

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	
▲ 0.21%	▲ 0.37%	\$1,928.86	\$39.05	▲ 0.16%	▼ 0.50%	▲ 1.57%	▼ 1.87%	BUY TK	83.95	98.28	110.18	12.07
4,959.18	8,540.60	(per ounce)	(per barrel)	38,417.23	23,089.95	2,511.21	3,292.59	SELL TK	84.95	102.08	113.98	12.69

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DHAKA TUESDAY SEPTEMBER 8, 2020, BHADRA 24, 1427 BS • starbusiness@thedailystar.net

SIX MONTHS WITH CORONAVIRUS WHERE THE ECONOMY STANDS NOW

Holding on to hope amid drawn-out adversity

SOHEL PARVEZ

Wheels have started moving on the streets of Bangladesh. Dhaka, which wore a deserted look just after the lockdown was enforced at the end of March to fight the coronavirus disease, has returned to its usual state, marked by chaotic traffic, horns and tailbacks.

Residences are more open to allow their domestic workers in and rickshaw-puller Akram Hossain can now pedal on the streets of the capital to earn a living for his family.

Roadside tea-sellers are popping up. Restaurants and offices are open as well. In the outskirts of the capital, workers are busy making goods to ship abroad.

The economy is recovering from the rubble left behind once the Covid-19 pandemic emerged just six months ago, on the back of rebounding exports, astonishing record flows of remittances, uptick in private credit and peoples' responses.

However, the journey has been very costly. Just like the virus has tilted this world off its axis, Bangladesh paid a heavy price.

Before the onslaught of the respiratory disease began on March 8, Bangladesh had been on an upward growth trajectory and economic wellbeing. The pace has lost its steam.

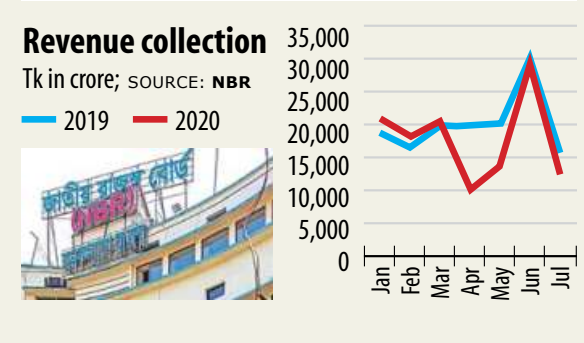
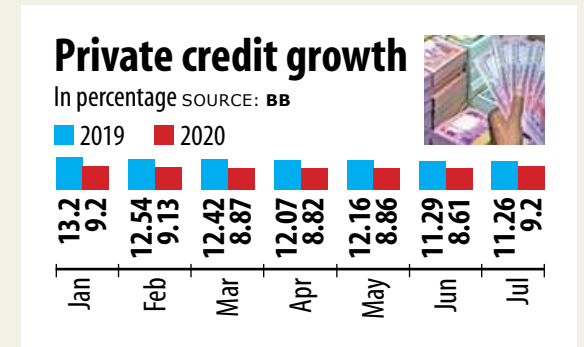
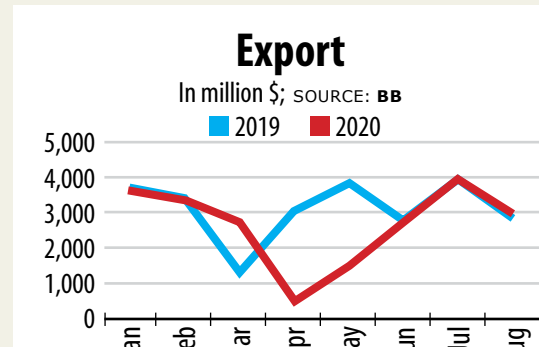
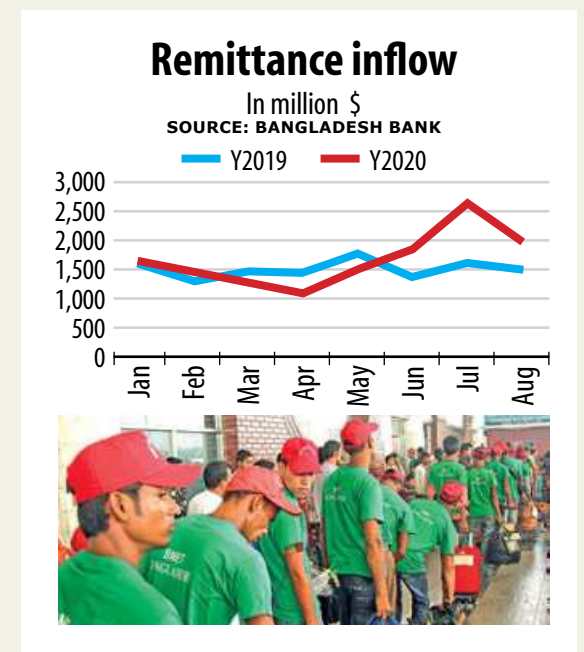
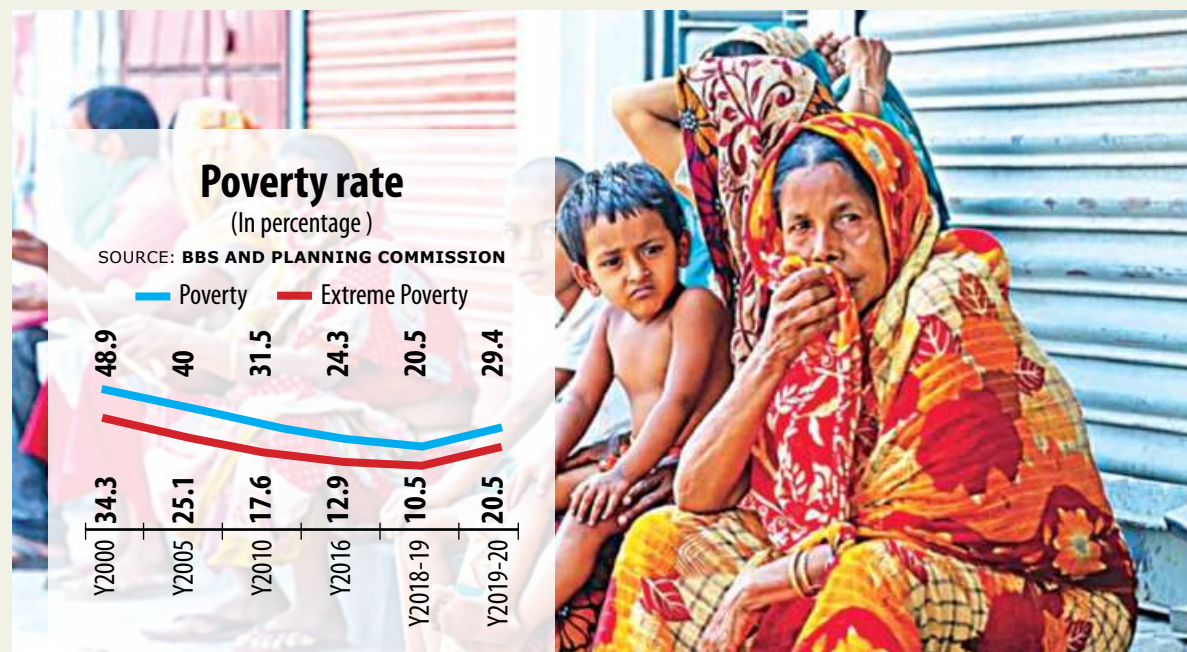
The disease took away so many lives, snatched the nation's gains in poverty and inequality reduction in the recent decades, wiped out millions of jobs and income and put a large number of people in the struggle of managing three meals a day.

Human development has suffered a major setback. "The economy lost a large number of jobs in the formal and informal sector rather quickly. Some of these losses may never be recovered," said Zahid Hussain, a former lead economist at World Bank Bangladesh.

Several private research organisations estimate that the shutdown for two-and-a-half months to battle the virus increased the poverty level by as much as 20 percentage points.

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Stimulus loans elude many

Hard-hit SMEs, exporters, farmers still find it difficult to receive funds from the packages

AKM ZAMIR UDDIN

Small and medium enterprises, exporters and farmers have experienced their worst-ever crisis because of the coronavirus pandemic. Six months after they received the body blow, they are now going through another crisis -- the shortage of funds -- although they are desperately trying to pull themselves up and the economy along with them.

Despite the government's swift measures in response to the pandemic in April, the disbursement from the stimulus packages for SMEs and farm sectors and pre-shipment credit for exporters is yet to gather momentum because of the absence of the central bank's initiative and the negligence on the part of banks.

Lenders, however, have given out a major portion of the fiscal lifelines unveiled for the large industries and service sectors as the disbursement process is easier than those put in place for the SME and farm sectors.

Soon after the deadly virus arrived on the shores of the country, the government and the central bank took 19 stimulus packages worth Tk 106,117 crore to tackle the economic fallout brought on by the pandemic.

Banks have been given the responsibility to distribute more than Tk 80,000 crore of the stimulus packages in the form of soft loans.

Experts say that both the government and the central bank should rearrange the tenure of the packages given the slow recovery from the pandemic. Both the agriculture and SME sectors should be addressed properly by implementing the stimulus packages as they are the backbone of the economy.

So far, banks have disbursed about Tk 4,120 crore among 11,183 borrowers under the stimulus package worth Tk 20,000 crore dedicated for

MAJOR STIMULUS PACKAGES

- ▶▶ Tk 33,000cr for large industrial and service sector
A total of 1,876 borrowers have received Tk 24,041cr
- ▶▶ Tk 20,000cr for cottage, micro, small and medium sector (CMSMEs)
Banks have disbursed Tk 4,120cr to 11,183 borrowers
- ▶▶ Tk 5,000cr refinance scheme for businesses in the farm sector
Lenders have given out Tk 1,112cr to 46,815 borrowers
- ▶▶ Tk 3,000cr for underprivileged businesses and farmers
Lenders so far distributed Tk 1,060cr among around 2 lakh clients
- ▶▶ Tk 5,000cr refinance scheme for pre-shipment credit
Lenders disbursed only Tk 1.1cr
- ▶▶ Tk 12,750cr under export development fund
Around Tk 9,000cr has been so far distributed

the SME sector.

The central bank unveiled the package on April 13 and it later said half of the package's amount would be provided from the BB in the form of the refinance scheme.

The loan will be given at 9 per cent interest rate. Of the interest rate, 4 per cent will be borne by the borrowers and 5 per cent by the government.

But banks are showing reluctance to speed up disbursements as clients in the manufacturing sector is permitted to secure a maximum of 30 per cent of their existing working capital.

The amount is insignificant as a large number of small and medium enterprises usually take loans in the range of Tk 7 lakh to Tk 8 lakh. This prompted the central bank to increase the ceiling to 50 per cent of the working capital.

"The central bank's initiative will encourage clients to take loans from the package," said Syed Abdul

Momen, head of SMEs at Brac Bank.

The central bank has recently asked banks and non-bank financial institutions to disburse the fund of the package by October.

It is very difficult to lend SMEs at 9 per cent while maintaining acquisition and maintenance costs, said Rahel Ahmed, managing director of Prime Bank, recently.

He called on the policymakers to reconsider the interest rate cap for the SME clients.

Banks have disbursed Tk 1,112 crore among 46,815 borrowers under the stimulus package for the farming sector, which received Tk 5,000 crore.

The central bank repeatedly asked banks to pay out the loans by this month so that the country's agriculture sector does not face any adverse situation due to the financial meltdown, a Bangladesh Bank official said.

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Apparel leads export recovery

REFAYET ULLAH MIRDHA

Bangladesh had witnessed a steep fall in exports in April this year as the ongoing coronavirus pandemic has had an unprecedented effect on both the local and global economy.

During that month, the country's overall export earnings reached a record low of \$0.52 billion, of which the apparel sector contributed \$0.37 billion.

The job market was subsequently jolted and a few thousand employees were terminated when the factories where they worked at either halted production or shuttered their businesses altogether due to the Covid-19 fallouts.

In a bid to curb the spread of Covid-19 within Bangladesh, the government enforced a two-month 'general holiday', beginning on March 26, during which all economic activities were shut down while public movement was limited as well.

However, in April, May and the first two weeks of June earlier this year, thousands of workers brought out processions and put up barricades on roads and highways to demand security for their jobs.

As the major retailers and brands of western markets began to slowly



reopen their stores midway through June, local factory owners also started resuming production. This ensured that not as many workers would lose their jobs as previously thought.

A big relief came for the garment sector, which typically contributes more than 84 per cent of the national exports in a year, when international retailers and brands started to gradually accept their cancelled work orders.

In April and May alone,

Covid-19 affected most garment workers: survey

STAR BUSINESS REPORT

Some 82 per cent of garment workers have reported that the Covid-19 crisis has had at least some impact on their livelihoods, according to findings of the South Asian Network on Economic Modeling (Sanem) and Microfinance Opportunities (MFO).

The garment factory staff cut spending and borrowed money

to cover essential expenses, relied on their extended family for assistance and/or moved to cheaper accommodations.

Of the respondents of the survey, one-fourth resorted to cost cutting and one-fifth to borrowing.

Of some 51 per cent who used to send money to family members prior to the emergence of Covid-19, 18 per cent said to have stopped doing so altogether.

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international retailers and brands solely in the garment sector cancelled work orders worth \$3.18 billion, putting local suppliers in a tight spot.

The government's generous spoon-feeding programme for exporters, especially those in the garment sector, also helped a lot during this crisis time.

The government provided a Tk 10,500 crore stimulus package for export-oriented sectors, particularly the apparel industry, so that they could pay their workers' wages from April to July under the scheme with only 2 per cent service charge.

So after a perilous journey, the country's exports started recovering and like previous times, the garment sector is again leading the recovery.

Ahsan H Mansur, executive director of the Policy Research Institute (PRI), said exports have recovered to some degree but it is not exactly what it was during the pre-pandemic era.

This is because the virus is making a comeback in many countries, such as Germany, Italy and Spain, which are in the EU, one of Bangladesh's main export destinations.

About 58 per cent of Bangladesh's total exports are destined for the EU while a whopping 64 per cent of the country's garment shipments head for the same area.

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