



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