

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 0.30%	▲ 0.19%	\$1,902.11 (per ounce)	\$42.24 (per barrel)	▲ 0.28%	▼ 0.44%	▼ 0.59%	▲ 0.47%	BUY TK 83.95	97.80	107.74	12.38
4,917.25	8,451.71			40,544.37	23,567.04	2,528.64	3,328.10	SELL TK 84.95	101.60	111.54	13.01



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star BUSINESS

DHAKA WEDNESDAY OCTOBER 21, 2020, KARTIK 5, 1427 BS ● starbusiness@thedailystar.net

37pc employees in small businesses lost jobs: survey

STAR BUSINESS REPORT

A whopping 37 per cent of employees in the micro, small and medium enterprises (MSMEs) lost their jobs, either temporarily or permanently, within a month and 94 per cent of MSMEs experienced a sharp drop in sales because of the coronavirus pandemic, according to a new survey.

The study -- Business Pulse Survey: Impact of Covid-19 On MSMEs in Bangladesh -- shows that 70 per cent of all workers are now in vulnerable jobs, with businesses either temporarily closed or only partially open.

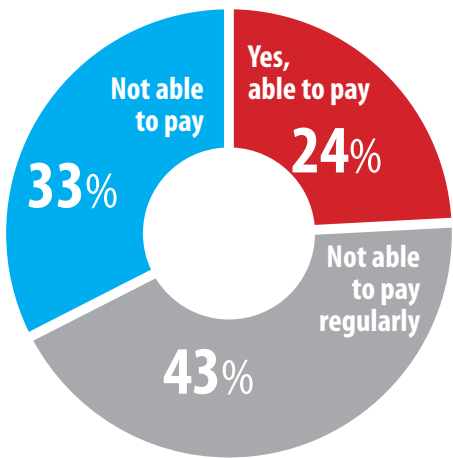
This led to calls for ramping up policy support for the MSMEs to prevent their downfall amid plummeting sales and save jobs as only 2 per cent of them received support from the state.

"This indicates that policy support is not reaching a large number of its target population. The proportion is even lower for micro firms, which stands at 1 per cent," the report said.

Forty-nine per cent of micro firms reported that they did not have adequate liquidity to sustain themselves for the next three months, compared to 40 per cent and 33 per cent respectively of small and medium-sized firms.

The survey was carried out in Bangladesh by International Finance Corporation

Ability to pay existing loan instalments



30% of micro, 29% of small and 17% of medium firms expressed inability to pay existing loan instalments.

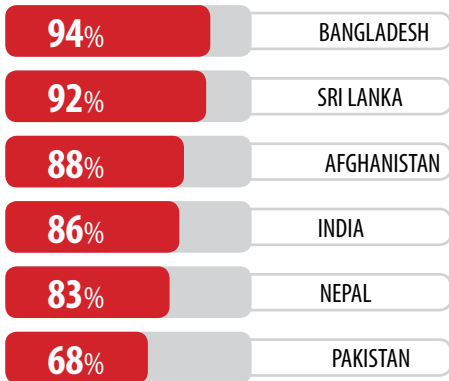
(IFC) and World Bank, in partnership with the UK's Foreign, Commonwealth and Development Office (FCDO) from June 4 to 15.

"We are working hard to bring the economy back to its normal stage," said Fazle Kabir, governor of Bangladesh Bank, while addressing a webinar marking the report's launching yesterday.

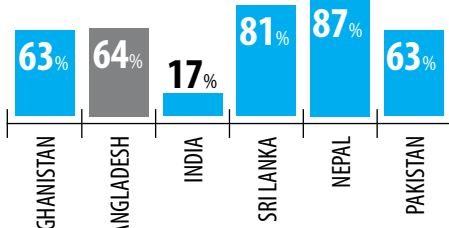
"We are committed to implementing the stimulus packages and have instructed banks to provide loans to the cottage, micro, small, and medium enterprises at subsidised interest rates."

Under the survey, 1,044

Decline in sales (% firms): Bangladesh is most affected in South Asia



Partially open or temporarily closed - South Asia



telephone calls were made, of which 516 were successful.

The final 500 MSMEs surveyed are distributed across all eight divisions and 12 sectors, including fashion, clothing, agriculture, fishing, mining, retail, wholesale, transport and storage, food services, leather, plastics and information

and communication.

According to the findings, 91 per cent of the businesses suffered the worst decline in cash flow. Similar economies such as Vietnam witnessed 66 per cent while Indonesia 69 per cent.

It found that 37 per cent of women-owned firms had temporarily shut down operations, compared with 21 per cent of firms owned by men.

Around 83 per cent of firms are incurring losses and 64 per cent are temporarily closed, the survey found.

Across the sector, 94 per cent of businesses experienced sharp drops in sales. These business losses have choked cash flows, with 33 per cent of firms saying they are unable to pay instalments on existing loans.

MSMEs play a critical role in providing jobs. They employ 20.3 million Bangladeshis.

Now, 58 per cent of firms have reduced their working hours. More jobs are in jeopardy as there seems to be no end to the pandemic in sight.

According to the IFC report, urgent steps are needed amidst this situation to help businesses survive.

"The government of Bangladesh has responded quickly and effectively by implementing stimulus packages and other policy measures to help the MSMEs. But uptake till now has been slow."

The survey revealed that 76 per cent of firms were unaware of existing stimulus packages from any financial institutions.

"No doubt, as awareness increases, greater numbers of the MSMEs will reach out for help," the survey report said.

Poor access to finance for the MSMEs is already a fundamental challenge at the heart of the country's financial and economic development. The SMEs in Bangladesh suffer from a \$2.8 billion financing gap.

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Tax collection jumps in September

But remains far below target

SOHEL PARVEZ

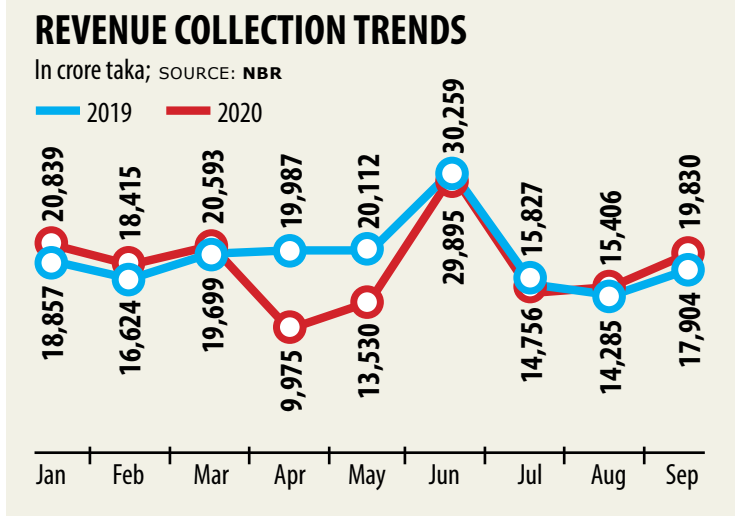
Tax collection jumped in September as the country's businesses and economic activities continued to pick up despite all the uncertainty caused by the ongoing Covid-19 pandemic.

Last month, the National Board of Revenue (NBR) collected Tk 19,830 crore as tax, an 11 per cent increase compared to the same period a year ago, when it was Tk 17,904 crore, according to the NBR's provisional collection data.

Thanks to increased collection of income tax, import duty and value added tax (VAT), overall tax collection rose in the July-September period.

"Increased collection of VAT from domestic sources is a positive sign," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh (PRI).

"It indicates that real economic activities are picking up compared to the same period of last year," he said.



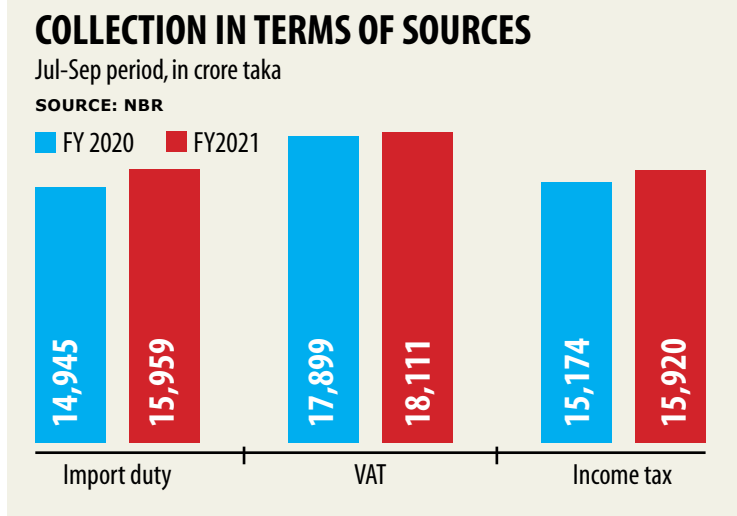
This was the second consecutive month when revenue collection grew after remaining in the negative for four months since April, owing to the coronavirus-induced shutdown and slump in domestic and global demand.

The amount of tax collected reached Tk 9,975 crore in April,

the lowest since January 2019.

Mansur, a former economist at International Monetary Fund, expected that activities would pick up as businesses such as restaurants were reopening.

"There has also been a significant increase in road traffic," he said.



During the July-September period, taxmen collected a total of Tk 49,990 crore, up 4 per cent from Tk 48,017 crore in the same month in the year prior, the NBR data shows.

Import duty payments by businesses soared 7 per cent year-on-year to Tk 15,959 crore in

the July-September period (the first quarter of the fiscal year) compared to the same period a year ago.

Taxmen also collected a higher amount in taxes from individuals and companies during the same period.

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Regent Textile to acquire Legacy Fashion for Tk 83cr

STAR BUSINESS REPORT

Regent Textile Mills is going to acquire a 99 per cent stake in Legacy Fashion for Tk 83.01 crore to expand its business portfolio.

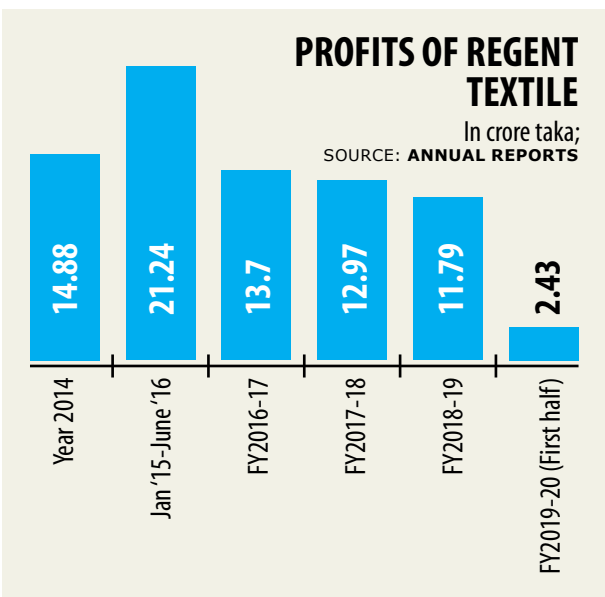
The value was determined based on the company's net asset value mentioned in its financial statement as of June 30, 2020.

"We are going to buy it in order to build our forward linkage of textile which would be needed for setting up the composite plant," said Riajul Hoque Sikder, company secretary of Regent Textile.

"We promised our investors in the initial public offering (IPO) period that we want to transform ourselves into a composite plant and this is a step towards that goal," he added.

The textile company informed its stock investors about the development yesterday through the of Dhaka and Chattogram bourse websites.

As the news broke, stocks of Regent Textile, listed with the bourses in 2015, rose 1.92 per cent to Tk 10.60 as of yesterday.



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BB relaxes provisioning for consumer loans

STAR BUSINESS REPORT

The central bank yesterday relaxed provisioning for consumer financing as part of its effort to implement a 9 per cent interest rate on all lending products.

The move will give a boost to the dwindling demand for consumer products, said officials of the Bangladesh Bank.

Banks and non-bank financial institutions will now be allowed to keep 2 per cent provisioning against consumer loans instead of 5 per cent previously, according to a central bank notice.

The banking regulator kept unchanged the provisioning ratio of 1 per cent for home loans.

Similarly, the provisioning for loans to professionals and credit cards has also been remained unchanged at 2 per cent. The outstanding amount of consumer financing in the banking sector stood around at Tk 57,000 crore as of October 2020.

The cut in the provisioning would make as much as Tk 1,200 crore immediately available for banks.

Lenders have rolled out many types of consumer loans to help clients purchase furniture, freeze, and television and other items. Some banks have even introduced marriage loans.

The central bank earlier asked banks to fix their interest rate at 9 per cent on all loan products except credit card.

But, the operational cost on consumer financing is much higher than the other loan products as lenders have to monitor such financings strictly.

People from the middle-income groups now feel discouraged to avail consumer financing because of the economic hardship brought on by the coronavirus pandemic, a central banker said.

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Water transport workers go on strike

Over 22 lakh tonnes of import goods got stranded countrywide

DWAIPAYAN BARUA, Ctg

Unloading of imported bulk cargo from cargo vessels at the outer anchorage of the Chattogram port remained suspended since the early hours of yesterday as water transport workers enforced countrywide indefinite work abstention to press home their 11-point demand.

Transport of imported goods from Chattogram to different parts of the country through inland water routes also remained halted.

However, unloading of bulk cargo from vessels berthed at the port's main jetties and delivery of those goods through trucks went on at their usual pace, said Md Omar Faruk, secretary to Chattogram Port Authority.

Bangladesh Noutjan Sramik Federation, a body of river transport workers, announced the strike to demanding issuance of food allowance for workers, appointment letters, identity cards and service books by the owners and stopping extortion and robbery on river routes.

It also sought to install necessary markers, buoys and lamps on river routes, bringing an end to all kinds of irregularities and harassment of workers at the Department of Shipping and ensuring social security of ship workers.

"We started the movement in September 2018. We were assured by the government and the owners that our demands would be met but they have not kept their promise," said Nabi Alam, joint secretary to the federation.

"So, we had no option but to go on strike. We will not call off the strike until a final decision is taken to fulfil our demands," he said.

On the first day of the strike, around 22.5 lakh tonnes of imported goods, including commodities and industrial raw materials, remained stuck.

These were at the outer anchorage of the Chattogram port and in a good number of lighter vessels anchored at 38 private docks across the country.

At least 37 bigger sized cargo vessels carrying 10.5 lakh tonnes of goods remained idle at the



RAJIB RAIHAN

Vessels used for transporting cargo stayed anchored since the early hours of yesterday as water transport workers enforced a countrywide indefinite work abstention to press home their 11-point demand. The photo was taken from Banglabazar area of Chattogram city.

outer anchorage as the lighter vessels did not carry out the unloading, sources said.

The goods include wheat, lentil, sugar, salt, fertiliser and stone as well as industrial raw materials such as cement clinker and steel scrap.

Water Transport Cell (WTC), a private organisation that operates a portion of the existing lighter vessels, said they were supposed to unload goods from 19 out of the 37 vessels.

According to the WTC, the 19 cargo vessels were carrying around 5.27 lakh tonnes of goods.

Cargoes on the remaining vessels are usually handled by lighter vessels operated by owners of some big industrial factories like the Meghna Group of Companies and Abul Khair Group.

A total of 874 lighter vessels loaded with around 12 lakh tonnes of goods, including wheat, lentil, salt, raw sugar, soyabean, coal, stone, steel scrap, iron rod, cement and clinker, are stranded at 38 different private docks.

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