



TAMING CORONAVIRUS RAMPAGE

It's a good package, but its delivery holds the key



ZAHID HUSSAIN

This is a good package committing 2.5 percent of GDP to keep businesses in industry and services afloat with a particular focus on protecting employment and labour income. As usual, the devil is always in the details. Businesses will get working capital loans from banks at subsidised interest rates. The subsidy is higher for MSMEs and rightly so. Banks will provide the loans from their own funds, thus bearing the risk of default except for the pre-shipment export refinance scheme. It is upon the banks to make sure that the known willful defaulters do not prey on these funds and upon the Bangladesh Bank to make sure that banks have the liquidity to make these loans.

The ball is now in BB's court. It has to quickly work out the guidelines on how these loans should be provided. Since payroll support is central, BB should think about using these loans to support a payroll larger than the Tk 55,000 crore so far committed—Tk 30,000 crore for firms in industry and services, Tk 20,000 crore for MSMEs and Tk 5,000 crore for directly export oriented industries. One option is to provide the concessional loans on a "matching fund" basis. Suppose a firm needs Tk 10 crore to maintain its pre-Covid-19 payroll. The bank could provide such a firm, say Tk 5 crore from this facility provided the firm pays the

remaining Tk 5 crore from its own savings. The matching ratio from the concessional loan window can be higher for MSMEs, say 90 percent, than for large enterprises, say 50 to 60 percent.

Businesses need to be much more responsible in order to deserve help from the public purse. It is not responsible business behaviour to make hundreds of migrant workers walk back from their

However, the budgetary allocations have not been specified. The needs in this sector are vast and most immediate. The delivery challenges are also much more complex.

We must keep in mind that supporting the extremely poor is actually an essential part of the pandemic mitigation efforts. Social distancing and lockdowns are nearly impossible in homes and neighborhoods that are often crowded and communal by

personnel are likely to be overwhelmed, payroll support and cash transfers will struggle to reach those working in the informal sectors and businesses will struggle to cope with cash flow disruptions. Where work has dried up due to pandemic mitigation measures, government and various non-governmental organisations must come out to help in supplementing lost livelihoods.

Thinking out of the box is at a premium now. A crowd-funding platform such as 'Milap' in India has opened a window for daily wage earners affected by Covid-19. Initiatives such as this from trusted individuals and institutions will unleash small contributions from a large number which could complement the assistance provided through the revamped and retrofitted public social protection system. Direct cash transfers and food security measures in urban and rural areas are needed right away to provide relief to millions of poor people hit by a nationwide coronavirus pandemic mitigation effort.

The crisis response raises some difficult policy questions. It will add to debt and money supply. It will call into question certain public economic policies and programmes, such as the mega projects and the single digit interest rate as rightly mentioned by the prime minister, and how they are managed. Now is not the time to deal with these issues. Now is the time to demonstrate that we are capable of taking risks and bold action in favour of protecting lives of all and livelihoods of those who are most at risk. Let's make sure that our actions in support of the poorest uphold our compassion and break out of orthodox economic worries.

The author is an economist



People stay in close proximity with each other to maintain a queue while waiting for daily essentials at reduced rates offered through the government's "Open Market Sale" truck near Mugda General Hospital in the capital yesterday.

SK ENAMUL HAQ

villages far away from Dhaka only to find out that the owners have decided to extend the factory closure dates.

The honorable prime minister has promised various types of support for the poor and the vulnerable. They include the daily labourers, informal sector workers, elderly and distressed females. The support will come in the form of cash transfers, free food, subsidised OMS rice and free housing for the homeless.

design. We may not be able to minimise these challenges, but we can reduce the human and economic toll by ensuring that lack of timely and adequate finance does not undermine the mitigation measures by forcing these population to be haphazardly out on the streets seeking livelihood support because they have no other option.

Dealing with the impact of Covid-19 pandemic is an unprecedented challenge. Hospitals, tertiary care facilities and

ISPs demand Tk 610cr in aid

STAR BUSINESS REPORT

The Internet Service Providers Association of Bangladesh (ISPAB) has demanded Tk 610 crore from the government to ensure the industry's survival from the ongoing coronavirus pandemic.

In a letter to Telecom Minister Mustafa Jabbar issued on Saturday, the ISPAB urged the government to help pay the staff wages and office rent of member companies for the next six months, according to ISPAB President Aminul Hakim.

Around Tk 800 crore will be required to pay employees over the next six months but the ISPAB will allocate only Tk 400 crore from their total demand for that purpose.

The remaining Tk 210 crore will be set aside for office rent, Hakim told The Daily Star yesterday.

"At least one third of our business has gone away as corporate houses have disconnected their connections on a massive scale," Hakim said.

Besides, the service providers have been unable to collect bills from private users due to the current lockdown.

"My company has collected hardly 20 per cent of its dues because most people say they will pay later. If we deny their request, they opt to discontinue their connections," he added.

The ISPAB prepared their demands after collecting cost estimations from 72 nationwide, 100 zonal and 572 local ISPs.

Currently, there are 2,500 ISPs in operation, employing about two lakh individuals throughout the country.

The ISPAB also demanded the withdrawal of VAT on internet services and the suspension of revenue sharing with Bangladesh Telecommunication Regulatory Commission (BTRC).

People in Bangladesh annually spend about Tk 10,000 crore behind internet services.

There are nearly one crore active broadband connections in the country at the moment. Two thirds of this business comes from corporate connections while the data connections of banks and other financial institutions make up the rest.

Since these corporate houses and financial institutions are now closed or operating on a limited scale due to the nationwide general holiday, the ISP industry is suffering, Hakim said.



Concentrate more on keeping food prices low

CPD urges NBR in its budget proposals

STAR BUSINESS DESK

Keeping food prices low should be seen as a strategic objective of the National Board of Revenue (NBR) during the preparation of the next national budget, the Centre for Policy Dialogue (CPD) suggested in its budget proposal.

Food security of low-income people during the period of uncertainties of the coronavirus outbreak should be seen with utmost importance, the think-tank said.

Reduction of import related tariffs on essential food items should be considered on a dynamic of basis based on the evolving market conditions in terms of price, supply situation and projections about production, it said.

Every effort should be taken to create fiscal space by taking appropriate measures to deal with tax evasion, tax avoidance and illicit financial outflows, as the government is under immense pressure to pursue an expansionary fiscal-budgetary stance, according to CPD.

Maximum effort should be deployed to raise efficiency of the tax administration and efficacy of tools.

The NBR will need to raise its institutional capacity and enforcement ability through reforms and concrete actions on the ground.

For the upcoming budget, a viable completion timeline should be chalked out for reforms which are

already under consideration, the CPD said.

Broader use of technology may bring forth some uptick in revenue mobilisation efficiency. The CPD urged the NBR to introduce an e-TDS system to this end.

This system will enable the NBR to

in order to ensure effective implementation and augment revenue.

The NBR should eliminate all hurdles with regard to registration and getting BINs, updating information, installation of devices and submission of returns.

comprehensive online payment system for VAT, income tax and customs together with an interface with iBAS++.

The revenue board must be restrained from all ad-hoc provisions of tax incentives. It needs to be selective in the next fiscal year as more

Financing of Terrorism, which are scheduled to be implemented by June 2021.

The NBR should emphasise the need for a comprehensive database on expatriates working in Bangladesh. Their income and outward remittance must be included in the database to address the issue of wide-ranging tax evasion, the CPD said.

To this end, the NBR, special branch of police, National Security Intelligence, Bangladesh Investment Development Authority, Bangladesh Export Processing Zones Authority and NGO Affairs Bureau must devise a collaborative mechanism to cope with the problem, it said.

The NBR may consider waiver of VAT at the domestic stage for the March-June period this year for the agro-based industries, which were affected the most due to the spread of the coronavirus.

It may also introduce facilities allowing deferred payment of quarterly advance income taxes until June this year and payment of corporate taxes for fiscal year 2019-20 by instalments until March, 2021.

These waivers could be continued in fiscal year 2020's budget, the CPD said.

"Besides, companies which are in loss-making position during fiscal year 2019-20 may be allowed to 'carry back losses' against the taxable profits for the two previous years: fiscal year 2017-18 and fiscal year

2018-19."

Farmers producing perishable goods were affected by a drop in sales, low market price and disruptions in the movement of goods to wholesale markets, the CPD said.

There is limited scope to address the challenges faced by these farmers through fiscal measures, it said. "Best way to go will be to provide them with low-interest credit facility before the next planting season."

The NBR may consider following a 'go slow' policy with regard to incentivising labour-displacing mechanisation, the CPD suggested.

Further reduction of duties at import stage for agricultural machineries should be stalled perhaps until fiscal year 2021-22.

Similarly, disbursement of credit at subsidised rate to farmers for agricultural mechanisation should be slowed down in the next one year, the think-tank recommended.

Manufacturing enterprises are being affected differently and in different degrees depending on type of the activities, size and locations. Most are being adversely affected because of disruptions in the supply chains and demand depression.

The CPD believes the coverage of the Tk 5,000 crore package for export-oriented industries should be broad-based and it should include enterprises exporting below 80 per cent of their production.

Bangladesh's chance to prove it has gone digital

Robi CEO says

STAR BUSINESS REPORT

People who even a few months ago had little interest in digital services are now increasingly availing those for movements being limited to their homes, said Mahtab Uddin Ahmed, managing director and chief executive officer of Robi.

Coming on Facebook live on Saturday evening to exchange views with customers, he said this was Bangladesh's chance to prove to the world that it had gone digital and it should not let this opportunity go by.

He said definitely Covid-19 has badly affected the country's overall economy as well as that of the world but the pandemic had also brought some positive impacts.

"Online activity has increased as people are trying to avail the services from online platforms which is a positive side of the coronavirus situation amid all the negative impacts of the epidemic," said Ahmed, also the president of the Association of Mobile Telecom



Mahtab Uddin Ahmed

Operators of Bangladesh (AMTOB).

Facebook streaming and use of YouTube has also increased tremendously in the country and people are also working from their homes, which also helped bring a surge to data usage growth, said Ahmed.

"But most importantly people who were not interested in using digital

services in other times are also now trying to access online banking, pay their bills through online platforms and also use the mobile financial services to run their regular activities smoothly."

People are conducting meetings online and students attending online classes while entertainment is also onboard through the internet, he said.

Ahmed said e-commerce should have taken this opportunity to have grown in the country but maybe their supply chain has broken down and that was why they cannot take this opportunity.

He said the increase in online activity has prompted them to drastically reduce data prices and redesign their packages keeping in mind that people are stuck at home and dependent on mobile data for entertainment and students' educational activities.

"Alongside Robi, other operators too have reduced data prices but this in turn also causes revenue losses for the mobile carriers," Ahmed added.



BASHUNDHARA GROUP

Bashundhara Group Managing Director Sayem Sobhan Anvir and Vice Chairman Safwan Sobhan Tasvir hand over medical and food supplies to Chief of Naval Staff Admiral Aurangzeb Chowdhury at the Naval Headquarters in Dhaka on Sunday. The supplies include 50,000 masks, 500 personal protective equipment and 700 packets of food.