

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	
0.84%	0.75%	\$1,685.23	\$42.30	34,287.24	22,863.73	2,751.50	2,930.80	83.95	93.16	104.39	11.64	
4,008.29	6,808.23	(per ounce)	(per barrel)					BUY TK	84.95	96.96	108.19	12.23



Star

BUSINESS

DHAKA SUNDAY JUNE 7, 2020, JAISHTHA 24, 1427 BS • starbusiness@thedailystar.net

TAMING CORONAVIRUS RAMPAGE

SMEs to be gifted with turnover tax cut



REJAUUL KARIM BYRON

Small and medium enterprises (SMEs) are likely to get a respite from paying turnover tax in the next fiscal year as the government looks to support businesses that suffered sales losses owing to the more than two-month-long shutdown.

The lockdown, which began on March 26, partially ended on May 30. But its fallout continues to remain deep as many businesses are struggling to clear salaries and wages of employees because

of unprecedented demand collapse and supply chain breakdown.

So, to give relief to small businesses, the turnover tax may be curtailed to 3 per cent in fiscal 2020-21 from 4 per cent now, said officials of the finance ministry.

At present, businesses that register an annual turnover of Tk 50 lakh to Tk 3 crore pay 4 per cent in turnover tax.

Officials say as the lockdown has shattered businesses in almost all sectors of the economy, the tax relief would reduce the pressure on them.

The country has more than 78 lakh economic units and 12 per cent of them are micro and SMEs, according to the Bangladesh Bureau of Statistics' Economic Census 2013.

The government may also reduce advance tax (AT), a form of value-added tax (VAT) levied on imports, to cut the operational cost of industries, said revenue officials.

Currently, businesses, mainly domestic market-oriented industries and traders, pay 5 per cent AT during the import of goods.

The AT rate for the import

Likely tax measures in FY21's budget

- SMEs to get a **1** percentage point cut in turnover tax at **3%**
- Advance tax on industrial raw materials to be slashed to **3%** from **5%**
- Supplementary duty on cigarettes to be hiked **5-10%**
- Hike in excise duty on account balance of Tk **5 cr** and above by **15%**

of industrial raw materials may be set at 3 per cent, the officials said.

However, smokers are likely to face higher taxes as the government is considering increasing the prices of the

cigarettes to attain the increased revenue collection target of Tk 128,800 crore in fiscal 2020-21 from VAT, up 19 per cent from the revised target of Tk 108,000 crore in the outgoing fiscal year.

Cigarette, the biggest sources of VAT and supplementary duty (SD), brought Tk 22,000 crore, which is 28 per cent of the total VAT and SD collected in fiscal 2017-18.

Depending on price slabs, smokers now pay from 55 per cent to 65 per cent of SD for every 10-stick.

The price-slab fixed by the NBR may be hiked by 5-10 per cent in the next fiscal year.

To achieve a higher tax collection target to finance the budget, the government may also increase the excise duty on accounts with debit or credit balance of above Tk 5 crore at any time of the year by as much as 15 per cent.

At present, account holders with such balances have to pay Tk 25,000 per account annually, according to the NBR.

The pandemic has a significant impact on the country's fiscal position.

The tax revenue collection was expected to increase due to sustained economic growth and a newly implemented VAT scheme.

READ MORE ON B3



Uber fixing host of safety measures of its own as it waits to motor riders again

MAHMUDUL HASAN

With technological innovations and precautionary measures to contain the novel coronavirus, Uber is confident about providing safe travel to passengers as the top global ridesharing platform looks to resume operations in Bangladesh.

Safety is the top priority of the company, said Ratul Ghosh, head of East India and Bangladesh at Uber, adding: "We can't wait to go live again in Bangladesh. It's a very exciting market for us."

Bangladesh has recently reopened its economy on a limited scale allowing transport services such as buses, minibuses, trains and domestic airlines to resume operations after a lull of two months.

However, all ridesharing services have been asked to stay

off the roads until further notice.

"It is not clear why we cannot resume services when the buses, trains, CNG-run vehicles and minibuses are allowed to ply the roads," Ghosh told The Daily Star in an interview over the phone last week from Kolkata.

The ridesharing industry should seek a dialogue with the government.

"If we can understand the problem, we can propose a solution, which we have done in the rest of the world."

Uber can track the whole journey and is capable of delivering safer transit than other modes of transport.

"When we resume in Bangladesh, we will come up with our own safety standards and operating procedures," he said, adding that the company's tech and safety teams have been



working to build a new product experience that will help protect users.

Before a driver can go online, they will be asked to confirm through its new 'Go Online Checklist' that they've taken

certain safety measures and are wearing masks.

And it will be verified by asking to take a selfie and the passengers would be notified about the verification.

A similar checklist will also be

introduced for riders, and before every trip, riders must confirm that they have taken precautions like wearing a face cover and washing or sanitising hands.

For Bangladesh, Uber has spearheaded the formation of a transport safety alliance, in partnership with DBL Pharma, Zantrik, Dettol (Reckitt Benckiser) and Fresh Tissue to raise safety awareness amongst consumers and equip drivers with health and safety supplies to ensure safer rides.

Uber and its allies will distribute key safety supplies such as masks, soaps, tissues and hand sanitisers to its drivers.

"I just feel, as a common person, from my knowledge, that these kinds of measures are not possible to take in many other modes of mass transports."

READ MORE ON B3



BGMEA dispels confusion over job cut comment

STAR BUSINESS REPORT

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) yesterday vehemently denied it has announced any job cut in the apparel sector amid a slump in work orders because of the coronavirus pandemic.

The clarification comes as many had thought that BGMEA President Rubana Huq on Thursday had announced job cuts in the sector while addressing a virtual event for the inauguration of a coronavirus testing laboratory for garment workers.

It prompted the Garment Sramik Odhikar Andolan, a workers' rights platform, along with a few other labour rights bodies and left-wing political parties to call a press conference on Friday to protest the job cuts.

"The news was not presented correctly. The BGMEA, as an organisation, has no scope to make such an announcement," it said in a statement.

What the BGMEA president had articulated was her deep concern and apprehension of possible job losses because of the fallout of the coronavirus pandemic.

The global pandemic has badly impacted Bangladesh's apparel shipments and inflow of work orders. For instance, apparel shipments fetched just \$378.40 million in April, down from \$2.26 billion in March.

Industrial output in the garment sector saw the biggest decline, by 55.7 per cent between May 1 and May 20.

Work orders worth more than \$3 billion were either cancelled or put on hold by international retailers and brands from March, the statement said.

Many renowned Western retailers have been filing for bankruptcy and factories are running at 55 per cent production capacity because of the dearth of work orders, the BGMEA also said.

Apparel sales revenue worldwide would decline 30 per cent in 2020 from last year because of the pandemic, said the association citing a study of the McKinsey and Company.

That means, the export of garment items from Bangladesh would be \$10 billion less this year.

Management would have to run factories at below capacity if the work order does not accelerate. As a result, job creation would become difficult in all sectors and not just the garment, the statement said.

The employment of workers might reduce a bit in such a situation.

The association suggested factory owners follow labour laws strictly in cases of job losses.

Some 348 factories faced closure over the last two months and 1,926 factories are now operational.

Businesses should use funds from stimulus packages properly

EBL Managing Director says in an interview

AKM ZAMIR UDDIN

Businesses should use the funds from the stimulus packages properly to make a turnaround from the ongoing economic fallout, or else they will collapse into a bad state of affairs, said a top banker.

The Tk 100,000 crore stimulus packages, unveiled by the government in response to the coronavirus pandemic, are not adequate given the gravity of the recession.

"So, businesses will have to use the money cautiously," said Ali Reza Iftekhar, managing director of Eastern Bank, one of the leading private banks in Bangladesh.

Businesses and industries can't go for expansion at the moment as the market is not ready to absorb the investment in the wake of a fall in demand for almost all types of products.

So, they should give full attention to protect the existing businesses from the probable



stringent situation, he told The Daily Star in an interview recently.

"We have already suggested our corporate clients change their business model and embrace new strategies to keep up with the situation."

Lenders are in a challenging situation while giving out loans from the stimulus packages. Banks have started distributing loans from the funds, but they don't know the actual impact of lending on the economy.

"It will take more time to comment on this as the whole situation depends on containing the pandemic," said Iftekhar, also the chairman of the Association of Bankers, Bangladesh, a

forum of managing directors of banks.

He thinks the economy will blast off if the stimulus funds help create demand.

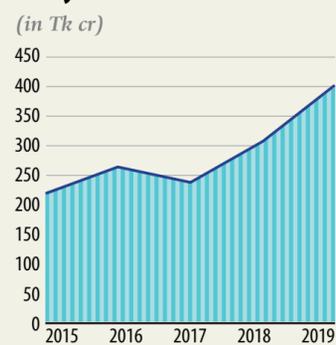
"If the spending capacity of people does not increase as expected, the economy will face more difficulties."

Banks have the required liquidity after the central bank cut the policy rate and cash reserve ratio and relaxed the loan-deposit ratio in tandem.

Lenders are also getting finances from the Export Development Fund (EDF) of the central bank, which will help export-oriented industries bounce back from the pandemic.

The Bangladesh Bank increased the volume

Rise in EBL's profit over the years



EBL's deposits over the years



of the EDF to \$5 billion from \$3.5 billion to shore up the pandemic-stricken economy.

"But banks will have to give all-out effort to recover the stimulus funds, which are being provided in the form of refinance scheme, on time from the borrowers."

The central bank will take back the funds from banks in due time as it is not a bailout one.

Iftekhar warned lenders would face a problem if the economy does not pick up soon and the whole financial system would plunge into a vulnerable situation if the health of banks deteriorates.

"So, the senior management of banks would have to focus on strengthening balance sheets and helping businesses so that they can recover quickly."

Banks need to take a lot of initiatives to maintain adequate liquidity as no one knows when the pandemic disappears, according to the experienced banker.

Besides, lenders would have to preserve adequate capital buffer so that they can absorb the shocks stemming from the economic fallout.

"The central bank will have to compel banks to take initiatives in line with its result of the stress testing."

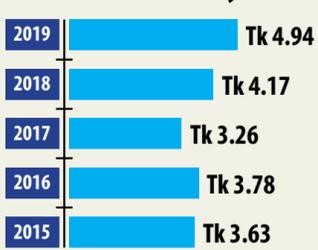
The initiatives would help banks avert financial problems if some large borrowers default due to the ongoing crisis, Iftekhar said.

The testing module gives a score to banks about the capacity to absorb shock.

The image of the financial sector would be tarnished if the strength of banks turns fragile. Under such circumstances, foreign banks and organisations will lose confidence in the financial sector, Iftekhar said.

READ MORE ON B3

EBL's EPS over the years



US shows surprising employment recovery in May despite pandemic

AFP, Washington

The US economy regained 2.5 million jobs in May and the unemployment rate dropped as coronavirus pandemic shutdowns began to ease, which President Donald Trump said Friday was a sign the recovery from the crisis is underway.

New Labor Department data showed the largest increase in jobs on record, which pushed the unemployment rate down to 13.3 percent from 14.7 percent in April.

The Friday report defied even the most optimistic expectations among economists, who had been expecting employment losses of more than eight million and a jobless rate of 20 percent or higher.

Trump immediately cheered the data and said the gains proved the combination of rapid government support and a push to reopen businesses was working.

"Today is probably the greatest comeback in American history, but it's not going to stop here," Trump told reporters at the White House, saying the recovery will continue unless "the wrong people get in here," an apparent reference to the November presidential election.

Likening the pandemic to a hurricane, Trump, who is counting on a solid economy to convince voters he deserves a second term, has never wavered from his confidence in a sharp, "V-shaped" rebound.

"This is better than a 'V', it's a rocket ship!" - Three points higher - The jobs report attributed the improvements to "a limited resumption of economic activity that had been curtailed in March and April due to the coronavirus (COVID-19) pandemic and efforts to contain it." However, as it has for the past two months, the Labor Department said the jobless rate was likely three points higher due to errors in how workers described their employment status.

A separate report with state data on weekly initial claims for unemployment benefits shows that over 42 million people have lost their jobs, at least temporarily, since mid-March when the shutdowns to contain the spread of COVID-19 began.

But with a massive \$3 trillion infusion of government aid, and trillions more in lending to businesses, economists say it is likely firms were able to bring workers back.

Trump promised to push for a payroll tax cut as well as additional

stimulus to ensure the recovery continues, at the same time as he signed into law a measure that extends the Paycheck Protection Program (PPP) to 24 weeks from eight.

The reform of the popular small business program lowers the loan amount that must be used for payroll, and extends the loan terms to five years from the original two -- changes businesses had been calling for.

Ian Shepherdson of Pantheon Macroeconomics, one of few who anticipated positive news in the jobs data, called the report, "The biggest payroll surprise in history, by a gigantic margin," which he said "likely is due to a wave of hidden rehiring." With states allowing businesses to reopen, employment last month rose sharply in leisure and hospitality, construction, retail trade and education and health services, according to the data.

And the number of workers on temporary layoff declined by 2.7 million to 15.3 million, in a sign people have been able to return to their jobs. The gains came despite downward revisions to March and April that subtracted another 690,000 jobs and another sharp decline in government employment, which dropped by 585,000 positions.

Some economists warned it may be too soon to get confident about the recovery since employers may not be able to keep those employees.

Harvard economist Jason Furman notes the reduction in temporary layoffs was "the easy part of the recovery," and further job gains may come more slowly.

Diane Swonk of Grant Thornton said it remains to be seen whether the firms rehiring now can keep workers on payroll.

"There are still 15.3 million workers on temporary layoffs. Research by the University of Chicago suggests that more than 40 percent of those temporary layoffs in April will become permanent in the months to come," she said.

The data also reflect the time before the killing of George Floyd at the hands of police sparked nationwide protests over racial injustice, along with looting in some cities.



A man wearing a face mask walks past a sign "Now Hiring" in front of a store amid the coronavirus pandemic in Arlington, Virginia.

Row over undelivered jets as Airbus threatens to sue airlines

REUTERS, Paris

A stand-off over undelivered passenger jets is intensifying after Airbus signalled it would sue airlines refusing to honour contracts in the face of the coronavirus crisis.

The warning by Chief Executive Guillaume Faury in a news interview came as Airbus announced May deliveries well below normal, despite a partial recovery to 24 jets.

Planemakers and lessors have received multiple requests from airlines to delay deliveries due to the slump in air travel.

Faury told Politico that some airlines, which he did not identify, had refused to take calls at the height of the crisis, but that he hoped for a compromise.

"It will remain, I hope, the exception because we always try to find a different route than going to court," Faury said.

"But if and when airlines - and it's happening - have no other choice than fully defaulting and not proposing something better than nothing, or are not willing to do it, then (lawsuits) will happen." Industry sources said such public warnings are rare in the tight-knit aviation market and could backfire.

But they noted the disruption is so great that Airbus is adopting a more aggressive stance, bracing itself for a repeat of turmoil such as the 2001 collapse of Swissair and Sabena.

It has sent out dozens of default notices to airlines in a step that can lead to lawsuits but undermine relations, the sources said. Some airlines have responded angrily in private.

Qatar Airways this week warned Airbus and Boeing to defer deliveries or face a loss

of future business, without saying whether it had received any formal notices.

Default notices or formal warnings are more common than court cases in aviation but are usually issued sparingly, in part because they can trigger covenants in financing contracts.

In a deliberate signal to the aviation market last month, Airbus unusually placed six planes originally intended for AirAsia, which has halted taking jets, up for sale. Financial sources said no buyer had been found.

Airbus had no immediate comment. Planemakers lifted output to record levels before the crisis, but there had already been signs that a prolonged boom was fading and that airlines were facing a glut of aircraft.

Several financiers said that manufacturers, while justified in protecting positions ahead of further airline bankruptcies, also had themselves to blame for over-producing.

"Many observers already believed before the crisis that too many airplanes were produced for too many airlines that did not have the solid business model and financial strength to deliver the growth embedded in their order books," said Bertrand Grabowski, an aviation banker turned independent adviser.

"Trees do not grow to the sky and already the industry was at the end of its cycle," he added.

Even though some low-cost airlines are regularly taking aircraft for which they managed to raise financing before the crisis, financial sources say that window is expected to narrow soon as banks and lessors hesitate to provide new finance.

Indian travel firm Yatra scraps merger deal with U.S.-based Ebix

REUTERS

India's Yatra Online Inc said on Friday it was terminating a pending merger agreement with U.S. software firm Ebix Inc, and had filed a litigation seeking "substantial" damages for Ebix's alleged breach of deal terms.

Ebix had agreed to buy Yatra in 2019 for an enterprise value of \$337.8 million, aiming to beef up its portfolio of Indian travel companies, including Mumbai-based Mercury Travels and Delhi-based Leisure Corp.

Indian travel services company Yatra said it is seeking damages against Ebix for breaching terms of their merger agreement, including clauses on representations and covenants.

Ebix did not immediately respond to Reuters' request for comment.

Separately, Yatra said it has implemented certain cost-saving measures starting April, including cutting management salaries by half and freezing salary hikes to weather the impact of the COVID-19 pandemic on its business.

Shares of Yatra were about 8 per cent lower in extended trading.

UK seeks to boost post-Brexit ties with ASEAN partnership

REUTERS, London

Britain has applied to become a dialogue partner of the Association of Southeast Asian Nations (ASEAN), the government said on Friday, as it seeks to boost post-Brexit ties in the region.

ASEAN has 10 existing dialogue partners including the European Union, which Britain left at the end of January, as well as Australia, Canada, Japan and the United States.

Britain said it hoped partnership

status with the 10-member ASEAN, which seeks to accelerate economic growth, social progress and collaboration in the region, would lead to new opportunities across trade, education, science and security.

"As Asia grows in importance, global Britain will cooperate even more closely with our friends in the region," British foreign minister Dominic Raab said in a statement.

"By becoming one of ASEAN's

Dialogue Partners, we can strengthen our ability to cooperate across the Indo-Pacific region, as a force for good, on everything from climate change to regional stability." Britain already has an ambassador to ASEAN, whose members include Singapore, Thailand, Malaysia, Indonesia and Vietnam, and said being a dialogue partner would allow Britain to attend annual ASEAN summits and ministerial meetings.



Barishal City Corporation
Nagar Bhaban, Barishal
www.barisalcity.gov.bd

বিনেশী সংস্থা জড়িত থাকায়
ইংরেজীতে লেখা হল।

Memo No. BCC/CCAUD/13/2020

Date: 04/06/2020

1	Brief on Invitation	Sealed tenders are hereby invited from the reputed service providers for outsourcing services.
2	Ministry/Division	Local Government, Rural Development and Cooperatives, Ministry/Local Government Division.
3	Agency	Barishal City Corporation.
4	Procuring entity name	Project Director, CCAUD Project, Phase-1.
5	Procuring entity	Barishal City Corporation.
6	Invitation for	Procurement of 07 Nos. PMU Staff's services as outsourcing from a reputed & relevant firms/company for the Implementation of Climate Change Adapted Urban Development Project (CCAUD), Phase-1.
7	Invitation Ref. No.	46.094.006.01.00.016.2017-255.
8	Date	Date: 19/05/2019
KEY INFORMATION		
9	Procurement method	NOTM.
FUNDING INFORMATION		
10	Budget and source of funds	GOB (Government of Bangladesh) & KfW.
11	Development partners (if applicable)	-
PARTICULAR INFORMATION		
12	Project/program code (if applicable)	
13	Project name (if applicable)	Climate Change Adapted Urban Development (CCAUD) Programme for Barisal Component Phase-1.
14	Tender package No.	S-1-PMU-CCAUDP
15	Tender package name	Procurement of 07 Nos. PMU Staff's services as outsourcing from a reputed & relevant firms/company for the Implementation of Climate Change Adapted Urban Development Project (CCAUD), Phase-1.
16	Tender publication date	06/06/2020
17	Tender last selling date	06-07-2020 5.00pm
18	Tender closing date and time	07-07-2020 3.00pm
19	Tender opening date and time	07-07-2020 3.30pm
20	Name and address of the office(s)	Address
	I - Selling tender document	BCC, LGED-Barishal, Divisional Commissioner Office, Barishal.
	II - Receiving tender document	PD Office, BCC, Nagar Bhaban, Barishal, Bangladesh.
	III - Opening tender document	PD Office, BCC, Nagar Bhaban, Barishal, Bangladesh.
INFORMATION FOR TENDERER		
21	Eligibility of tenderer	<ul style="list-style-type: none"> Tenderers shall have the legal capacity to enter into the contract under the Applicable Law of the Government Tenderers shall be enrolled in the relevant professional or trade organisations registered in Bangladesh; and Tenderers shall have fulfilled its obligations to pay taxes under the provisions of laws and regulations of Bangladesh. Other eligibility requirements are mentioned in Tender Document.
22	Qualification of tenderer	Similar work experience and qualifications as defined in the tender documents.
23	Brief description of services	Procurement of Outsourcing Services for 01 (one) No. Project Manager-2 (Khal Reconstruction & Reform), 01 (one) No. Assistant Project Director (B.Sc Civil), 01 (one) No. Resettlement Officer, 01 (one) No. Town Planner, 01 (one) No. Accountant, 01 (one) No. Office Assistant cum Computer Operator, 01 (one) No. Car Driver for Implementation CCAUD Project for Barisal Component Phase-1.
24	Price of tender document (Tk)	10,000.00 (Tk ten thousand only).
25	Location of services	Barishal Corporation Area of Bangladesh.
26	Tender security amount (Tk)	2,31,690.00.
27	Completion time in weeks/months	24 (twenty-four) months but Man Month may extent depends on time extension of Project.
PROCURING ENTITY DETAILS		
28	Name of official inviting tender	Khan Muhammad Nurul Islam.
29	Designation of official inviting tender	Project Director.
30	Address of official inviting tender	PD Office, BCC, Nagar Bhaban, Barishal, Bangladesh.
31	Contact details of official inviting tender	Phone: 880-0431-63339 e-mail: nislambcc@gmail.com
32	The procuring entity reserves the right to reject all the tenders or annul the tender proceeding without assigning any reason whatsoever.	

LankaBangla Finance donates Tk 2cr to PM's relief fund

STAR BUSINESS DESK

Non-bank financial institution LankaBangla Finance has donated Tk 2 crore to the Prime Minister's Relief and Welfare Fund as part of its ongoing support to help the country fight the coronavirus pandemic.

Khurshed Alam, senior vice-president and head of retail finance at LankaBangla Finance, and Shamim Al Mamun, chief financial officer, handed over the cheque at an event at the Prime Minister's Office in Dhaka on June 4.

Ahmad Kaikaus, principal secretary to the prime minister, received the cheque on behalf of Prime Minister Sheikh Hasina, who joined the handing over ceremony via video-conferencing, according to a statement.

SMEs to be gifted with turnover tax cut

FROM PAGE B1

Nearly 90 per cent of the government revenue comes from tax collection, of which 65 per cent are from indirect taxes, including VAT and other duties.

However, the pandemic and consequent stoppage of economic activities is expected to significantly reduce tax receipts, said the Asian Development Bank (ADB) recently.

A minimum revenue loss of 2 per cent of GDP, or \$6.7 billion, is projected by the government.

If income-generating activities decelerate and economic recession sets in, the generation of direct taxes would reduce, said Abu Hena Md Rahmatul Muneem, chairman of the NBR, in a letter to the government on May 14.

Similarly, if domestic demand goes down, imports would fall. If industrial production declines, the demand for raw materials and machinery would fall. This will have a huge negative impact on the collection of indirect taxes.

It would be tough to realise the Tk 330,000 crore targeted for the upcoming fiscal year, Muneem has said.

Bangladesh's economy might lose \$13.3 billion for the coronavirus outbreak and a slowdown in domestic economies is a major reason behind the loss, which is 4.9 per cent of the country's gross domestic product, the ADB said.

Uber fixing host of safety measures of its own as it waits to motor riders again

FROM PAGE B1

On whether resuming the operations of motorbike services would pose any health risk, he said, according to information from the drivers and riders around the world, it is safer than other means of transports.

"There are different opinions and some people feel that when you are in the open air you are actually safer."

He said helmets will be disinfected between trips and the platform encourages passengers to bring their own helmets.

"With the right safety precautions, which a large player like Uber can bring in, bikes can be safer."

For a digital platform like Uber that assesses every trip using technology, there is a strong reason to believe that it will be able to deliver on its promise, the official said.

The San Francisco-based multinational ride-hailing company that came into being in 2010 debuted in Bangladesh in 2016 by providing services in Dhaka city initially.

Uber extended its operations to resort town Cox's Bazar in January this year, making it the fourth Bangladeshi city after Dhaka, Chattogram and Sylhet.

In 2019, riders from 76 countries had used Uber while visiting Bangladesh.

About Bangladesh, he said it is one of their 'star markets', where they are witnessing considerable growth and investing continuously, Ghosh said, adding that the country's motorbike market is one of the largest in the world and so the entire Uber world sees this market with respect.

He said they are in talks with the government to forge partnerships in several areas as Bangladesh is one of the fastest-

OPEC, allies meet to discuss output cuts

AFP, Vienna

OPEC and its allies were holding talks via video conference Saturday to assess their current deal to slash production as oil prices tentatively recover on easing coronavirus lockdowns.

The 13-member cartel and other oil producing nations such as Russia and Mexico are discussing an agreement reached in April to boost prices, which have plummeted over falling demand as countries around the world have imposed strict lockdowns to stop the spread of the new coronavirus.

The meeting, originally scheduled for next week, was brought forward to Saturday at the suggestion of Algerian Oil Minister Mohamed Arkab, who currently holds the rotating presidency of the Organization of Petroleum Exporting Countries.

Under the terms of the April agreement, OPEC and the so-called OPEC+ pledged to cut output by 9.7 million barrels per day (bpd) from May 1 until the end of June.

The reductions would then be gradually relaxed from July, with 7.7 million bpd taken off the market from July to December.

But at Saturday's talks, crude producers were expected to discuss extending the 9.7 million bpd beyond June, even if agreement might prove difficult to reach.

The April deal was signed after days of wrangling between major players, whose revenues have been ravaged by the collapsing oil market this year.

"It seems very likely the May-June cuts will be extended by another month," said Bjornar Tonhaugen, analyst at Rystad Energy.

Some market observers are expecting the cuts to be extended still further, possibly until the end of the summer or even until the end of the year.

Although more countries around the world are gradually moving out of lockdown, crude consumption has not returned to pre-confinement levels, which had already been comparatively low.

As in previous negotiations, discussions could prove particularly tense between Russia and Saudi Arabia, the deal's two heavyweights who became involved in a short but bitter price war when previous talks broke down in March.

Mexico, which held up the April deal before

it was eventually finalised, has also already ruled out any further drop in oil production with its president, Andres Manuel Lopez Obrador, saying on Friday his country "could not adjust our production further".

Another major bone of contention could be the willingness of each country to abide by the agreed production quotas, suggested RBC analyst Al Stanton.

According to data intelligence company Kpler, OPEC+ reduced output by around 8.6 million bpd in May, a smaller cut than planned, with Iraq and Nigeria seen as the main culprits.

Nigeria's Ministry of Petroleum Resources said in a tweet Saturday that it backed discussions to allow countries which failed to conform fully to the agreed cuts in May and June to make up for it in July, August and September. Despite the difficulties, the output cuts have helped support oil prices, which rose to around \$40 per barrel at the start of June for both the US benchmark, West Texas Intermediate (WTI), and Europe's Brent North Sea contracts.

Around April 20, both had slumped to historic lows, with Brent falling as low as \$15 and WTI even entering negative territory.

Pound pushes through \$1.27 for first time since March

REUTERS, London

The pound rose above \$1.27 and was set for its biggest weekly gain against the dollar since the end of March on Friday, even though European Union and British negotiators said there had been little progress in Brexit trade talks.

Britain left the EU in January and there are just weeks left to extend a year-end deadline to reach a trade deal.

A transition arrangement that keeps previous rules in place during talks expires at the end of 2020 unless both sides agree to extend it this month, which Britain has said it will not do.

"The market thinks there's still a better than 50 per cent chance that we'll muddle through again," said Kit Luckes, FX analyst at Societe Generale, adding that the risk of not reaching a deal was a background worry for sterling.

The pound, which has gained more than 3 cents in a week, rose as high as \$1.2705, its strongest since March 12.

Against the euro, which gained further after the European Central Bank's latest stimulus plan, the pound reached 89.04 pence, having retreated from the 90 level it briefly broke above late on Thursday.

The pound has gained 5 per cent against the dollar since reaching a low of \$1.2075 in mid-May, but has been held back by Britain's high coronavirus death toll, Brexit-related risks, the prospect of negative interest rates and a growing debt pile.

It gained when the Bank of England's executive director for markets said that a negative interest rate would not be introduced in the near term.

"If the UK goes down the road of negative rates, it would be the first country with a negative current account deficit to do so, putting downward pressure on sterling," Deutsche Bank economist Sanjay Raja and macro strategist Oliver Harvey said in a note to clients.

"This could see inflation jump at a time when the Bank is looking to shore up confidence and support the economy through the recovery," they added. The weakening dollar played a role in sterling's rise.

"The Federal Reserve is employing massive monetary expansion, and political tensions in the US cement that stance even further. Both have already contributed to a rebound in GBPUSD and will continue to do so," Thomas Flury, head of FX strategies, and Dean Turner, economist at UBS Global Wealth Management, said.

Malaysia to double deficit to fund stimulus, says finance minister

REUTERS, Kuala Lumpur

Malaysia aims to borrow its way out of an economic slump brought on by the coronavirus pandemic, and the finance minister told Reuters it will nearly double its fiscal deficit this year while keeping open the option of raising the public debt ceiling.

Southeast Asia's third-biggest economy has announced incentives worth 295 billion ringgit (\$69 billion) to soften the impact of the coronavirus pandemic, with the government vowing to directly inject 45 billion ringgit of that into the economy, mostly raised through domestic borrowings.

Finance Minister Tengku Zafrul Aziz told Reuters the fiscal deficit would rise to around 6 per cent of annual economic output this year because of the stimulus, and that a direct fiscal injection of 10 billion ringgit announced on Friday would be raised through domestic borrowing.

"There is only so much monetary

policy can do," Tengku Zafrul said in an interview in his office. "So you need fiscal policy to come into play, as long as you have the discipline and the commitment in the longer term to go back to where you should be in terms of the deficit."

Tengku Zafrul, who was chief executive of lender CIMB Group Holdings Bhd before joining the three-month-old government, said the goal was to narrow the fiscal deficit back down to less than 4 per cent of gross domestic product (GDP) over the next three years or so. It was 3.2 per cent last year.

"How bad was it during the (global financial crisis)? It was 6.7 per cent. So we have room if we want to borrow," he said, referring to the country's peak annual deficit in 2009.

The region's largest economy, Indonesia, said last month that it expected its budget deficit to swell to 6.27 per cent due to virus-related stimulus.

Tengku Zafrul said Malaysia's

outstanding public debt now stands at 52 per cent of GDP but that "if we need to, then we should increase the ceiling" beyond the current 55 per cent "to help the people and the economy".

He declined to say how high the government might seek to raise the ceiling, a move that would require approval from parliament.

Neighbouring Thailand said in April its latest borrowing plans would increase its public debt to 51.84 per cent of GDP in the current fiscal year and 57.96 per cent in the next one.

Tengku Zafrul, 46, said there was no immediate need for the central bank to cut its benchmark interest rate further from its decade low of 2 per cent, "given the liquidity in the country and given where the currency is going and where we are as an economy".

Bank Negara Malaysia's monetary policy committee next meets on July 7, and some analysts have predicted another cut.

Canada's Bombardier to cut 2,500 jobs

AFP, Montreal

Canadian aircraft manufacturer Bombardier announced Friday it will eliminate 2,500 jobs this year -- 10 percent of its global workforce -- citing the impact of the COVID-19 pandemic on demand for its business jets.

"With business jet deliveries, industry-wide, forecasted to be down approximately 30 percent year-over-year due to the pandemic, Bombardier must adjust its operations and workforce to ensure that it emerges from the current crisis on solid footing," it said in a statement.

The cuts will affect mostly its Canadian operations and be carried out throughout the year.

Bombardier has undergone a painful restructuring over the last five years, selling off its trains and commercial aviation divisions.

The company that started out 80 years ago making snowmobiles was left with only one division, focused on the market for business jets.

Last month, it reported a US\$200 million first quarter loss, due in part to authorities ordering a COVID-19 shutdown of its assembly lines.

Businesses should use funds from stimulus packages properly

FROM PAGE B1

He thinks the stimulus packages amounting to Tk 101,117 crore are the first phase for the economy.

"We do not know whether the funds are sufficient for the economy. The government has declared the packages quickly to tackle the first blow of the fallout."

The government is now observing the situation and more funds may be required when the economy starts to run in full swing, he said.

The upcoming budget is highly important for the banking sector as well, he said.

Deficit financing will be much higher than the previous ones and this will force the government to borrow heavily from banks.

The authorities should emphasise banks' liquidity base so that they don't face any problem in the days to come.

He thinks the default loans may increase in the coming days as not all customers will be able to pay back the money on time. This is a normal phenomenon in any recession.

Banks also face some other challenges.

Lenders have been implementing a 9 per cent interest rate on all loan products since April 1. This will gobble up Tk 15,000 crore to Tk 16,000 crore in profits in the banking sector.

Interest incomes account for nearly 70 per cent of the banks' earnings, while the rest comes from fees and commissions. But the income in the

form of fees and commissions have decreased to less than 5 per cent now.

Besides, the central bank has asked banks to avoid compound interest rate on credit cards and this has harmed the revenue.

"So, profitability of banks will face a huge challenge this year," he said.

Operational costs for banks are almost fixed.

"We have to reduce cost and use our resources efficiently to strengthen the financial health of banks."

There is no way to keep all the economic indicators in good shape and the government could defer the implementation of major infrastructural projects except the most important ones as revenue would not get a boost in the coming days as the income level of the people from all walks of life is declining.

"This will help free up a good amount of money, which can be used as stimulus funds."

The government should cut the corporate tax for banks because of their ongoing dire straits, he said. Lenders give 37.5 per cent in corporate tax from their profit.

The central bank may also consider paying interest on the banks' fund kept as cash reserve ratio.

Digital solutions of every bank have widened due to the ongoing pandemic but this is not enough. They will have to embrace branchless banking.

"We should discourage clients not

to come to branches as they can do banking from homes using digital methods."

All types of products of banks should be rolled out keeping digital solutions in mind, he said.

EBL has benefited immensely from its long focus on digital solutions: its digital banking has increased by 30 per cent during the pandemic.

The balance sheet of EBL is strong and has a reputation both in local and foreign markets as a compliant lender.

The bank is maintaining adequate liquidity, which is helping it to manage the situation smoothly.

"The bank's capital buffer is very good and is probably the highest in the market. We do not have any provision shortfall. All the financial indicators are very good."

EBL's default loan percentage is very low, helping it tackle all challenges excellently.

Defaulted loans at the bank stood at 3.35 per cent of the total loans of Tk 23,205 crore, which is way lower than the industry average of 9.32 per cent.

The performances have helped EBL bag several awards from local and global entities.

The bank received the Bangladesh Best Employer Brand Award 2019 from globally renowned Employer Branding Institute and the 'Most Innovative Retail Bank - Bangladesh 2019' award from International Finance magazine.

'Please bring down bike registration fees'

FROM PAGE B4

Motorcycle sales had leapt to about 5 lakh units in 2019 from 1.5 lakh in 2017 thanks to a cut in import duties.

The industry forecasted a growth of at least 20 per cent in fiscal 2019-20, which looks like a far cry now, he said.

At present, some 10 brands of motorcycles are manufactured or assembled in Bangladesh, namely Runner, Hero, Bajaj, Honda, TVS, Yamaha, Suzuki, Benelli, Zongshen and Lifan.

About Tk 8,000 crore has so far been invested in the sector, which provides direct or indirect jobs to about two lakh people, according to Rahman.

Every brand is trying their best to bring down the motorcycle prices by manufacturing the bikes locally, Katsuki said.

Professional accountants can help govt in managing pandemic purse strings

FROM PAGE B4

While presenting a paper as keynote speaker, Islam identified liquidity shortage and cash management in the corporate world as the main challenges for businesses and professionals.

He also expressed hope that the world would overcome the pandemic one day and they would start a fresh journey of growth again.

The farm sector had not been affected that much in Bangladesh as the government had been proved very successful in handling the agriculture

issues and paddy harvesting.

He also underscored the need for running audits on proper disbursement of funds of the government's announced stimulus package.

The coronavirus might be an opportunity for the accounting, auditing and consulting regime to further grow under digital platforms and survive in the changed global socioeconomic scenario caused by coronavirus, Islam added.

ICMAB's Past President and

present Council Member Arif Khan played the role of the commentator of the webinar while the institute's Vice President Md Mamunur Rashid conducted and moderated the event.

The members of South Asian Federation of Accountants, the Institute of Chartered Accountants of India, the Certified Management Accountants of Sri Lanka, the Institute of Chartered Accountants of Nepal and the Institute of Chartered Accountants of Bangladesh also attended the event.



TAMING CORONAVIRUS RAMPAGE

Telecom sector can galvanise economic recovery

Grameenphone CEO tells The Daily Star in an interview

YASIR AZMAN AT A GLANCE

- Appointed as CEO of Grameenphone on Feb 1, 2020
- Served as deputy CEO from May 26, 2017
- Became CMO of GP on Jun 15, 2015
- Served as Telenor Group's Head of Distribution & eBusiness
- Previously worked for British American Tobacco in Bangladesh & Pakistan
- Holds an MBA degree from IBA

an interview to mark his 100 days as the CEO. "Digitalisation is not only about the benefit of the operators. We want it in the entire ecosystem to create a positive impact on our economy."

The overall economic growth will not be praiseworthy in the current year but hopefully, it will start picking up next year.

"I don't think we will be able to return to our previous growth momentum by 2021. But we may make a comeback in 2022. And telecommunication and digitalisation will play a great role in that."

Though the pandemic has dealt a big blow to the telecom sector, Azman said their services enabled many people to work from home and meet through digital platforms like Zoom, MS Teams and Google Hangout.

"We have realised that our connectivity benefitted entire Bangladesh. This is our achievement."

He, however, said their investment priorities could be changed due to the present crisis. Investment decisions will depend on the next few days considering the usage pattern and economic recovery.

"If there is a need, we will invest even more. If not, we will wait."

The telecom industry has already seen that data use has increased and hopefully, it will be more in the coming days, said Azman, who has also served as head of distribution and e-business of Telenor Group, the Norway-based telecom giant that has a 55.8 per cent stake in Grameenphone.

The operator also observed that customers' behaviour was changing rapidly with a 40 per cent increase in activation through their digital channels.

"Think about how fast the change was, how people are using different platforms. It is a huge change for people. And it has allowed me to know where to focus on as a CEO and as a company."

However, he said currently mobile penetration is only 60-65 per cent in the country and among them, only 50 per cent use



GRAMEENPHONE AT A GLANCE

- Started journey in Bangladesh in March 1997
- 7.53cr active users, 4.04cr data users as of Mar
- Revenue up 8.21% to Tk 14,370cr in 2019
- Data revenue up 17.25% to Tk 2,990cr in 2019
- Population coverage 99.6%
- Geographical coverage 96.0%
- 4G population coverage 74.5%

the internet while their average internet usage is about 2GB.

But the regional peers like Myanmar and Thailand have more than 75 per cent smartphone penetration and their average internet usage has risen to 10GB per user.

"Vast opportunities lie here," Azman said, adding that they are hopeful about the market and expect that companies like Grameenphone can also get double-digit growth in the coming years.

About the tussle with the Bangladesh Telecommunication Regulatory Commission over an audit claim of Tk 12,580 crore, the Grameenphone CEO said the regulator has told them that stakeholders will sit together to find an amicable solution.

The carrier already paid Tk 2,000 crore in line with a court order.

"I do not see any solution regarding this issue unless we can have a reasonable

discussion. Based on that, I hope there will be an amicable solution," he said.

When asked if the battle with the regulator has impacted the share price of the listed company, Azman said: "lots of things depend on market dynamics".

"All the indices of the market went down as a whole, not only the Grameenphone stock price. There were other factors as well."

Azman thinks none should give up their legitimate rights, even if there are temporary losses, and in the long run, matured investors appreciate this process.

He also criticised the way the regulator has declared the operator a significant market power (SMP). The BTRC has named Grameenphone an SMP operator as it has more than 40 per cent revenue and market shares, but restrictions are yet to be imposed effectively.

Referring to global practices, Azman said

SMP implication should reflect the alignment between the right process and the competition law.

In this case, it is mentioned that the evidence should be submitted whether any party is destroying the market by playing dominance over others. Based on that evidence, corrective actions need to be defined, he said.

Azman also mentioned the spectrum price and allocation process as a challenge. He said they have long been requesting the government to bring down spectrum prices.

"Operators are heavily investing in equipment and managing network capacity. You can either manage this with the spectrum, or you can bring modern equipment."

When operators buy modern equipment, the money goes out of the country but it can be minimised by lowering spectrum prices, he added.

The official also urged the government to withdraw SIM tax.

"When the SIM tax was implemented last year, the number of new subscribers fell drastically and the government cannot be benefitted if the subscriber base of operators weakens."

As a CEO, Azman also wants to focus more on contributing to society.

"What we do here has a great impact on our economy. We are a commercial organisation, no doubt. But the purpose of it is very strong."

For the sake of the industry and the betterment of the country as a whole, he would like to see issues related to spectrum and towers be solved within the next six months.

Within the next one and a half years, he wants to see the readiness of 5G and its ecosystem aligned with the regulators, device owners and the digital service providers.

And by 2022, 5G services will be launched in Bangladesh, he said.

"I want to see that people acknowledge and endorse the contribution of the telecom sector to the development of our economy. We want to help unleash the potential of every individual and enterprise," Azman said.

PPE a silver lining for ailing garment industry

STAR BUSINESS REPORT

The country's garment industry could benefit from the ongoing coronavirus pandemic due to the soaring demand for certain products, said KI Hossain, president of the Bangladesh Garment Buying House (BGBA), yesterday.

Soon after the coronavirus outbreak in Wuhan, China last December, the global demand for personal protective equipment, hospital bed sheets, masks and other isolation fabrics rose sharply.

Similarly, the domestic markets also saw a sharp increase in demand for these goods. Therefore, garment manufacturers should exploit this opportunity to make better business, according to the BGBA president.

"The market size for these goods is now worth several billion dollars and we can easily grab this market as we already can produce those items at our garment factories," Hossain said while addressing a press conference held at the Economic Reporters Forum office in Dhaka.

Besides, local companies further down the supply chain such as spinners, weavers and dye factories, could also greatly benefit if this industry is exploited at home and abroad, he added.

Bangladesh's garment industry has suffered greatly because of the novel coronavirus. With governments all over the world declaring nationwide lockdowns to curb the spread of the deadly pathogen, there was a drastic fall in the demand for apparel products.

Buyers from the US and the EU, two of Bangladesh's biggest export destinations, then began to cancel or hold their orders. Subsequently, local manufacturers and other businesses related to the industry were hard-pressed to maintain their operating expenses with almost zero sales.

However, in response to a query, Hossain said that he is not in favour of terminating the workers of buying houses. About four lakh people are employed by the 826 buying houses in Bangladesh, he said.

The BGBA president also criticised a few foreign companies, such as Debenhams, which laid off all 69 of its staff members at its Bangladesh office.

"I suggest the government to investigate how certain foreign buying houses have been conducting their business here while violating the country's regulations," he said.

There have been cases in the past when a foreign buying house suddenly terminated a good number of its skilled workforce before closing its operations without making any payments to suppliers.

Most of those suppliers are unable to force the foreign companies to make their payments and so, it is a big loss for the country.

However, Hossain urged the authorities concerned not to blacklist any international retailers due to order cancellation as it will merely ruin Bangladesh's 'bright image'.

"Despite the situation, the solution is not to cut off our ties with the retailers with whom we have a warm relationship just to punish a few bad buyers," he said.

The total value for cancelled or deferred work orders has amounted to \$800million so far.

To help the garment industry survive the coronavirus pandemic, Hossain demanded that the government allocate an easy loan service for apparel buying houses from the previously announced Tk 20,000 crore bailout package.

Hossain also urged the government to reduce advanced income tax from 10 per cent to 5 per cent in the upcoming national budget for fiscal 2020-21.

'Please bring down bike registration fees'



JAGARAN CHAKMA

The motorcycle makers' association has demanded an 81 per cent cut in bike registration fees in next fiscal year's budget as the purchasing power of the general mass has seen a sharp fall due to the pandemic.

The registration cost of a

Previously, the sales figure used to hit Tk 600 crore a month, he said in BMAMA's proposals for the national budget.

"Motorcycles not only save time and money but also help people travel by maintaining social distance," said Shah Muhammad Ashequr Rahman, head of finance and commercial at Bangladesh Honda.

So a cut in registration fees will encourage people to buy motorcycles at a time when they are struggling with falling purchasing power and disposable income, he added.

Besides, the registration cost in

government exchequer in taxes and duties, of which about Tk 1,000 crore comes from registration fees.

In fiscal 2019-20, in line with the Value Added Tax and Supplementary Duty Act 2012, the government imposed 10 per cent supplementary duty on the registration fees, which increased the cost of registration.

The demand for motorcycle may see a 40 per cent drop this year because of the ongoing economic crisis caused by the pandemic.

"That's why we would like to request an immediate reduction in registration fees, road tax, supplementary duties



MOTORCYCLE INDUSTRY AT A GLANCE

- 5 lakh motorcycles sold last year
- Registration fee 24% of price, which is Tk 22,000 at least
- Motorcycle makers' body demands registration fee set at Tk 4,000 a bike
- Govt earned Tk 1,000cr in registration fees in 2019
- Tk 8,000cr investment so far in the sector
- Sector pays Tk 2,000cr in duties every year
- Direct and indirect jobs 200,000
- Major brands are Runner, Hero, Bajaj, Honda, TVS, Yamaha and Suzuki

motorcycle, including registration fees, road tax, supplementary duties and other charges, is about Tk 22,000 on an average, which is about 25 per cent of the price of a 100cc motorcycle, the best-selling engine capacity.

The association wants the fee to be fixed at Tk 4,000.

"The pandemic has taken a heavy toll on the earnings of customers. We didn't sell a single motorbike since the coronavirus outbreak," said Matiuur Rahman, president of Bangladesh Motorcycle Assemblers and Manufacturers Association (BMAMA).

Bangladesh is almost four times more than in the neighbouring countries, according to Himihiko Katsuki, managing director and chief executive officer of Bangladesh Honda.

If the registration fees are not cut, people will not be able to afford motorcycles and the manufacturers will not be able to maintain factories, which will ultimately cause massive job cuts, said Rahman, also the chairman of Uttara Motors, the sole distributor of the Indian Bajaj brand's two-wheelers.

The motorcycle industry pays about Tk 2,000 crore every year to the

and other charges on every new motorcycle for the sake of our survival," Rahman added.

Meanwhile, the association appreciated the promulgation of the 'Motorcycle Industry Development Policy 2018' that aims to increase the sector's contribution towards GDP from 0.5 to 2.5 per cent by 2025 and facilitate the establishment of a world-class motorcycle industry in Bangladesh.

This has elevated the industry to a better position than ever before.

READ MORE ON B3

Professional accountants can help govt in managing pandemic purse strings

Commerce secretary says at ICMAB webinar

STAR BUSINESS REPORT

Professional accountants can play a big role in the government's efforts to tackle the damages done by the coronavirus outbreak in Bangladesh, said Commerce Secretary Md Jafar Uddin yesterday.

He shed light on the stimulus package initiative taken by the government and said the government will take the necessary steps to implement cost audit in all public limited companies. He expressed his hope that a new conceptual framework will emerge from this pandemic situation.

The secretary spoke on Friday at an international webinar organised by the Institute of Cost and Management Accountants of Bangladesh (ICMAB) on "the challenges and role of professional accountants amid and post COVID-19 era".

The global leaders and professional bodies of accountants should work together in a combined platform to tackle the Covid-19 outbreak, said ICMAB President Md Jasim Uddin Akond.

It is very unfortunate that the cost audit in all public limited companies has not yet been ensured although notice was issued in this regard in 2001, he said.

The post-COVID-19 situation will be a different and complicated situation and professional accountants will be able to give big services at that moment and they will need support from relevant sectors also, he added.

The global economy might be far worse than the 2008 global economic crisis as almost all organisations and all sectors of the economy, including professional accountants, auditors and consultants, had been facing unexpected, unprecedented and extreme challenges to survive amid the pandemic, said ICMAB's past president and present Council Member Abu Sayed Md Shaykhul Islam.

READ MORE ON B3

Prime Bank gets new chairman

STAR BUSINESS DESK

Tanjil Chowdhury has recently been elected the new chairman of Prime Bank.

At 36, Chowdhury, who is succeeding his father Azam J Chowdhury, is the youngest chairman of any private bank in Bangladesh, the lender said in a press release yesterday.

He previously served as a member in the bank's board and the chairman of its executive committee.

Chowdhury is the managing director of East Coast Group, a business group that has a presence in downstream hydrocarbons and energy sector for more than 42 years.

He completed the bachelor degree in accounting and finance and a master's degree in international management (finance) from King's College London, the University of London.

