

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

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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

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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.

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Priority should be to save lives and then economy

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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

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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

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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.