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A mind-blowing 'non-bank' robbery!

Bangladesh must get back the money

WE are staggered by the amount of money embezzled by PK Halder and his associates from non-banking financial institutions, as revealed by a latest report on this case. Investigators have found out that the amount is much more than initially discovered —it is at least 10,200 crore! It is incredulous that Halder was able to siphon off this huge amount of money using 30 organisations owned by him and his associates without getting caught until now.

The complex operations of moving money among multiple financial institutions and accounts using fraudulent companies that exist only on paper, and using his position to get loans from various financial institutions, give rise to questions regarding the level of oversight within these financial institutions. How could such huge amounts be loaned to this man and his associates without the customary background checks? Or was it because he managed to hold big positions in various institutions that gave him the clout that allowed him to siphon the money? That only raises the question of how he managed to get such positions that traditionally require much scrutiny from the boards of these organisations.

What all this points to is how easy it is for an individual to use his position to secure loans, given out to fake companies, with the money ending up in accounts of associates or relatives or other companies (not in the loan agreement), which can then be laundered to foreign countries. This incident cries out for investigation into other such con artistes who have been bleeding our financial institutions.

It is of course laudable that the ACC has been able to unravel such a complex network that allowed Halder to commit this spectacular "non-bank robbery". The job at hand now is for the ACC and Bangladesh Bank to retrieve this huge amount that has robbed the nation of precious funds; funds that could have been used for crucial development purposes or helped to set up legitimate businesses. According to reports Halder, who has fled to Canada, has said he is willing to come back to the country and settle the transactions and liabilities with the company if he gets "proper security for his life". We are not sure whether this will actually happen, but the Bangladesh authorities should definitely do everything in their power to bring Halder back and retrieve the money he has looted. There are many such fraudsters crippling the financial sector and they should all be brought to book.

Abdul Malek: In the driver's seat of corruption at DGHS

Other govt institutions may have the same affliction

THE recent arrest of driver Abdul Malek has gained massive attention as it made rounds across the media nationwide, revealing the depth of corruption entrenched in our system. As president of the driver's association at the institute, he influenced the drivers' recruitment and transfer processes. Soon enough, he became extraordinarily powerful within the Directorate General of Health Services (DGHS), which would explain how he amassed wealth of at least Tk 1,000 crore. Malek's overarching influence in all matters earned him the title "shadow DG" because of his abuse of power and alliance with key officials at the DGHS. Apart from maintaining good connections with high-ups, he also manipulated a section of the staff members and officers who used to provide him with vital information with which he would lobby for appointments and transfers of officers and other employees.

Malek's influence was such that the immediate past DG as well as many DGHS officials, all chose to turn a blind eye towards his criminality. Malek's name was in a list made by the Anti-Corruption Commission (ACC) in early 2019 of 45 grade III and IV health sector employees who were possibly involved in corruption. Are we to believe that their superiors had no knowledge of what was going on? And if this is the case of a single staffer, one can only imagine what more is yet to be revealed about the rest of those accused. How was it possible for him to make his superiors so afraid of him that they did not report him to the authorities?

This is just one institution where the level of corruption has reached unbelievable heights. What about other government bodies? We must not forget that such deeply embedded corruption cannot take place without the support of superiors and powerful backstage players who enable such crimes but manage to elude detection. All government institutions should be impartially investigated.

Malek's case is just the tip of the iceberg and unless further investigation is conducted, the remaining corrupt people at the DGHS, including some grade III and IV employees as well as DGs, ADGs, and line directors, among others, will never be brought to book. While we applaud the decision taken by the ACC to investigate this matter, it is high time the government brought transparency and accountability to such cases too. The ACC must probe into other government bodies and their employee unions. If we are to free our system from the chains of corruption, the authorities must enforce strict monitoring and exemplary

LETTERS TO THE EDITOR

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Alarming rise in rapes

Why are we failing so miserably to put an end to rape? What is more horrifying is that gang rapes are on the rise. The recent cases of a Chakma woman gang-raped in Khagrachhari, two teenage girls gang-raped in Benapole, and the gang-rape of a woman in Sylhet, are petrifying. After such incidents, there is a momentary uproar from the public, voices are raised, protests are held, and then it loses momentum. We cannot let this happen. When will everyone understand the severity of this crime? When one of your own becomes a victim?

Sadia Jahan, *Chattogram*

How has Bangladesh managed the pandemic-affected economy so far?

MACRO MIRROR

FAHMIDA KHATUN

SOME indicators of the Bangladesh economy have started to show positive signs in the recent period. Among those are remittances and exports of readymade garments (RMG), which were affected hugely since the outbreak of Covid-19 in Bangladesh in March 2020. Both these sectors are important sources of employment and foreign exchange income for the country. These two sources are important transmission channels of pandemic-induced impacts on the economy.

Before the pandemic, remittances registered a robust growth of 21.5 percent during July to February of fiscal year (FY) 2020. As soon as the pandemic hit the world, Bangladeshi workers started to return to the country. Outmigration of workers also stopped. This created much concern regarding the flow of remittances into the country. Surprisingly, remittance inflow has increased significantly in recent months, which is even higher compared to the last fiscal year. The amount of remittances sent by Bangladeshi migrant workers was USD 2.6 billion in July 2020, compared to USD 1.6 billion in July 2019. Similarly, in August 2020, remittance inflow was USD 1.96 billion as opposed to USD 1.44 billion in August 2019. This increase has happened when the number of workers going abroad has slowed down noticeably. Although most of the workers returned to the country in the first two weeks of April 2020, the flow of returnee migrants still continues.

Several explanations for this unprecedented increase of remittances have been offered. It is not uncommon for overseas workers to send more savings back home during a crisis. This is mainly for two reasons. First, they want to help their families during economic hardships. Second, since many workers have to return home and there is no guarantee of going back to their jobs, they bring back all their savings. There may also be other reasons. For example, the unofficial route of sending money to families may have been disrupted during Covid-19. So, remitters are resorting to banks for sending money. Whatever may be the reason, the increased flow of remittances at a critical time such as the pandemic has been a respite for the country.

As for the RMG exports, the pandemic has severely hurt the global demand for clothing. Hence, global apparel buyers either suspended or canceled orders from Bangladesh during April-May 2020. This was equivalent to USD 3.18 billion. RMG exports declined to USD 374 million in April 2020, which was more than 85 percent lower than April 2019.

It is now reported that most of those global brands are returning and reinstating their orders. According to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the growth of RMG exports in August 2020 compared to that of August 2019 was 2.58 percent. As economies across the world have started to open up, Bangladesh's total exports also grew in August 2020. This is mainly due to increased apparel exports. It is expected that Christmas will improve the demand further, since around 62 percent of total RMG exports goes to the EU market and about 21 percent goes to Canada and the USA.

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RMG workers are back at work as most global brands are reinstating their orders.

PHOTO: MOHAMMAD PONIR HOSSAIN/REUTERS

The pandemic has undoubtedly impacted the country in many ways, as it has impacted the world. It has slowed down the growth momentum that Bangladesh has been experiencing during the last few years. Many people who had graduated from poverty in the last decades have fallen into poverty again. The pace of poverty reduction in the country has been hampered, unemployment has increased and the employment of about 1.5 crore people is at risk. Inequality is also expected to increase due to income and employment loss of the poor in the face of the pandemic.

While the challenges due to the pandemic are multi-pronged, the efforts of the government of Bangladesh to deal with these difficulties are also noticeable. The government has undertaken a number of crucial and timely measures to tackle the negative impacts of the pandemic. The coronavirus outbreak has created pressure on the fiscal framework of Bangladesh, which is still a least developed country (LDC) with an average per capita income of USD 2,064. Health measures needed additional resources. The affected economic sectors also had to be supported through financial resources. This has been difficult, since domestic resource generation could not be accelerated due to subdued economic activities. In this backdrop, a number of factors have helped the government to manage the fiscal stress, to some extent, during the ongoing pandemic.

First, stimulus packages equivalent to over Taka one lakh crore or 3.7 percent of Bangladesh's Gross Domestic Product (GDP) have been provided, mainly as credit support from commercial banks. The central bank of the country created liquidity space for the banks through a few monetary tools. It had reduced the cash reserve ratio (CRR) and increased the advance-deposit ratio (ADR) so that the banks can extend loans to the affected sectors. The government also provided interest subsidies by sharing half of the interests to be charged by the banks. This way, the government entrusted the commercial banks to take care of almost 82 percent of the total stimulus packages.

Second, the government has streamlined public expenditures. In recent years, Bangladesh has been implementing several large infrastructure projects that would help the country advance further. However, keeping the resource stress in mind, relatively less employment generating and less urgent projects have been deferred.

Third, imports saw a decline. Lower import payments have also helped to manage fiscal stress, since total imports declined by 19.4 percent in July 2020 compared to July 2019. A large amount of import payments have been deferred or delayed due to Covid-19. At the same time, lower global prices of petroleum have helped Bangladesh to save expenditures on petroleum imports.

Fourth, agricultural harvests have been very good in Bangladesh, despite the pandemic. The growth of Aman rice production was higher in FY2020 than in FY2019. Bangladeshi farmers have also gifted the country with other agricultural products, which has been a respite for the government.

Fifth, a number of international agencies and development partners have come forward with assistance exclusively to tackle the economic fallout from the coronavirus pandemic. The government has received around USD 2 billion as budgetary support from them. In FY2020, disbursement of foreign assistance increased to USD 7.2 billion, compared to USD 6.5 billion in the previous fiscal year. Budget support was provided by the Asian Development Bank, Asian Infrastructure Investment Bank, International Monetary Fund and World Bank.

Due to the above initiatives and circumstances, Bangladesh has been able to reduce the pressures from the pandemic to some extent. However, the road to recovery from the devastating impacts of the coronavirus will be longer. It is still uncertain how long the pandemic will last and when the vaccine will be available to all.

Besides, Bangladesh's economic revival will also depend on how other countries manage the pandemic and how they recover from their own economic shocks. As the Bangladesh economy is integrated with the global economy, the pace and sustainability of Bangladesh's recovery from the impacts of the pandemic will depend on external factors to a large extent.

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Views expressed in this article are those of the author and do not necessarily reflect the position of the organisation she works for.

Winners and losers in a Covid-19 economy

CYBERNAUTIC RUMINATIONS

HABIBULLAH N KARIM

THE novel coronavirus started to expand into all corners of the globe from the very beginning of this calendar year, as the whole wide world watched the silent spread of the contagion from those affected in Wuhan, China—the origin of the scourge—and then from returning nationals in various parts of the world. By the time the world woke up to the grisly reality, the global pandemic was firmly afoot and Bangladesh—the 15th most affected nation—has been caught in its whirlwind since late March and is still reeling.

In late September, US business news outlet *Bloomberg* estimated a reduction in working hours equivalent to up to 500 million job losses worldwide due to the coronavirus pandemic. More than USD 3,500 billion has already left the coffers of government treasuries around the world to mitigate the hardships and healthcare costs on account of Covid-19.

At our national level, the government has already allocated a thousand billion Taka to prop up flagging industries. The annual growth projections have been chucked out the window and revenue shortfall has forced the government to arrange billions of dollars in loans from development partners as budget support.

At the micro level, however, there are both losers and winners in this evolving scenario. While reduced cash flows of most businesses have meant employers and employees alike have tightened their purse-strings, causing massive drops in sales of non-essential items such as luxury goods, high-end clothing and lifestyle products, at the same time, we have seen sharp rises in sales from small neighbourhood retailers, e-commerce purveyors, home delivery services, healthcare services and pharmaceutical products.

The other day, I was talking to a car battery seller who was bemoaning the fact that his sales have fallen by more than 60 percent. Contrast this with the corner shop just outside our home, where sales have gone up almost 50 percent. E-commerce vendors of food and daily necessities like Chaldal or Foodpanda have seen their number of daily orders surge by more than 200 percent. However, tighter family budgets mean that very few people actually go out to eat or buy new televisions or other big-ticket household items. So electronics distributors, hotels and restaurants, upmarket clothing and shoe retailers have all seen their revenue dwindle sharply over the last six months.

In other words, the public health risks of coronavirus will likely diminish in the next year or two but will not altogether vanish. The World Economic Forum has delineated ten different scenarios of how this virus will continue to impact the economy and our livelihoods in the foreseeable future. The scenarios include resurgence of a second wave, heightened risks of cyberattacks, collapse of emerging capital markets, continued supply chain disruptions, weakening of major economies, tightening of cross-border movements, continued high levels of unemployment, permanent changes in the shape of travel and other industries, rising bankruptcies across the world and protracted global recession.

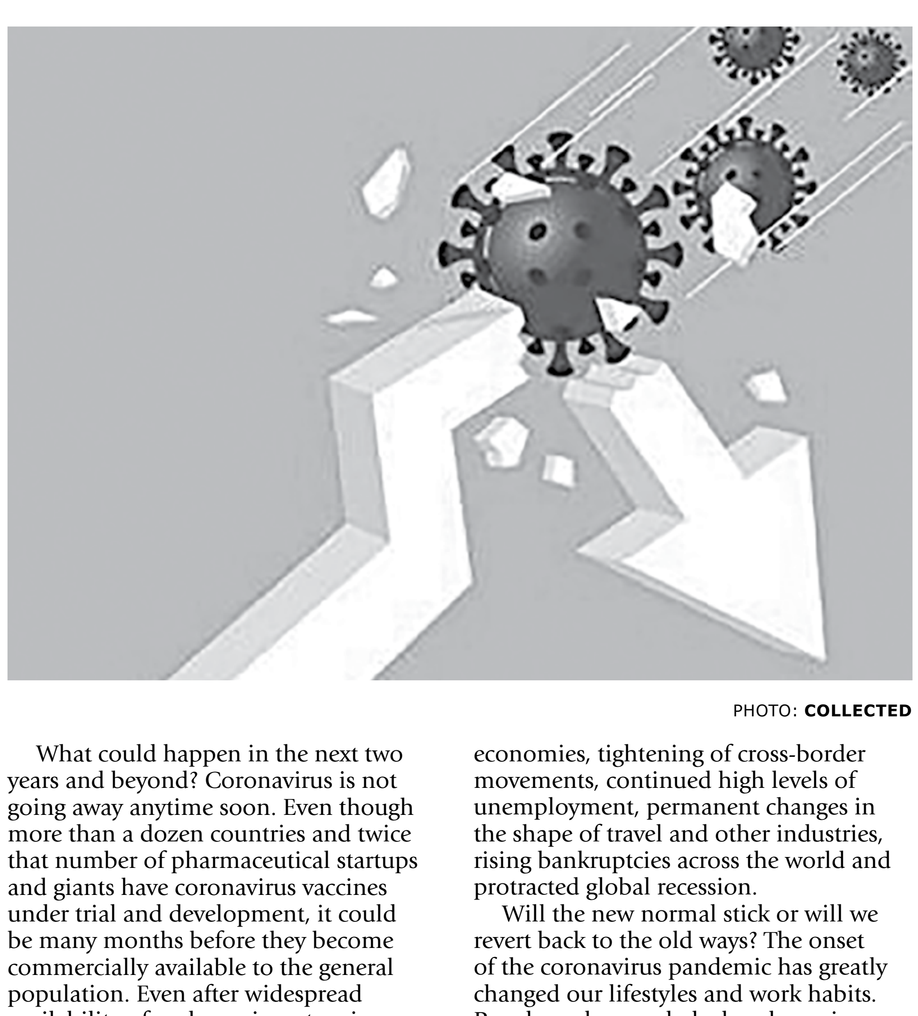

PHOTO: COLLECTED

What could happen in the next two years and beyond? Coronavirus is not going away anytime soon. Even though more than a dozen countries and twice that number of pharmaceutical startups and giants have coronavirus vaccines under trial and development, it could be many months before they become commercially available to the general population. Even after widespread availability of such vaccines, two issues will remain—the vaccine will most likely be a seasonal vaccine like the one for flu, making it expensive for the bottom half of the population, and it will likely cover 70 percent of the virus strains, meaning vaccinated populations will still have 30 percent susceptibility to the virus.

Will the new normal stick or will we revert back to the old ways? The onset of the coronavirus pandemic has greatly changed our lifestyles and work habits. People no longer shake hands or give a friendly hug, working from home is quite common in professional service jobs and online purchases and payments have become commonplace. People's hygiene habits have seen unprecedented improvements and as a result, incidences of contagious diseases like cold and flu have been greatly reduced. But the big question is whether these changes are here to stay or will we revert back to our old habits as soon as coronavirus eases up. All kinds of hypotheses are around and nobody has a clear vision through the looking glass.

There is now a huge hype around Industry 4.0 technologies such as artificial intelligence, augmented and virtual reality, internet of things, and others saving us from the detriments of Covid-19. While online work habits and tools have helped tide over the worst of being under lockdown and social distancing protocols, the pent up demands for conventional living and the social pathos of free mingling among family, friends, colleagues and business associates will not be mitigated by technology alone.

Industry 4.0 is not a substitute for the paraphernalia of human sociability—good urban planning, proper infrastructure, mass rapid transits in large cities, all-around functioning public utilities, safe eating and drinking places, closing social and business deals with a firm hand shake or a high five—the visceral experience and drive can never be fulfilled by technological props unless we all turn into some kind of cyborgs. More over, digital lifestyles will not allow us to escape from environmental pollution or congested living conditions. Fixing those require wide ranging interventions and only a handful of those can be helped along by information technologies.

The e-commerce and online transaction steam-roller will continue to get bigger across the world, and people's share of overall purchases and business transactions will continue to be devoured by this juggernaut in the foreseeable future. These businesses will continue to benefit from the impacts of the pandemic, while the international travel industry and brick-and-mortar retailers of non-essential goods will have to reinvent themselves if they want to survive without government handouts. In the short term, handouts or subsidies may be the only recourse available to retain jobs and absorb the shock of a world decidedly humbled by a virus that nobody saw coming.

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