



Abu Farah Md Naser, executive director of Bangladesh Bank, and Md Arfan Ali, president and managing director of Bank Asia, hand over a cheque to representatives of Virtual Knit and Leisurewear under a "Programme to Support Safety Retrofits and Environmental Upgrades in the Bangladeshi Ready-made Garment Sector Project" on November 5. Agence Française de Développement, EU, KfW, GIZ and Bangladesh Bank financed the project.

Second wave could inflict bigger damage to economy

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"This means, the real taxable economic activity has still been in the negative territory," he said.

There might be a revenue shortfall of Tk 80,000 crore at the end of the fiscal year, the same level of which was also witnessed last fiscal year.

"The government's expenditure management would face difficulty as it would not be able to keep the deficit financing within the target," said the former economist of the International Monetary Fund.

Zahid Hussain said the economic recovery was taking place in Bangladesh but its outcome was far from what was at the pre-pandemic period. If the transmissions accelerate, the situation may warrant lockdowns.

"We may choose not to enforce lockdowns. But if things go out of control there might be no other alternative but to impose it."

That means a supply and demand shock to the economy as it witnessed in April and May.

"The second wave would undo the economic gains and the economy might face the W-shaped recovery," Hussain said.

A W-shaped recovery is when an economy passes through a recession into recovery and then immediately turns down into another recession.

The first wave has already caused massive job and income losses, particularly in the urban informal sector.

Winter is one of the major spending seasons in Bangladesh. Social and community interactions would pause because of the second wave.

A critical factor in recovery is the state of mobility. The Google Mobility Report shows mobility has returned to the pre-pandemic state with the sole exception of retail and recreation, where it was still down by 9 per cent in early October.

"If the mobility shrinks, there would be contraction on both demand and supply sides," Zahid Hussain said.

The former World Bank economist welcomed the recent government policy of "no mask no service". Under the stance, the authorities ordered public and private organisations to refuse services to people not wearing a face covering.

"Scientists are universally in agreement about some issues and data are also available. It has been shown in all cases that masks work if you properly maintain it," he said.

"The use of masks had been at a satisfactory level in the initial days of the lockdown. Now there is lackadaisical attitude. The government would have to raise public awareness about the benefit of putting on masks."

Crores of families are still struggling because of the devastating impacts of the first lockdown.

"We don't have any idea how deep their struggle is. If the second wave comes, it would rub salt to the injury. But how much can the government protect them through social protections?"

Rahman of the PPRC said both the government and the general public have decided to operate on their terms no matter what the coronavirus brings in.

"We may move ahead with this co-existence but we have to think about how to make this co-existence even more effective."

The government should start preparations, particularly in case of social protection programmes, Rahman said.

"We could not do it properly when the pandemic hit the country. This time, we can at least take preparation in case of social protections."

He said the export-oriented industries have been going through uncertainties and there was a need to give encouragement to the domestic sector.

The stimulus packages unveiled for the large industries have worked well but the support packages for the small-scale enterprises have not proportionately done well.

"The government would have to find out why the stimulus packages for the MSMEs failed to deliver the expected results. If needed, the government may change the delivery agents and give the responsibility to the microfinance institutions in place of banks," said Rahman.

The virus is being tackled locally so funding for local governments such as municipalities should be increased.

The health sector should see an overall reform, the former adviser said. "The health sector is operating as usual. If you want to do something, you will have to bring in serious reforms."

But the government is still having the Ostrich syndrome, sticking its head in the sand and hoping that the problem would just go away, Rahman said.

"Mobility restrictions would have to be reintroduced if there is any second wave."

Monzur Hossain, research director of the Bangladesh Institute of Development Studies, said lockdowns would not be feasible options if the second wave comes about. Health protocols have to be maintained so that industries, small and big, can continue running.

The MSME sector has not received the stimulus package as expected as only 20 per cent of the Tk 20,000 crore fund has been disbursed so far.

"The rest of the fund should be released by next one or two months. The packages could be implemented quickly through other (disbursement) models such as NGOs."

The government would have to

continue running its development projects aimed at poverty reduction and infrastructure development in the rural areas following health protocols. This would create jobs for the people, Monzur said.

The government should give a thought to whether it can revive its employment generation programmes. A one-time loan facility should be made available for the returnee migrant workers.

Mansur of the PRI said the country would be able to bear the economic shock.

"Our agriculture might have been affected by the recent floods. But I think we would be able to cope up with the losses."

"We may be needed to go for some imports of rice until the next boro crop. We have the reserves to afford the imports. So, we will not face any economic crisis."

Mansur said hospitals would have to take up massive preparations for admitting Covid-19 patients again.

Fahmida said foreign direct investment has already slowed down due to the pandemic and it may further be delayed as the developed economies would face economic challenges.

She said the global recovery would be delayed due to the second wave, employment opportunities would come under pressure.

"So, the prospect of Bangladeshi returnee migrants getting back their jobs will be delayed further as those economies will also be under stress."

She said Bangladesh's health sector may face more pressure again if the number of affected people increases.

She said many businesses, particularly the small business, were yet to recover from the impact of the first wave. Most of them did not receive stimulus package as of yet.

Employment is an area of vulnerability. Lack of employment and income will increase their hardship.

"During economic shocks, the role of public expenditure is extremely important as it helps create employment and increases domestic demand."

The call for action from the economists is also in line with a new report that said it would be hundreds of times cheaper to prevent outbreaks than to suffer the grim consequences.

The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, set up by the United Nations, said the current pandemic might cost the world economy \$16 trillion by next summer.

But preventive measures - such as cracking down on the wildlife trade - would cost between \$22 billion and \$31 billion annually. It's a large sum, but a fraction of the economic cost of coping with a pandemic like the Covid-19, the report said.

Biden's trade policy will take aim at China, embrace allies

REUTERS, Washington

President-elect Joe Biden has pledged to work more closely with US allies in confronting China on trade, and is seen as unlikely to roll back his predecessor's tariffs on imported steel, aluminum, Chinese and European goods any time soon.

"I've been told that if you close your eyes, you might not be able to tell the difference" between the Biden and Trump trade agendas, said Nasim Fussell, former Republican trade counsel at the US Senate Finance Committee.

"Biden's not going to be quick to unravel some of these tariffs."

Future Retail challenges Amazon in court over Reliance deal

REUTERS, New Delhi

Future Retail has challenged its partner Amazon.com Inc in a New Delhi court to stop interfering in its \$3.4 billion asset sale deal, the Indian company said in a statement on Saturday.

Amazon is locked in a bitter legal dispute with Future Group, which in August sold its retail assets to Mukesh Ambani-led Reliance Industries Ltd. The deal breaches agreements made in 2019 by Future, according to the US online retailer.

Amazon last month won an injunction to halt Future's deal with Reliance from a Singapore arbitrator both sides had agreed to use in case of disputes. Future later said the order wasn't binding, prompting Amazon to lodge a complaint with India's market regulator.

The Delhi High Court was asked on Saturday to block Amazon from "misusing" the arbitration order to interfere in the Reliance deal, Future said in a filing to the

stock exchange.

While further details about the challenge were not disclosed, the filing said it had made all entities who were part of the arbitration proceedings as parties to its latest suit, but was seeking relief only against Amazon.

Amazon did not immediately respond to a request for comment.

The dispute has strained Amazon's ties with one of India's leading retailers as well as with Ambani, Asia's richest man, and his Reliance group, which is fast expanding its e-commerce business and is a potential rival to Amazon.

Amazon says its 2019 deal in which it invested nearly \$200 million in a Future unit had clauses saying the Indian group could not sell its retail assets to anyone on a "restricted persons" list, which included Reliance.

Future has said the deal with Reliance was critical to rescue its ailing retail business which has been hit by the COVID-19 pandemic.



REUTERS/FILE

A shipment moves on a conveyor belt at an Amazon Fulfillment Centre on the outskirts of Bengaluru, India.

Bangladesh adds 3.3cr internet users in a decade

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The fourth industrial revolution is expected to have a much wider impact on society than its predecessors. And the majority of respondents to the survey expect the key objectives of Industry 4.0 to be delivered by 2025.

E-government, manufacturing and healthcare are among the top sectors expected to feel the immediate impact of Industry 4.0. A key enabler of Industry 4.0 will be intelligent connectivity, which can be described as the fusion of advanced networks, AI and the Internet of Things (IoT).

The intelligent connectivity era has begun in the Asia Pacific and mobile operators are leading the way with investments in 5G infrastructure and various transformative technologies, including AI and IoT.

The report also mentioned that the post-pandemic world is set to be shaped by the greater use of digital technologies for everyday activities.

Therefore, stakeholders need to take a holistic approach in this process, considering the direct and indirect impacts it will have on societies.

More than 64 per cent of government respondents expect e-government services and manufacturing to significantly benefit from Industry 4.0.

Meanwhile, 50 per cent said that they believe the healthcare sector will get a boost and 43 per cent thought the same about agriculture and retail.

Thirty-six per cent of government respondents also expect the energy sector to benefit from the fourth industrial revolution, while 21 per cent said the same about societal or community progress.

For many governments in the Asia Pacific, Industry 4.0 is of paramount importance with 60 per cent of respondents ranking it to be as crucial

as public health and education, which still holds top priority with an 80 per cent approval rating.

Six per cent of all mobile connections in Bangladesh will become 5G users by 2025, placing the country at far below the Asia Pacific average of 23 per cent, the report said.

However, Bangladesh fared better than Vietnam and Indonesia, where the number of 5G users will be 5 per cent of their active mobile connections by 2025.

As per the GSMA report, Pakistan, with a projected 4 per cent 5G penetration by 2025, is positioned at the lowest rank.

India ranked above Bangladesh with 7 per cent, Thailand 13 per cent and Malaysia 30 per cent.

South Korea will lead the region in the use of 5G services with 67 per cent, followed by Australia (54 per cent) Japan (47 per cent) and Singapore (36 per cent).

The BTRC formed a committee last year to prepare a draft guideline on 5G services and initially planned to launch the facility by 2023. However, the Covid-19 pandemic has forced all preparations to come to a halt for several months.

"We are ready to roll out 5G services and we have the capability to introduce it before March 26 next year, the golden jubilee of our independence," Jabbar said.

"We have enough 5G spectrum and the network providers and equipment handlers have the ability to install the technology," he added.

A separate GSMA report published in July stated that in Bangladesh, 4G will dominate the market with 46 per cent users in 2025.

At that time, 3G users will amount to 30 per cent and 18 per cent will still be connected to 2G.

But at the end of 2019, only 10 per cent of internet users had 4G connections, 40 per cent had 3G and the remaining users just use it for calling purposes.

According to the post and telecom minister, the pandemic created certain obstacles for the expansion of local 4G networks.

"However, I can assure there will be no problem in 4G networks by March 2021," he said.

Bangladesh's Covid-19 response Through Technology

The GSMA report said at the start of 2020, most universities in Bangladesh lacked basic learning management systems and digital infrastructure.

With the enforcement of lockdown measures amid the Covid-19 crisis, the University Grants Commission (UGC) introduced policies requiring all universities to go digital and to make admissions, teaching and learning activities accessible online.

According to the report, within four months, digitalisation was mainstreamed.

Around 3,800 classes are now held online daily with more than 220,000 students in attendance.

Mobile operators have been instrumental in providing the required connectivity for online learning.

State-owned Teletalk provides connectivity to the students of 42 public and 68 private universities, who are using the Bangladesh Research and Education Network platform run by the UGC. Grameenphone partnered with several universities, including East Delta University and Dhaka University, to facilitate online learning.

"By the end of July, around 203,200 classes had been delivered to more than 9.2 million attendees by 10,200 faculty members," the report said.

Bike registration fee cut on the way

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He said the reduction proposal was better than nothing although the figures should have been much higher to benefit consumers and the industry.

However, Khan said, if the proposal comes into effect, it would ultimately have a positive impact on the industry along with motorcycle users.

Shah Muhammad Ashequr Rahman, head of finance and commercial of Bangladesh Honda Private, said it requested the BRTA to reconsider 125cc as the differentiating value for the two registration fee slabs, not 100cc.

The masses mostly use motorcycles of engine capacities of 125cc or below for their daily commutes, he reasoned.

"We also called for withdrawing the use of the retro-reflective number plates with RFID tags amounting to Tk 2,260 as it has not been implemented. Customers are paying for it without getting any benefit," he said.

The government did not address their demands in the proposed budget. It rather imposed an additional 10 per cent supplementary duty on the registration fee.

The Bangladesh Motorcycle Assemblers and Manufacturers Association (BMAMA) requested a reduction of registration fees, road tax, supplementary duties and other charges by Tk 4,000 on an average.

The average registration cost is now Tk 22,000, which is about 25 per cent of the price of a 100cc motorcycle, the engine capacity that sells the most, they said.

Motorcycle sales leapt to about 5 lakh units in 2019 from 1.5 lakh in 2017 with the aid of duty reductions, increasing purchasing power and demand for mobility.

The industry had forecast growth of at least 20 per cent in FY2020, which has now become a far cry due to the pandemic.

The market began to expand fast from the fiscal year 2016-17 when the government slashed the supplementary duty by 25 percentage points to 20 per cent on the import of the two-wheelers' components to encourage domestic manufacturing.

The high hopes are said to have prompted market players to invest about Tk 8,000 crore, creating direct and indirect employment for

around two lakh people.

The chairman of Runner Group said the new proposal would increase tax generation from the motorcycle sector as people would be more inclined towards abiding by the law and getting their motorcycles registered.

Khan said sales had increased significantly between July and September, which helped the sector cope with the lockdown-induced losses.

However, he said, sales fell slightly in October and the actual reason is yet to be known.

Regarding the road accidents involving motorbikes, industry people said the two-wheelers are not the reason for the mishaps. Rather, it occurs due to a lack of awareness about driving and safety.

Among the manufacturers, Honda's Japanese-certified instructors are providing training to customers at free of charge on safe driving.

Besides, the manufacturers organise safe driving campaign to create awareness among the users. The users usually become a victim of an accident due to reckless driving and breaches of traffic rules by the parties involved, particularly in urban areas.

Govt moves to make raw cashew nut imports cheaper

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For hotels and restaurants, the Bangladesh Food Safety Authority introduces a grading system, he added.

Saleh Ahmed, chairman of the Kernal Foundation, said local consumers are losing confidence.

He called for the implementation of good agricultural practices and good manufacturing practices to avoid food contamination.

He further called for the adoption of on-farm and off-farm food safety measures, infrastructure development, technology and international standard packaging.

"We need an interface of integrated industry, education and research," Ahmed said.

He asked Razzaque to create a separate division or cell under the Ministry of Agriculture to support agro-processors.

Md. Iqtadul Hoque, general secretary

of the Bangladesh Agro Processors' Association, said farmers should be well aware of the actual demand of agro products so that they can produce as per demand.

Hoque also called for a specialised cold storage facility. The processed food industry was not very affected by the Covid-19 fallout, he said.

In regards to the food value chain, he called upon those concerned to reduce the influence of middle-men in the supply chain.

"Contract zoning will be more viable than contract farming," Hoque added.

Malik Talha Ismail Bari, director of Unimart-United Group, called for creating awareness among downstream agro-producers in regards to storage, production, backward linkage and easy transportation systems for a sustainable food value chain.