000 Germans to visit the Balearic archipelago around the island of Mallorca.

She said this and another scheme in the Canary islands off the northwest of Africa were expected to take place during the second half of June, before borders fully open on July 1.

Bangladesh finally gets its own contact tracing app

FROM PAGE B1

In case of a suspected infection, the users can check if the symptoms are compatible with those of COVID-19 patients and they will be instructed and sent to the nearest basic health unit.

Users can download the app from Google's Play Store. The app would soon be available on Apple's App Store.

The app users will get the instant message if they come in close contact with a coronavirus positive patient at a distance of less than one metre, said Maliha M Quadir, founder and managing director of Shohoz.

They would also be alerted if any of the people they came in contact with becomes positive even four days after the meeting, she said.

"This application could be used as a tool to get information from the citizens and alert them. All data will be protected. Except for a user's mobile phone number, no other personal information will be needed to download or use it," she said.

The app would use coronavirus test-related data stored with the Institute of Epidemiology, Disease Control and Research (IEDCR) to warn a user.

The alert service can help the

government prepare a database that will determine the high-risk and risky zones in the country, said Anir Chowdhury, policy adviser of Access to Information (a2i) programme.

India uses the same kind of application and it has been downloaded more than 10 crore times in the first one month after its launch and the country has received a massive positive outcome, he added.

NM Ziaul Alam, senior secretary of the ICT Division, Prof Abul Kalam Azad, director general of the DGHs, and Meerjady Sabrina Flora, director of the IEDCR, were present during the virtual launch.

An alternative national budget for next fiscal year

FROM PAGE B4

Accordingly, the sectors relating to universal basic needs such as health, full-fledged universal social security education and food security are given priorities.

Simultaneously, the thrust is on the enhancement of domestic capabilities through diversification, productivity augmentation, technological catching up and increased competitiveness in agriculture, manufacturing and service sectors.

The proposed strategy does not solely rely on export orientation rather emphasises expanding domestic consumption. Accordingly, the allocation framework is devised.

UNIVERSAL BASIC NEEDS

COVID-19 demonstrates the failure in state provision of universal basic needs such as food, health, social security, education, shelter, etc.

A full-fledged universal, not targeted, life-cycle based social security system with income support, national health services, child benefits, housing benefits, disability living allowance, invalid care allowance, state pension and jobseekers' allowance is a dire necessity.

This requires moving away from the current charity-based approaches and the proposed targeting-approach-based national social security strategy.

An allocation of Tk 1.63 lakh crore can be earmarked, which is 5.53 and 21.35 per cent of GDP and the budget respectively, a rise of 550 per cent from the current year.

A good many countries spend in double digits for social security.

An escalated Tk 1.26 lakh crore can be allotted for education, technology and research, which is 4.25 per cent of GDP and 16.4 per cent of the budget vis-à-vis 2.75 and 15.2 per cent respectively of the current fiscal year.

The healthcare is in shambles. The focus is to bring every citizen under the auspices of universal health care through the distribution of national health cards based on a national population database.

The extra expenditure required for the provision of a family doctor, nurse and

infrastructure may be financed by tripling the current budget allocation on health.

The proposal sets aside Tk 1 lakh crore, which is 3.39 per cent of GDP and 13.08 per cent of the budget.

DIVERSIFICATION, COMPETITIVENESS IN REAL SECTORS

About 40 per cent of the population depends on agriculture.

Besides rice and potatoes, the country is hugely import-dependent as it needs annual import of 60 to 65 lakh tonnes of wheat, five to 10 lakh tonnes of maize, 80 per cent of its required oil, much of its sugar, pulse, spice requirements and all kinds of seeds.

This requires a huge investment in enhancing diversification. To ensure food security, there is a need for a public food distribution system by introducing the income-based rationing system.

For such activities in the sector, Tk 44,463 crore can be proposed, escalating to 1.5 and 5.79 per cent of GDP and budget respectively from the current year's 0.97 and 5.4 per cent respectively.

There is a dearth of prudent planning in the manufacturing sector, exhibited by overreliance on export orientation with a concentration in a single sector.

The entire manufacturing process must undergo drastic makeovers with a balance between domestic consumption and export orientation.

While domestic consumption must be raised to enhance the domestic capability, concerted efforts have to be made to diversify the export destinations, particularly targeting the neighbouring markets of India and China.

Thus, specific strategies should be formulated by examining the nature of demand and institutional realities in these markets.

The thrust has to be on the enhancement of domestic capabilities through diversification, productivity augmentation, technological catching up and increased competitiveness in agriculture, manufacturing and service sectors.

Apportionment for industrial and economic services is proposed to Tk 21,639 crore, constituting 0.73 and 2.81 per cent of GDP and

budget respectively, from those of 0.12 and 0.7 per cent.

Besides others, three mission-oriented equity matching facilities -- the green industrialisation fund, the diversification fund and the nationwide rural area regeneration industrial fund -- can be established to drive the much-needed changes.

SOURCES OF REVENUE AND DEFICIT FINANCING

The shrinkage of the economy will lead to declined income and value-added taxes and customs duties.

If the budget deficit is kept at 9.97 per cent, it can still be financed by foreign and domestic loans.

This is not the time to be concerned with the budget deficit and the debt-GDP ratio, which is at an acceptable 30 per cent in Bangladesh.

Chances of runaway inflation are slim due to depressed consumer spending and production.

Under such circumstances, the government has to embark upon a concerted strategy.

First, unnecessary expenditure such as capacity charge subsidies in the power sector and government largesse will have to be reduced without resorting to austerity measures.

Second, the government should look for easily accessible sources of revenue from the undocumented foreign workers in Bangladesh, activation of transfer pricing cell to reduce tax avoidance and re-examination of tax exemptions.

Third, efforts shall be made to increase foreign aid from bilateral and multilateral sources.

Fourth, obtaining multilateral and bilateral loans with low rate of interest, longer repayment and grace period shall be the priority to ease debt servicing, besides seeking relief, writing off and deferrals of debts.

Fifth, the government has to primarily source from the central bank, even if such requires printing of the currency as banks are already in a liquidity crisis and treasury bills and savings certificates are costly.

The writer is a professor of economics at the department of development studies at the University of Dhaka and chairperson of Unnayan Onneshan

Priority should be to save lives and then economy

FROM PAGE B4

Besides, if employers begin to terminate their workers in a bid to control their losses, it would hurt the economy, said Md. Mosharraf Hossain Bhuiyan, former chairman of the National Board of Revenue.

Bangladesh endured losses of up to Tk 3,300 crore for each day of the lockdown, said M. Masrur Reaz, chairman of Policy Exchange, while presenting his keynote speech during the dialogue.

The country's export revenue may come down to \$28 billion as major export destinations such as the EU and the US will have negative economic growth rates due to the coronavirus fallout.

Even remittance may decrease by as much as 7 per cent while the budget deficit could be 7.7 per cent, Reaz said.

"However, this is not the time to raise questions on the fiscal deficit as maintaining a stable economy should be given importance," he added.

DCCI President Shams Ahmed and former DCCI president Asif Ibrahim were present, among others, during the dialogue.

Adani kicks off land development for Indian SEZ

FROM PAGE B4

A representative of Adani Group, whose concerns include energy, resources, logistics, agribusiness, real estate, financial services, defence and aerospace, visited the proposed ISEZ site at the BSMSN in February earlier this year for a final assessment.

The group has taken a special interest in developing the ISEZ as the project is supported by the Indian government.

The Indian government will provide Bangladesh with \$278 million in financial

Economy to blast off again from Oct: IMF

FROM PAGE B1

To strengthen the banking sector, the authorities should focus on introducing effective and risk-based supervision and avoid regulatory forbearance.

A record Tk 50,186 crore was rescheduled last year, often by breaching banking norms, and yet defaulted loans hit Tk 94,313 crore at the end of 2019, up 0.42 per cent year-on-year, according to data from the central bank.

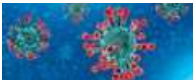
In case of further deterioration of the economic situation or declining inflation, the BB could consider further cuts in the repurchase agreement rate or ease liquidity through reduction in the cash reserve ratio (CRR).

Since March, the central bank has already slashed Repo and CRR rates in times to 5.25 per cent and 4 per cent respectively since March to tackle the ongoing pandemic.

The central bank should continue to gradually permit more exchange rate flexibility, which would help buffer the economy against external shocks and preserve the level of reserves.

support for the ISEZ under its third Line of Credit (LoC), which has a total value of \$4.5 billion. However, the funds are yet to be disbursed even though the agreement was made in 2017.

Adani Group, whose annual turnover exceeds \$13 billion, also plans to invest a further \$350 million in Bangladesh to establish an industrial park at the BSMSN in a joint venture with Singapore-based Wilmar, a manufacturer of agro-based foods and allied products.



TAMING CORONAVIRUS RAMPAGE

Priority should be to save lives and then economy

Say business leaders in a discussion

STAR BUSINESS REPORT

A hard lockdown on all social, economic and industrial activities is required to bring down the rising number of coronavirus cases in Bangladesh and mitigate the risk to public health, according to various experts and industry leaders.

"The priority should be to save lives. Then comes the concerns on business and economic activities, GDP growth and fiscal budget deficits," said Nihad Kabir, president of the Metropolitan Chamber of Commerce and Industry (MCCI).

Kabir made these comments while addressing a virtual dialogue styled, 'COVID-19: lockdown exit strategy framework for Bangladesh', organised by Resurgent Bangladesh.

The Dhaka Chamber of Commerce and Industry (DCCI), MCCI, the Chittagong Stock Exchange, BUILD, and Policy Exchange formed this platform, which will organise several dialogues on the coronavirus issue before preparing a final assessment in August.

"We should give importance to lowering the risk of a mass outbreak, producing essential goods and services and resuming economic activities by enabling both supply and demand," Kabir said.

If economic activities were resumed in areas where the pandemic has had less of an impact,

then it could gradually reduce the coronavirus fallout on health and the economy.

"So, the government's zoning system will be useful if we reopen our businesses gradually following the shutdown," the MCCI president added.

The government recently took the initiative to map out areas of the country into red, blue and green zones depending on the frequency of coronavirus infections.

"To spare those who have yet to become infected, the shutdown should end in phases," said former DCCI President Abul Kasem Khan.

There is no specific solution to end the pandemic though, so plans should be made in a way that avoids the loss of life and protects the economy.

Information on infection rates and forecasts on the coronavirus fallout should be shared so that business people can make the right decision based on the information available.

"However, some losses will still occur and that should be kept in mind when ending the shutdown," Khan said.

Riaz Hamidullah, former high commissioner of Bangladesh to Sri Lanka, recently explained the island nation's model for combating the pandemic while keeping risks to both health and the economy in check.

First, the Sri Lankan government ensured that there would be coordination among the concerned ministries while making and implementing policies.

The country then reopened on a limited scale after assessing the situation before eventually fully ending the lockdown.

The COVID-19 outbreak in Bangladesh became severe due to a lack of coordination among the different government bodies during the decision-making process, said Ahsan H Mansur, executive director of the Policy Research Institute.

Reliable and up-to-date data on the country's coronavirus infection rates are needed to help the government make a proper plan on resuming economic activities, he added.

"The government and the private sector need to work together if any plan is to be successfully implemented," said Mohammad Shahidul Haque, a former secretary to the Bangladesh government.

The coronavirus situation in the country needs to be brought under control so that the economy can recover. But considering the impact the lockdown has had on people with low-incomes, the government elected to end the nationwide 'general holiday', he added.

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Adani kicks off land development for Indian SEZ

JAGARAN CHAKMA

Although most of Bangladesh's major construction projects were put on hold amid the ongoing coronavirus pandemic, Adani Ports and Special Economic Zone (Adani Ports & SEZ), began land development at the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) in Mirsarai, Chattogram during the recent nationwide lockdown.

"Adani Ports & SEZ brought all the necessary equipment for land development work at the BSMSN during the pandemic," said Paban Chowdhury, executive chairman of the Bangladesh Economic Zones Authority (BEZA).

for direct employment and 35 lakh for indirect employment with about \$30 billion in investments from home and abroad by 2030.

According to the BEZA executive chairman, Adani Group, an integrated infrastructure corporation and parent company of Adani Ports & SEZ, will likely begin site development work on the India Special Economic Zone (ISEZ), which is expected to bring in billions of dollars of investment from the neighbouring nation, after completing the current project.

Site selection for the ISEZ has already been completed. It will be constructed on more than 1,000 acres of land at the BSMSN and will be exclusively reserved for



As an international firm, Adani Ports & SEZ is following all the health guidelines for its workers while working on the zone, he added.

Adani Ports & SEZ, India's largest private multi-port operator, will develop 450 acres of land at the BSMSN, where Star Allied Venture and other foreign companies will set up their factories. Once completed, the industrial hub will span a total of 30,000 acres.

BEZA appointed Adani Ports & SEZ, an experienced and efficient company, to ensure that the development project meets a certain standard that would attract foreign investment, according to a BEZA official.

The project is set to be complete in 12 months. However, the Indian company has set a personal target to finish development works within only five months.

BEZA expects that the industrial hub will generate more than 15 lakh opportunities

Indian investors.

Currently, negotiations are ongoing on whether the BEZA should be involved in the industrial hub's equity.

Bangladesh Prime Minister Sheikh Hasina also approved the Ahmedabad-based Adani Group to develop the ISEZ, said Chowdhury.

If successfully implemented, the ISEZ would eventually reduce the trade imbalance between the two countries, which currently favours India.

In fiscal 2018-19, Bangladesh's exports to India crossed the \$1 billion-mark for the first time to reach \$1.24 billion, according to data from the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

During the same period, the value of goods Bangladesh imported from India stood at \$7.64 billion, while it was \$8.61 billion the previous year.

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Pathogen crushes Delta Hospital's listing dreams

STAR BUSINESS REPORT

Delta Hospital, which got the green signal in February to raise Tk 50 crore, has requested the Bangladesh Securities and Exchange Commission (BSEC) to cancel its initial public offering as it got low premium through bidding.

Premium is an additional amount of money over the face value of a share that investors pay when they buy it through IPO.

Institutional investors set the cut-off price of its shares at Tk 11 each through bidding whereas the face value of the company's shares is Tk 10 each. So, the premium would be Tk 1 per share.

If a company fails to secure high premium then it will have to offload a higher number of shares, said an official of the issuer company.

The sponsors will have to buy shares to comply with the regulator's rules of having individually 2 per cent and jointly 30 per cent share of their company.

Due to the low cut-off price, post-IPO shareholdings of the company's seven out of 10 directors would fall short of the 2 per



cent mandatory minimum shareholding requirement.

The sponsor-directors' joint shareholding would also fall below 30 per cent.

"The premium is significantly low compared

to our net asset value. Our paid-up capital will go up while raising the fund, which will affect our dividend-paying capability in future," said a director of the hospital asking not to be named.

The company's net asset value is Tk 45.84 as on June 2019.

"Our bidding time coincided with the COVID-19 crisis period. As a result, we got lower prices in the bidding," the director added.

The electronic bidding under the book building method of the IPO took place from March 22 to March 25.

The highest bidding price was Tk 46 a share and the lowest Tk 11.

"Institutional investors were a bit shaky due to the ongoing pandemic. So they were hesitant about bidding high," said the research head of an asset management company.

Well-performing companies will not come to the market if they don't get good premium, he said. The regulator on Wednesday directed both the stock exchanges to hold onto the money of the bidding until further notice after Delta Hospital had sent a letter for cancelling its IPO.

An alternative national budget for next fiscal year



RASHED AL MAHMUD TITUMIR

The national budget for fiscal 2020-21 is being formulated at a time when the global coronavirus pandemic is leaving a long-lasting stain on the economy.

A shift from conventional budgetary system to a three-year resuscitation strategy for Bangladesh is the need of the hour to inhibit the contraction of the economy.

The medium-term macroeconomic framework, through coordinated fiscal and monetary policies, will have to centre on employment to control erosion and increase income.

The economy had been in distress before the strike of the pandemic with jobless growth, slowed-down poverty reduction, declining export-import and unfulfilled targets of revenue collection.

There has been a liquidity crisis in the banking system as the government grabbed the yearly target of borrowing in six months.

COVID-19 blatantly points out the state failure in the provision of universal basic needs such as food, health, social security, education, etc.

From those living hand-to-mouth to those in the lower-middle class, the citizens are facing an existential threat as they starve and remain out of jobs in the absence of a fully-fledged social

security system.

A large population is also out of the minimum wage jurisdictions and is deprived of basic amenities as they are employed in informal sectors.

The existing social safety net programmes are inadequate and marred with leaks. The health and education sectors are fraught with negligence and decreasing budgetary allocations.

The pandemic has also laid out in the open the frailties of the real sectors -- agriculture, manufacturing and services.

STATE OF THE ECONOMY
The gross domestic product (GDP) is the combination of investment, consumption, government expenditure and net of export and import.

The growth in GDP will further plummet due to further weakening of these four indicators, stemming from the pandemic.

The share of private investment to GDP has been hovering around 23 per cent in the last few years. The downturn will be swollen by income reduction, lowering savings and hence dwindling investment sourced from savings.

The earning from remittance has declined due to the pandemic and almost three lakh workers returned from abroad.

Loss of jobs and reduction of remittance earnings will dampen consumerspending, in turn constricting the GDP since private consumption is 70 per cent of the GDP. The reduction in the inflow of remittance will also hurt the rural economy.

The earning from export too has shrunk. The real sectors -- agriculture, manufacturing and services -- are hit hard by the lockdown.

BUDGET PROPOSAL AND SECTOR-WISE ALLOCATION

A budgetary outlay of Tk 5.23 lakh crore was proposed for the current fiscal year



based on an estimated GDP of Tk 28.9 lakh billion, with a GDP growth rate of 8.2 per cent.

The coronavirus has struck its blow after 7-8 months in the current fiscal year. The lion's share of the expenditure, mainly of the annual development programme (ADP) and festival-centred consumption, is normally incurred in the last quarter. These were hit hard.

There are various forecasts on the GDP of the current year and the next year. The most optimistic estimate is assumed here for the current fiscal year -- a rate of economic growth by 5 per cent.

With such a rate of growth, the revised GDP for the present year will stand at Tk 27.4 lakh crore.

Similarly, with an optimistic real rate of GDP growth of 5 per cent for the forthcoming year, the nominal GDP for next year is estimated at Tk 29.6 lakh crore.

I would like to present the draft estimate of an alternative national budget worth Tk 7.68 lakh crore for the coming fiscal year.

As the economy slims down, investment, consumer spending and export will drop, and hence high government expenditure is required to stave off the plunge.

The prime focus is on the sectors relating to universal basic needs and on the retention and creation of employment, particularly because of erosion of income and unemployment, aggravated by pre-crisis high unemployment and underemployment due to jobless growth and shortages in skills.

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NEXT STEP

Making a DIFFERENCE

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

4 tips to negotiate with suppliers for the right deal

Negotiation is one of the most age-old practices that are still common in the marketplace. If you are a retailer, you must need to bargain with your supplier in such a way that you receive the best pricing and terms on all the products avoiding the unnecessary haggling. Here are 4 negotiation tips that can give you the upper hand.

ARTICULATE YOUR INTERESTS PROPERLY

Deception tactics like falsification and treachery may help you a little bit in your negotiation process. But it is difficult to maintain in the long-term and unethical too. The negotiation preparation should include setting goals to determine what you or your supplier wants. Be clear to each other about your interests, flexibility, and expectations.

UNDERSTAND THE LINGO

There are always some specific terms used within a sector which you are negotiating with. Talk to different providers and try to learn the jargon to understand what you are talking about and explain your plans to your supplier. In this way, your supplier will consider your opinions seriously and the bargaining power will be in



your favour.

DISCUSS INCENTIVES

The whole concept behind the negotiations is to get the best price, discounts, financial benefits, and exclusivity. So always tell your supplier what you want without fearing the rejection. To be a perfect customer for your supplier, you should also provide some incentives. For example, tell them that you'll buy their products in bulk if they offer you a reasonable discount.

DON'T BE A PROBLEMATIC CUSTOMER

It certainly doesn't matter how much business you are giving your supplier, if you are a problematic customer, you may not get the best deal. Never be a customer who doesn't pay the bills timely. Be sure to maintain open communications, and treat your supplier as a partner so that you both can get what you need.

JINAT JAHAN KHAN