

# Adequate data needed to capture true impact of Covid-19



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The speed at which Covid-19 has spread across the globe is unforeseen and its impact in terms of health problems, lack of adequate health services and death was immediately evident.

Bangladesh, like many other countries, attempted to contain the pandemic through shutdown of normal economic activities and public life during April-May. Then the country went through the gradual reopening of economic activities.

The economic crisis following the shutdown of activities included loss of income and employment.

The government responded to the problems with announcements of transfer programmes for low-income groups and incentive packages for economic activities. Implementation exercise of these policies revealed that there is inadequate data for identifying

the target groups.

The impact of the shutdown and related economic crisis has drawn attention of researchers and there have been many studies on the subject. These were based on secondary data and projections using past data.

These may be useful for short-term policy interventions when there is no scope of carrying out national sample surveys.

However, the limitations of these estimates are obvious. Many parameters have changed during the pandemic and it is difficult to take those into account.

Estimates of poverty incidence during the immediate aftermath of the pandemic have been attempted and these are based on existing data and various assumptions. The research studies and media reports have highlighted severe adverse effects of Covid-19 on employment and poverty.

Many organisations have also conducted “rapid surveys” for generating estimates of poverty and income of poor households. Rapid surveys can yield quick results and are useful for short-term policy adoption, but cannot go in-depth into the details of source of income, type of employment etc. The rapid surveys could not reach a nationally representative random sample.

Therefore immediate steps are required to generate adequate



The selection of a proper sample that represents the people worst affected by the Covid-19 outbreak is a must to ensure success of any government steps taken for the low-income group. The photo was taken from the capital's Shahjahanpur.

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data to capture the details of the downturn of the economy and the phases of its recovery and the processes through which these cycles have taken place so that a national picture emerges. Otherwise valuable information will be lost forever. Such information may be relevant not only for present day policy making but also as historical data, which may guide future generations in their fight against economic and social downturn, especially when induced

by pandemics like the present one.

The following discussion highlights the need for generation of data on employment and poverty for a proper assessment of short-and medium-term impact of Covid-19. Most of it is addressed to the national statistical organisation (BBS) but will also be relevant for other organisations who take up similar surveys.

The issues raised here can also be relevant for surveys covering impact on other socio-economic aspects of

households, activities of enterprises, etc. The following discussion focuses on data on a few economic and social dimensions only and it does not form a comprehensive list.

The concerns raised here may be relevant for other developing countries, which do not have in place a regular quarterly/annual data generation system. High income countries collect monthly/quarterly and annual data on key economic indicators, including unemployment,

and thus the impact of Covid-19 unfolds continuously.

**Survey of labour force, employment and unemployment**

The Labour Force Survey (LFS) of Bangladesh Bureau of Statistics (BBS) covers more or less a comprehensive set of issues, which are considered necessary to understand the functioning of the labour market. But the coverage is adequate only in a normal situation and cannot capture

Large surveys may not be able to go sufficiently in-depth and therefore cannot be a substitute for small and micro surveys

the effect of a pandemic like the present one.

Therefore there is a need for reviewing the issues covered as well as the methodology that is used in the survey. Following are some aspects of labour market, which needs attention.

Loss of employment associated with Covid-19 may take various forms like work sharing and low hours of work resulting in underemployment, low productivity per person, termination from jobs, temporary loss of job, lower wage, deferred wage, denial of other benefits as provided in the country's labour law.

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## Govt doesn't allow unnecessary foreign trips

Planning ministry officials say after Ecneec meeting

STAR BUSINESS REPORT

The government does not allow any unnecessary foreign trips of its officials, planning ministry high-ups said yesterday.

There is no scope for foreign tours under any project by forming an unholy alliance between planning ministry officials and project implementing entities, said Md Ashadul Islam, senior secretary of the planning division.

He made the comment when journalists raised questions on the approvals to unnecessary trips, during a briefing after a meeting of the Executive Committee of National Economic Council (Ecneec).

Under the land digitalisation project, a proposal was placed to set aside Tk 5 crore for foreign trips of officials but the planning commission reduced it to Tk 1.5 crore, said Zakir Hossain Akanda, a member of the commission.

A total of Tk 1.5 crore has been kept to gather practical knowledge from India, which digitalised its land records eight years ago, he said.

The budget has been included in the project as it is necessary now to go to India to learn the land digitalisation process, he said.

The demand for additional budget placed by the project implementing ministries is normally brought down by the commission at the project evaluation committee meeting, Akanda said.

For example, he said, the land ministry demanded Tk 500 crore for mouza and plot based national digital land zoning project. But the commission cut it to around Tk 300 crore.

The Ecneec approved the mouza and plot based national digital land zoning project involving Tk 337.60 crore.

The approval was given at the Ecneec meeting chaired by Prime Minister Sheikh Hasina through a video conference from Gono Bhaban.

The land ministry will implement the project within June 2024. The project will cover 493 upazilas in 64 districts of the country and 57,346 mousas in 4,562 unions.

Under the project, the ministry will prepare mouza and plot based digital land zoning maps and land use plan by dividing the land based on their quality into dedicated plots for agriculture, housing, commercial use, tourism, industrial development and others.

Besides, the project will provide training on zone-based land use and conduct public awareness campaigns and formulate a separate unit for activities related to activating land zoning.

Land disputes in rural areas will reduce significantly with the implementation of the project, said Planning Minister MA Mannan.

The land of the paternal grandmother of Prime Minister Sheikh Hasina was also grabbed illegally, he said.

However, it was recovered later, the minister said.

The Ecneec approved a revised project titled “Bangladesh Regional Inland Water Transport Project-1 (Excavation of Chittagong-Dhaka-Ashugan) and connected waterways and construction of ancillary facilities including terminals)” involving Tk 3,349.42 crore.

In the revised proposal, World Bank increased its assistance to Tk 3,052.80 crore from the original amount of Tk 2,880 crore while the government fund was reduced to Tk 296.62 crore from original Tk 320 crore.

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## Recovery still a long way off for steel makers

JAGARAN CHAKMA

A return to normalcy for Bangladesh's steel manufacturing sector is still a far cry as factories have been forced to limit their operations due to declining demand amid the ongoing coronavirus pandemic, according industry insiders.

Most of the steel makers are running below 50 per cent capacity and selling 60-grade mild steel (MS), commonly used in construction, at prices lower than production cost in order to stay afloat during this difficult time, they said.

Besides, manufacturers are facing a raw material shortage as the supply of steel scraps is inadequate despite a fall in demand.

As much as 90 per cent of the raw materials used by the sector is imported from the US, UK, Canada, Italy and Australia, all of whom are yet to fully resume their economic activities since declaring nationwide shutdowns in March to contain the coronavirus outbreak.

“Over the last six months, the



sector's losses have amounted to around Tk 6,000 crore,” said Manwar Hossain, president of the Bangladesh Steel Mill Owners Association (BSMOA).

“We are facing losses due to low demand and a 15 per cent price hike for steel scraps in the global market,” he added.

Hossain, also managing

director of the Anwar Group of Industries, went on to say that unhealthy competition in the domestic market has emerged as everybody wants to make a quick buck off their finished products.

The price for 60-grade MS rods has declined by about 15 per cent at the factory level, hitting Tk

AT A GLANCE	
➔ Price of MS rod fell by Tk 8,000 a tonne	
➔ Factory price Tk 53,500 a tonne, which is below production cost	
➔ Scrap price rose 15% in global market	
➔ Steel market size: Tk 55,000cr	
➔ Employment: 3 lakh	
➔ Active mills: 40	
➔ Total demand over 8m tonnes as in 2019	

53,500 per tonne while it was Tk 61,500 per tonne during the pre-pandemic era.

Manufacturers have been compelled to sell at low prices in order to make up operational costs, the managing director said.

However, this is not a suitable model for the long run and may cause many businesses to collapse.

Besides, incessant rain for the past few months has damaged previous stocks of finished products and there is no taker for rusted metal, he added.

Bangladesh Bank should play a more supportive role now by increasing the repayment tenure for loans from the stimulus packages from the existing 5 years to 12 in order to help the industry recoup its losses.

In regards to the stimulus packages, Hossain also said it has been rather ineffective as the country's lenders only provide 30 per cent of a company's existing working capital from the fund, which is insufficient to run a factory.

“We need additional working capital to run our business for a long time and recover our losses,” he added.

The managing director went on to suggest that the government could bring in more foreign direct investment for infrastructure development under the public private partnership model to reduce the burden among tax payers to pay back the debt.

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## Stock turnover falls as big investors stay on the sidelines

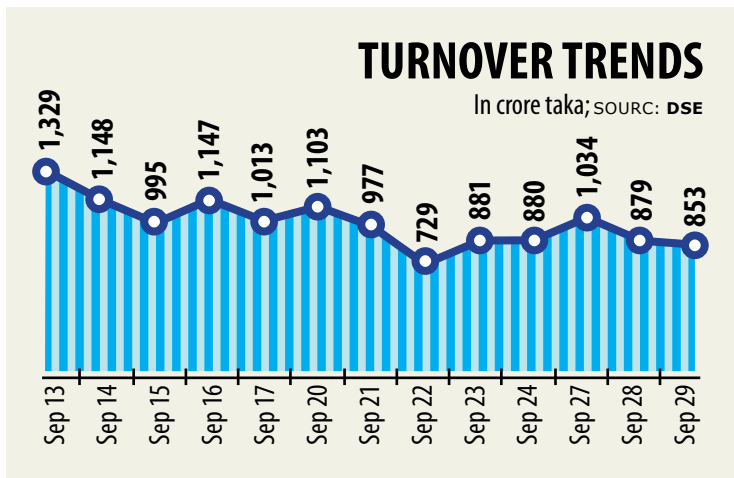
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Following a lack of participation from institutional investors for the past few days, turnover, an important indicator of the stock market, decreased by about 3 per cent to hit Tk 853 crore yesterday.

Many institutional investors are waiting on the sidelines and expecting a correction as they recently saw many stocks skyrocket by as much as 20 to 30 per cent, according to a stock broker.

Meanwhile, DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), edged downwards by 21.53 points, or 0.42 per cent, to 4,982.

“Some investors are taking profits now, which is impacting the index,” he said, adding that the index tends to go down after any significant rise in profit



booking.

The DSEX rose by 31 per cent or 1,200 points to 5,160 over the last three months, DSE data shows.

Some investors are forced

to adopt the wait-and-see approach due to all the economic uncertainty brought about by the ongoing Covid-19 crisis.

Besides, the government fears

a second wave of infections may arise in winter, he added.

Institutional investors are concentrating on investing in initial public offerings (IPO), because of which the market is getting dried up, said a senior official of an asset management company.

A number of subscriptions and bidding on IPOs have been ongoing for the past three weeks, he added.

The IPO bidding process for Associated Oxygen, Mir Akhtar Hossain and Energypac Power Generation were held in September, as per the DSE data.

The IPO bidding for three other companies is coming in October.

So, investors are saving money by selling their shares in the secondary market, according to the official.

However, a merchant banker

said that they usually keep a fund aside for investing in the primary market.

Besides, issuing too many IPOs in a short span of time will discourage the rise of newly listed stocks, he added.

Meanwhile, Beximco topped the turnover list with shares worth Tk 34 crore changing hands, followed by Beximco Pharmaceuticals, Paramount Textile, Nitol Insurance and Sandhani Life Insurance.

Paramount Textile topped the gainers' list with a 9.92 per cent increase followed by Express Insurance, EBL first mutual fund, Karnaphuli Insurance and Green Delta Mutual Fund.

United Airways shed most, dropping 7.69 per cent followed by Fine Foods, GQ Ball pen, First Finance and Orion Infusion.