STOCKS	
DSEX	CSCX
Closed	Closed

COMMODITIES	As of Friday
Gold ▲	Oil ▲
$1,634.20	$34.11
(per ounce)	(per barrel)

ASIAN MARKETS			Friday Closings
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 2.39%	▲ 0.01%	▼ 2.60%	▼ 0.60%
27,590.95	17,820.19	2,389.29	2,763.99

CURRENCIES — As on 25.03.2020 STANDARD CHARTERED BANK

	$USD	€EUR	£GBP	¥CNY
BUY TK	83.95	89.67	98.12	11.69
SELL TK	84.95	93.47	101.92	12.29

Star BUSINESS

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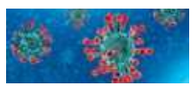

TAMING CORONAVIRUS RAMPAGE

Now BB takes pity on farmers

Preparing a bailout package of at least Tk 5,000cr for them

AKM Zamir Uddin

The central bank has taken an initiative to form a large bailout package for farmers, who have seen a complete collapse in demand for their produce for the countrywide movement control order enforced by the government with a view to flattening the curve on coronavirus.

The bailout package might amount to as much as Tk 10,000 crore, said central bank officials working on the issue. But it would be no less than Tk 5,000 crore.

"We are yet to take the final decision on this as we will need to assess the actual financial losses to farmers," said a high official of the Bangladesh Bank (BB).

At present, the plan is to provide the cultivators with farm loans at 3 per cent interest, which is a third of the existing interest rate of 9 per cent.

A fresh refinance scheme will be constituted to implement the package, from which banks will take funds without any interest. In addition, the central bank will give subsidy of 2 per cent to banks such that they can enjoy returns of 5 per cent from the lending.

The refinance scheme will be composed of BB's own funds, the BB official added.

The 2 per cent subsidy will be given to banks from the central bank's profits, as per the BB's draft guidelines. The duration of the refinance scheme will be one year, but it could be extended depending on the situation.

Banks will have to give out 50 per cent of the funds from the bailout package for harvesting.

The amount banks will disburse from the refinance scheme will not be added to their annual farm loan target, according to the draft guidelines.

The BB has set a farm loan disbursement target of Tk 24,124 crore for fiscal 2019-20. Every bank will have to disburse 2.5 per cent of their total loans per year to farmers.

Besides, the central bank has also planned to waive the interest payment of farm loans for the next six months.

Banks will have to bear the amount by adjusting their annual corporate social responsibility (CSR) fund.

The central bank will take final decision once the shutdown is lifted, the BB official said.

Experts welcomed the initiative terming it a time-befitting one as the majority of the farmers in the country do not have available capital.

"Farmers' income source has now completely stopped due to the ongoing shutdown. Most of them usually live their life by earning on a daily basis," said Atiur Rahman, a former governor of the central bank.

The BB should complete its task within the shortest possible time such that fresh loans could be disbursed to farmers soon after the movement control order is lifted, he said.

The central bank should also think of how to preserve the interest of banks in case of failure of farmers to repay the loans, said Rahman, who earlier took a number of initiatives towards financial inclusion.

Banks should be spared from keeping provisioning against the defaulted farm loans, he added.

Farmers are facing huge financial losses after the shutdown had started on March 25, said Quazi Shahabuddin, a former director general of the Bangladesh Institute of Development Studies.

Perishable products like vegetables, egg and milk are not being supplied to places where the demand for such produces is satisfactory, he said.

Besides, many farmers will be unable to produce in the days ahead if they do not get farm loans at a cheap rate, Shahabuddin added.

Private banks will have to build up their capacity to disburse farm loans using their own sources as the majority of them are lending by way of non-governmental organisation (NGO) linkage, said Syed Mahbubur Rahman, managing director of Mutual Trust Bank.

The supervision cost of farm loans is higher than the other credit programmes, compelling banks to disburse the loans by using the NGO channel.

Beacon, Beximco producing anti-flu drug that holds hope of Covid-19 cure

Jagaran Chakma *and* Ahsan Habib

Beacon Pharmaceuticals and Beximco Pharmaceuticals have produced a drug called Favipiravir, said to be effective in the treatment of coronavirus patients in China.

Favipiravir was originally developed to treat influenza by Toyama Chemical, owned by Fujifilm, the Japanese photography company that now has sizable holdings in biomedicine.

The drug was marketed under the name Avigan, and in 2014, was approved in Japan for human use, according to an article on Time magazine on Wednesday.

As Covid-19 spread around the world in February, trials began in China on the new drug, and on March 18, an official at the Chinese health and technology ministry announced that the drug had been "clearly effective" in treating 340 patients.

Subsequently, the drug caught the attention of the world, which has been desperately trying to find a solution to the coronavirus pandemic.

Bangladesh is also trying to get the drug as the number of confirmed cases for coronavirus infection is rising.

With the approval from the Directorate General of Drug Administration, Beacon and Beximco manufactured Favipiravir, an anti-flu and viral infection medication.

The drugs will be handed over to the government for distribution today.

The first batch of Favipiravir can be used to treat 200 patients. Production can be increased as per the country's needs, said Mohammad Ebadul Karim, managing director of Beacon.

Each 200mg tablet of Favipiravir will cost Tk 400. The medication helped China combat the Covid-19 outbreak, Karim said.

Despite being a Japanese formula, the active pharmaceutical ingredients (API) needed to manufacture Favipiravir were imported from China.

A bulk order for the necessary APIs has been placed so that there can be mass production, Karim said.

Beximco was given the green-light to produce three other forms of medication alongside Favipiravir and is ready to deliver the drugs to the government, said Rabbur Reza, chief operating officer of the medicine-maker.

The medicine, which is effective in treating coronavirus during early stages of infection, should be mass produced, he said.

The company will not supply Favipiravir to pharmacies as the general public will needlessly stockpile the medicine, said Reza.

Six more pharmaceutical companies are seeking approval to manufacture Favipiravir.

The results out of China were not definitive, and "we need more clinical trials of Favipiravir", said Richard H Kaszynski, a co-founder of Stanford Solutions and Koichi Yamada, a scientist at Toyama Chemical Company, in the Time article.

Along with China and Japan, doctors and scientists in Turkey, Russia and other countries have already begun using and testing the drug.

Global brands promise to stand by apparel suppliers

Refayet Ullah Mirdha

At least 15 international apparel retailers and brands have so far assured Bangladesh's garment manufacturers that they will accept shipments of products that were previously ordered, in an effort to help the country's exporters deal with the coronavirus fallout.

The retailers and brands are: H&M, Inditex, PVH, Target, Kiabi, M&S, C&A, Tom Taylor, KappAhl, Benetton, Decathelon, Primark, Puma, Tesco and Kontoor.

They are currently finalising the terms and conditions of previously submitted work orders.

However, the total size or value of their orders could not be ascertained.

DBL Group, a leading garment exporter whose biggest buyers include H&M and Puma, has been assured by the two international retailers that they will not cancel work orders placed earlier, said DBL's Managing Director MA Jabbar.

"I hope the rest of my buyers will contact me next week. We are positive that the buyers will stand by us in this critical time," Jabbar told The Daily Star over phone.

Ever since the coronavirus outbreak began, many western apparel retailers—who had been sourcing products from Bangladesh for decades—sent letters to the local manufacturers, seeking cancellation of current and upcoming work orders.

This is because, amid nationwide lockdowns to curb the spread of the deadly virus, their stores are closed and demand has collapsed.

At the same time, many retailers and brands stood by garment manufacturers who have been adversely impacted by order cancellations and delayed shipments.

"We welcome their decision to support us and hope that payment terms will remain unaffected in order to ensure liquidity flow for the factories," said Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), in a WhatsApp message last week.

Huq issued the response after Swedish retail giant H&M last week assured apparel suppliers that it would accept orders which were already manufactured.

"At least six of my long-term buyers contacted me to receive the orders," said Mahmud Hasan Khan Babu, managing director of Rising Group, a leading garment exporter.

"I am trying to continue production in the factories, but the situation is not good. Moreover, most Western buyers have already shut down their stores," he said, adding that the buyers' response at this critical moment is definitely a positive sign.

For instance, French buyer Kiabi told Rising Group during a video conference last week that it would take previously placed orders worth nearly $14 million.

Rising Group has been supplying knitwear items like T-shirts to Kiabi for more than nine years. The French company purchases nearly $120 million worth of garment items from the Bangladeshi manufacturer every year.

Kiabi has been annually sourcing various Bangladeshi garment items worth $700 million for the past 20 years, Babu said.

As of yesterday, export orders amounting to $3.02 billion have been cancelled by international retailers, according to data compiled by the BGMEA.

About 1,104 garment factories have reported a combined loss of 946.90 million units of work orders. This will affect 2.19 million workers in the country.

Very few factories were in operation yesterday even in production dense areas like Ashulia, Savar, Gazipur, Chattogram, Tongi, Maona, Narayanganj and Narsingdi.

Garment export fell by 26.70 per cent year-on-year to $1,972.24 million in March this year, according to BGMEA data.

The countries worst hit by coronavirus, such as Italy, the UK, the US, France, Spain and Germany are prime destinations for Bangladeshi garment exports.

The US alone is the single largest export destination for Bangladeshi garments, importing about $6 billion worth of apparel items each year.

Germany is close behind with slightly less imports.

Bangladesh exports nearly $3 billion worth of garment items to Italy and more than $2.5 billion to Spain and France each year and over $3 billion to the UK.

Telcos seek free spectrum

Also want waiver in revenue sharing; data use grows 20pc, recharge falls 20pc for Covid-19

Muhammad Zahidul Islam

Mobile phone operators have asked the telecom regulator to allocate some spectrum for free for the time being, reasoning that their network had become busier for a surge in data use amid the novel coronavirus-induced ongoing lockdown.

The carriers also requested Bangladesh Telecommunication Regulatory Commission (BTRC) to exempt them from sharing revenue with the government at least for a couple of months so that they can tackle the fallout of the coronavirus.

Mobile carriers share 6.5 per cent of their gross revenue with the government.

The telecom sector is experiencing challenges similar to what all other areas of the economy are going through due to the coronavirus pandemic, according to the Association of Mobile Telecom Operators of Bangladesh (AMTOB).

Mobile carriers are already observing trends in usage patterns that may leave a dent on their overall revenue, it said.

Last week carriers slashed data pack tariffs by up to 50 per cent following a request from the telecom regulator, which has resulted in data usage growth of around 20 per cent.

Although data usage is growing rapidly, data monetisation is still low for carriers, said SM Farhad, secretary-general of the association.

Over the last couple of days, voice calls have dropped by up to 20 per cent. This is particularly worrying, Farhad said.

"Mobile operators have discussed the matter with the commission but we have said that the BTRC does not have the authority to come up with a decision like it," said Md Jahurul Haque, chairman of the regulatory body, regarding the demand on revenue sharing waiver request.

"Their expectations are not unrealistic," he told The Daily Star.

Haque suggested that the carriers discuss the matter with policymakers. "In my personal view, only the prime minister can give a decision about it."

The BTRC, according to Haque, can do two things -- give some time to the operators to share the revenue and allow the revenue to be paid in installments.

Operators have sought 5 megahertz of spectrum from the 2100 band as customers are consuming at least 20 per cent more data in recent times.

The commission has the authority to allocate spectrum on credit but the operators will have to pay the price in line with the rate that has been determined by auction, the BTRC chief said.

"It is true that spectrum price is higher in Bangladesh but we have nothing to do with it. Only the government has the authority to revise it or give it to someone for free," Haque added.

The total number of mobile phone top-ups through retail channels has declined by around 20 per cent due to people limiting their movements, Farhad said.

Although telecom has been declared an emergency service during this crisis period, law enforcement agencies are imposing restrictions on top-up shops in some places as part of the nationwide lockdown and this is maybe due to the ignorance about the government directives, he said.

"These obstacles are hampering our retail operations, especially the top-up or recharge services."

The operators urged the law enforcers to extend their cooperation for the smooth functioning of the top-up stores and other recharge outlets.

Mobile operators are encouraging customers to avail top-ups through other options such as mobile financial services, electronic money transfers and mobile applications.

Banks asked not to charge late fees for credit cards

Star Business Report

Bangladesh Bank yesterday asked lenders not to impose any late payment fees on credit cardholders, who are finding it difficult to clear the bills due to the ongoing movement restriction and short banking hours.

Lenders have also been asked to refund clients who paid late payment fees on credit card bills from March 15 onwards, according to a notice from the central bank.

Besides, no form of penal interest will be imposed on credit cardholders in case of failure to pay an instalment on time.

These instructions will remain in place until May 31.

In a separate move, the Bangladesh Bank instructed lenders to set a 5 per cent maximum margin when opening letters of credit for the import of baby food.

BB took this step in fears that there may be a shortage for the product both at locally and globally due to the ongoing coronavirus pandemic.

Therefore, banks were told to take adequate measures to ensure the availability of baby food at local markets.

Lenders have been asked to abide by these instructions until June 30.