



ABA Shahid Ud Daula, executive director of Eon Foods Ltd; Monir Hossain, head of business, and Deen Mohammad, chairman of Gulshan 1 DNCC Raw and Super Market Traders Cooperative Society Ltd, attend the launch of the supply of dried chicken (broiler), at the broiler chicken shop at Gulshan 1 DNCC market in Dhaka.

EON FOODS

BB announces credit guarantee scheme for small enterprises

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Lenders will have to bear a 1 per cent charge as registration fee to the credit guarantee scheme. The central bank has also fixed an annual charge for lenders.

Banks, whose default loans are more than 10 per cent, will not be allowed to enjoy the support from the scheme. The provision will not be applicable for the eight state-run banks.

Banks, whose default loans are below 5 per cent, will have to give 0.50 per cent commission to the central bank.

Lenders with bad loans ranging from 5 per cent to 10 per cent would have to pay 0.75 per cent.

Banks will not keep any provisioning against their loans covered by the scheme titled Credit Guarantee Scheme for CMS.

They can consider a client to be under the cottage category when they borrow less than Tk 10 lakh, as micro when they take Tk 10 lakh to less than Tk 75 lakh and as small businesses in

case of borrowing of Tk 75 lakh to Tk 15 crore.

The scheme would gradually be widened and bring all types of SME loans under the scheme in phases, Naser said.

He went on to express hope that the initiative would help revive the SME sector from the ongoing pandemic.

"This is a time-befitting initiative beyond doubt," said Syed Mahbubur Rahman, managing director of Mutual Trust Bank.

"The credit guarantee scheme will give a tempo to the entire SME sector. And banks will show their interest in giving out loans," he added.

Public credit guarantee schemes are a common form of government intervention to unlock finance for SMEs, according to a World Bank report. More than half of the countries in the world have CGS for SMEs and the number is growing, it said.

For instance, the Indian government provided a credit guarantee of Rs 3 lakh crore for the SME sector in May to fight the ongoing economic fallout.

It introduced the scheme in 2000.

Small businesses have been hit particularly hard by the pandemic, which has threatened the existence of 2.5 million SMEs in Bangladesh.

The SMEs employ 40 per cent of the labour force with a GDP contribution of 25 per cent, according to the International Labour Organisation.

This prompted economists to advocate for a credit guarantee scheme for SMEs since the pandemic hit the country in March.

One of them is Atiur Rahman, a former central bank governor. Last month, he said banks are worried about risk management, so they may not like to lend to new borrowers and would rather remain focused on existing borrowers.

The central bank should implement a credit guarantee scheme to help banks lend to the vulnerable CMSME sector, he said. The MSMEs should be given support because if they remain inactive for a long time because of the lockdown, 60 per cent would be out of business.

Eid-ul-Azha primed to flood the country with rawhide

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The number of merchants across the country has also halved over the years as people have been losing interest in this business.

Many lost their capital on failing to efficiently run their business. Only in Posta just 200 merchants remain active from nearly 600 five years ago, Hossain said.

Last year, the tanners agreed to pay a significant amount of arrears to the merchants, but nothing was done really, he said.

Previously, nearly 95 per cent of rawhides were sold through merchants across the country but now the figure has declined to 65 per cent as the tanners have started making purchases through appointed seasonal dealers.

He suggested that citizens apply salt on rawhides within five hours of the sacrifice to prevent the quality from deteriorating. The rawhide can be preserved for even up to one month if the salt is timely applied, he said.

"We are also in fund crisis now as the sales declined by 50 per cent due to lower export orders from China, the main export destination for Bangladeshi tanned leather," said Md Shaheen Ahmed, president of Bangladesh Tanners Association (BTA).

Last month, the tanners demanded that the government provide a Tk 500 crore emergency fund for purchasing the rawhides during upcoming Eid-ul-Azha but the government did not give it.

Bangladesh Bank only allowed the tanners to reschedule their previous loans worth Tk 2,600 crore with a 2 per cent down payment.

This is inadequate for increasing inflow of money in the sector in such a short time, Ahmed said.

Nearly 95 per cent of the Tk 2,600 crore loan has been classified since 1990.

Since the tanners are not capable of paying the merchants this year, the rawhide business will face the same fate as that of last year as the seasonal rural traders will not have adequate money to buy the hides from citizens, Ahmed said.

He does not support allowing the export of rawhide or wet blue, arguing that the government placed a ban on it in 1990 to enable more value addition and job creation in the local leather

and leathers goods industries.

Ahmed instead suggested that citizens preserve the rawhide with salt and have the patience for better prices to arise.

The tanners are overburdened with unsold stocks of tanned leather due to a slump in exports to Chinese buyers. Leather worth Tk 2,500 crore remained unsold in the factories, he said.

The ongoing pandemic and US-China trade war severely affected the sector, he said. Chinese customers reduced the import of leather as the US government increased tariffs on their goods to the American market.

Export of leather to South Korea, Spain and other destinations also declined for the pandemic. Moreover, compliant companies are not interested in buying leather from non-compliant factories, Ahmed added.

The government shifted the tanneries from the city's Hazaribagh to Savar in 2017 aiming to give a formal outlook to the leather sector which has already invested Tk 7,000 crore so far and employed nearly 50,000 workers.

But the newly established STIE could bring no good news for the leather business. The CETP is yet to be fully functional.

The same goes for three dumping yards designed under the STIE's solid waste management system although the projects had been taken up a lot earlier.

"I am hopeful that the construction of two solid waste stores will be completed by mid-August," said Jitendra Nath Paul, project director of the STIE.

Their construction was supposed to be completed a lot earlier but the deadline was extended due to delays in the release of funds and the pandemic.

"We are trying to improve the conditions of the STIE so that we can obtain the much required LWG certification at least in the silver category," said Paul, adding that an audit was ongoing for the submission of documents for obtaining the certification.

Currently, 130 out of 155 tanneries are in operation at the STIE, Paul also said.

Bangladesh needs to obtain 65 per cent of the total marks used in the LWG certification for obtaining that in the silver category.

Of a total of 1,365 marks, some 200 should

be obtained through compliance to standards by the government including ensuring the presence of a dedicated site for tanneries and the remaining 1,165 marks should be obtained by the tanners, Paul said.

However, most of the tanners are not yet ready to comply with the LWG standards.

Only two tanners at the STIE are nearly of LWG certification standards.

"We have been putting a lot of pressure on them but they have been giving excuses for not improving their standards," Paul said.

The tanners use a lot of water when washing the rawhide alongside a lot of gas and electricity and these are among some other issues that need to be improved soon for obtaining the LWG certification.

Until Bangladesh can obtain the LWG certification, the local exporters will not be able to avail premium prices on the export of leather, he said.

Regarding the excess use of water, Md Delwar Hossain, team leader of ETP Consultants, said they have been providing suggestions on reducing the consumption but the tanners do not pay heed.

The international standard for washing a tonne of rawhide is to use 15 to 30 tonnes of water. But in the absence of the technical know-how, Bangladeshi tanners end up using nearly 60 tonnes, one of the highest rates in the world.

This led to an overflow of wastewater at the CETP during the peak processing season in Eid, leading to polluting of a nearby river and the environment, said Hossain, who also teaches at the Bangladesh University of Engineering and Technology.

He suggested that the tanners reduce the water usage rate to 36 tonnes during Eid to prevent an overflow of wastewater in the CETP.

"We are working to complete the construction of two dumping yards for storage of solid waste," he said. He also blamed the pandemic and late fund transfers for the delay in construction.

He claimed that trials in June this year found the quality of the water treated at the CETP to be of an acceptable standard. So the pollution this time will be less if the tanners use less, he added.

The outlook for leather goods in the international market is also bleak because of

the pandemic, said Saiful Islam, president of the Leathergoods and Footwear Manufacturers and Exporters Association of Bangladesh.

Factories of the local exporters of leather and leather goods are currently running at 50 per cent capacity.

He, however, said the government this year set a target of exporting leather and leather goods worth \$920 million and leather footwear worth \$540 million.

Achieving it depends on the government's policy support and revival of the Western economy, he said.

Last fiscal year, the shipment of leather and leather goods and leather footwear were severely affected due to the pandemic.

Bangladesh exported leather and leather goods worth \$797 million in fiscal 2019-20, which was a 21.79 per cent decline year-on-year.

Meanwhile, leather footwear exports amounted to \$478 million, registering 21.24 per cent year-on-year fall, according to data from the Export Promotion Bureau.

Leather, leather goods and leather footwear are the second-largest export items after garments.

More than one lakh workers are employed in some 1,200 micro, small and medium leather and leather goods factories that have made investments of more than \$1 billion, Islam said. Of those, 200 are export-oriented ones.

"Leather goods are luxury items. The pandemic-hit consumers are buying basic items and less of luxury items. So our sales also dropped significantly," he told The Daily Star over the phone.

However, the markets of Bangladeshi leather and leather goods have increased over the years. Now, Bangladesh exports to the US, Japan, Australia and New Zealand. Previously, the main concentration was on European markets.

If Bangladesh can obtain the LWG certification, demand for those goods worldwide will soar, he said.

Khondaker Golam Moazzem, research director at the Centre for Policy Dialogue, suggested allowing the export of rawhide or wet blue so that the resources of the country are not wasted.

Otherwise, the government can also allow the

export of live animals like cows and buffaloes or facilitate the export of meat so that the farmers are benefited and the country can earn foreign currency, Moazzem said.

If the government allows rawhide export, there will be no discarding like last year, the CPD research director said.

Ahsan H Mansur, executive director of Policy Research Institute, echoed the same.

He also sees the solution to averting a disaster in the leather industry in allowing the export of rawhide or wet blue to reduce the supply glut during the Eid season.

"There should be a specific place where all the animals of a particular area will be slaughtered and the traders will collect the rawhide from one spot instead of millions of places by seasonal traders," he said.

The rawhide market is a defaulted one in Bangladesh as most of the businesspeople in this sector have classified loans with banks. As a result, banks are not eager to lend them more money, Mansur said.

Many destitute people, madrasas and orphanages were deprived due to last year's disaster in rawhide business, he said.

"We do not want a recurrence of last year's disaster in rawhide business. We can establish discipline in this sector -- we can get a lot of benefit from this sector," he said.

Talking to The Daily Star, Commerce Minister Tipu Munshi said the government would allow the export of rawhide or wet blue this year to prevent anyone from destabilising the market.

Banks are not interested in lending funds to the tanners as 95 per cent of tanners are bank defaulters with classified loans.

Only 20 tanners have no classified loan, Munshi said, adding that the government might either allow them to export wet blue or arrange bank financing for them.

The minister is set to fix the minimum price of rawhide this year on July 26. He predicted that this year the sacrifice of animals will decline by 40 per cent due to the pandemic.

Sheikh Fazle Fahim, president of the Federation of Bangladesh Chambers of Commerce, did not respond to requests for comment. He is acting as the coordinator on the issue of tanners' payment of arrears to merchants.

Over half of US companies plan virus contact tracing for employees

REUTERS, New York

More than half of U.S. companies surveyed by benefits company Mercer are starting COVID-19 contact tracing programs in their workplace with employees venturing back to offices even as new cases soar nationally.

Countries such as South Korea have managed to contain the disease

in part by tracking down and isolating everyone who has been in contact with an infected person.

But the premature reopening of many states' economies that led to huge spikes in COVID-19 cases, testing delays, and a shortage of trained contact tracers have stymied tracking efforts in the United States.

The lack of a coordinated federal

effort that has left U.S. states to manage all aspects of contact tracing has also contributed to the need for large companies to take matters into their own hands.

Of the more than 300 companies that took part in the survey, 54 per cent are planning to implement a contact tracing program or had already started one, Mercer said.

Budget deficit to go through the roof

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Similarly, another Tk 20,000 crore to Tk 25,000 crore might have remained unspent in the revenue budget segment.

Because of the low demand caused by the pandemic, the government did not have to spend its subsidies set aside for electricity generation and import of liquefied natural gas.

The recent decline in oil prices will reduce expenditure on energy subsidies, including liquefied natural gas and petroleum products.

Bank borrowing gave another indication about the lower spending. It was Tk 72,246 crore at the end of the fiscal year against the revised target of Tk 82,421 crore.

The fiscal year has just begun and it would take at least six months to give an idea about the budget deficit, said a finance ministry official.

Government debt is likely to increase in the medium term and financing options need to be assessed prudently, the WB document said.

Public debt is likely to increase to 39.3 per cent of GDP in fiscal 2019-20 and continue rising over the next three years reaching 58.4 per cent of GDP in fiscal 2022-23.

Because of the stimulus packages, the total outstanding debt expanded by 1.7 percentage points of GDP in the revised budget for fiscal 2019-20 from the original one.

The debt level would go up by another 1.2 percentage points to Tk 117,000 crore in fiscal 2020-21 when most of the stimulus packages would be implemented, according to a paper of the International Monetary Fund.

The relatively high level of the total public debt service to revenue ratio underscores the need to boost revenues over the longer term.

International support on concessional terms will continue to be essential, even more so in the context of the Covid-19 pandemic, the WB said.

With increased financing needs, the government will need to maximise external concessional borrowing so that the coronavirus response package can be implemented through domestic banks.

A temporary increase in the fiscal deficit is necessary, and it will be important to ensure transparency and accountability in the use of all emergency spending, the IMF said in June. The risk of debt distress remains low.

The joint World Bank-IMF Debt Sustainability Analysis completed in August 2019 reaffirmed the previous assessment that the risk of both external and overall debt distress continues to be low.

External and domestic debt indicators are below their respective thresholds under the baseline and stress test scenarios.

A gradual fiscal consolidation, which is defined as concrete policies aimed at reducing government deficits and debt accumulation, is expected over the medium-term, starting in fiscal 2021-22, although deficits are projected to continue to exceed 9 per cent of GDP.

Specifically, expenditure on interest rate subsidies, food aid, and fertiliser subsidies are projected to moderate, the WB document said.

Revenue mobilisation is expected to strengthen through reforms to expand the tax base and improve tax administration.

BATBC stands tall when most make steep fall

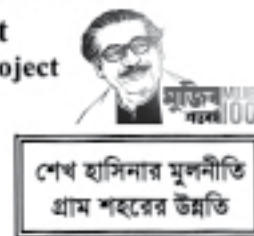
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In Bangladesh, sales rose 10.38 per cent year-on-year to Tk 14,765 crore in the first half. It sold 2,860.9 crore sticks from January to July, up 9.33 per cent from a year earlier.

The export of cigarette and tobacco leaf surged 19.88 per cent to Tk 57.70 crore during the same time. Revenue dropped 10.74 per cent to Tk 6,184.92 crore in the second quarter.

BATBC sells cigarettes under the brands Benson & Hedges, John Player Gold Leaf, Capstan, Star, Royal, Derby, Pilot and Hollywood.

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Local Government Engineering Department
Emergency Multi-Sector Rohingya Crisis Response Project
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Memo No.: 46.02.0000.954.07.029.2019.502

Date: 22/07/2020.

e-Tender Notice (3r Call) Tender Notice No. 13/2019-2020

e-Tender is invited in the National e-GP Portal System (<http://eprocure.gov.bd>) for the procurement of following works details are given below:

Sl. No.	Tender ID & Name of the Project	Description of works	Tender Last Selling (Time & Date)	Tender Closing (Time & Date)	Tender Opening (Time & Date)
1	2	3	4	5	6
1.	479007 EMCRP	Construction of 11 nos. New School cum Disaster Shelter Building (Steel Frame) under Ukhia & Teknaf Upazila, District: Cox's Bazar, Package No.: EMCRP/W-11	11.00 AM 10-Aug-20	03.00 PM 10-Aug-20	03.00 PM 10-Aug-20

This is in online Tender, where only e-Tenders will be accepted in the National e-GP Portal and no offline hard copies will be accepted.

To submit e-Tender, registration in the National e-GP System portal (<http://www.eprocure.gov.bd>) is required.

The fees for the e-GP downloading e-Tender Documents from National e-GP System portal have to be deposit online through any registered Banks Branches up to 10 August, 2020 upto 11.00 AM.

Further information and guidelines are available in the National e-GP System portal and from e-GP helpdesk (helpdesk@eprocure.gov.bd).

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GD-1184