

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX			MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
Closed	Closed	Gold 	Oil 	▼ 1.51%	▼ 2.33%	▼ 0.16%	▼ 0.49%	BUY TK 83.95	90.72	103.76	11.76
		\$1,713.90 (per ounce)	\$31.64 (per barrel)	30,690.02	19,043.40	2,567.25	2,783.05	SELL TK 84.95	94.52	107.56	12.36



আপনার নিরাপত্তাই
আমাদের অগ্রাধিকার

ব্যংকিং হোক ঘরে বসেই

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- ক্রেডিট কার্ডের বিল প্রদান
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BUSINESS

DHAKA TUESDAY APRIL 14, 2020, BAISHAKH 1, 1427 BS starbusiness@thedailystar.net

TAMING CORONAVIRUS RAMPAGE

Direct cash transfer for 1.5cr poor during Ramadan

REJAUL KARIM BYRON

The government is set to transfer Tk 2,000 in cash to each of about 40 lakh families whose breadwinners have lost jobs because of lockdown, as part of its efforts to keep the most vulnerable segment of the society at home to tackle the deadly virus.

The latest scheme will cover 1.5 crore population, said a finance ministry source.

The government has allocated Tk 760 crore for this group of people, which includes day labourers, rickshaw or van-pullers, mechanics, construction workers, newspaper hawkers, hotel workers, said Prime Minister Sheikh Hasina in her address to the nation last evening.

An order has been given to prepare a list of beneficiaries and their bank account numbers. Once the list is drawn up, the

one-off cash will be sent to their accounts directly, the prime minister said.

The city corporations and district administrations have already started preparing the list, the source said.

The government plans to disburse the fund during Ramadan, which starts in the last week of April.

It would be later decided whether the cash would be transferred through bank accounts or mobile financial service as many of them don't have bank accounts, the source added.

The World Bank on Sunday also suggested a similar move to help the poor and those working in the informal sector to tide over the desperate situation.

A large number of people have already lost their jobs due to the ongoing economic fallout from the coronavirus pandemic.

At least 4-5 crore people are struggling to survive their life due to the food shortage, said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, on Sunday.

Without minimum social assistance, the vulnerable and those who live a hand-to-mouth existence will have no choice but to defy orders, said Zahid Hussain, former lead economist at the World Bank's Dhaka office, earlier.

The lockdown, which would continue at least until April 25, has brought all economic activities to a halt and shut offices, businesses and industries and suspended transport movement.

Bangladesh has announced various stimulus packages worth Tk 95,619 crore, which is 3.3 per cent of the GDP, the prime minister also said.

“We don't know how long this crisis will

last and how it will harm our economy,” she said.

The import and export sectors have started to feel the heat of the pandemic. Most of the migrant workers were rendered jobless because of the lethal pathogen. This has stagnated remittance flow, according to the prime minister.

“We are not outside of the global system. The blow stemming from the global economic recession has become a major cause for concern for our economy too.”

All agriculture-related ministries have been given instructions to accelerate farm production so that no food shortage emerges in the coming days.

“We have taken steps so that there is no shortage of seeds, fertilisers, pesticides and other agriculture inputs and to take them to the farmers on time,” she added.

Three more stimulus package guidelines arrive

STAR BUSINESS REPORT

The central bank yesterday published guidelines to allow banks to get down to implement the government's stimulus packages to the agriculture sector, the cottage, micro, small and medium enterprises and export-oriented firms.

On April 5, Prime Minister Sheikh Hasina unveiled a Tk 20,000 crore package for the cottage, micro, small and medium enterprises (CMSME).

She also announced that the Bangladesh Bank will introduce a new loan facility system titled pre-shipment Credit Refinance Scheme involving Tk 5,000 crore.

On Sunday, the prime minister announced a new stimulus package of Tk 5,000 crore for small and medium farmers.

This led the BB to publish three separate guidelines on the three packages yesterday for the implementation of the schemes.

From the Tk 20,000-crore working capital loans for the cottage, micro, small and medium enterprises (CMSMEs), commercial banks will provide the credit from their own resources to the industries or business entities concerned on the basis of bank-client relationship.

The working capital will be given at 9 per cent interest rate. Of the interest rate, 4 per cent will be borne by the borrowers and 5 per cent by the government, according to one guideline.

A bank or financial institution will be able to disburse a maximum 10 per cent of their outstanding loans as of December 31 last year in the CMSME sector in a single fiscal year under the package.

Banks and financial institutions would inform the SME and Special Programmes Department of the central bank about their respective ceiling within three months.

If needed, the BB can increase or decrease the ceiling in order to cover as many entrepreneurs as possible, the guideline said.

The lenders would not get the subsidy for the amount of loans or investments that cross the ceiling.

Manufacturing and services subsectors would get priority under the package. Business and trade-based micro and small firms would also be eligible.

Manufacturing, services and trade-based firms would receive respectively 50 per cent, 30 per cent and 20 per cent of the annual loans.

At least 15 per cent of the loans will have to be given to the borrowers based in rural areas. At least 5 per cent of the loans will go to women entrepreneurs.

Cottage, micro and small industries will account for at least 70 per cent of the loans and the rest will go to medium enterprises.

The tenure of the package will be three years. A single firm will be able to receive the subsidised loan for only one year.

The pre-shipment credit refinance scheme is aimed at helping local exporters continue to ship products.

The tenure of the scheme is three years and the fund will be a revolving one, another guideline said.

Banks will borrow money from the funds at 3 per cent interest rate and can charge the end-borrowers a maximum 6 per cent.

A maximum of 10 per cent of the commercial invoice value of exported consignment will be eligible for the scheme.

A single client may use the facility multiple times but they have to be availed in a single year.

The BB published also guideline on the stimulus package dedicated to small and medium businesses and entrepreneurs in the farm sector.

The affected clients of banks can receive an additional 20 per cent of their existing credit ceiling under the scheme.

In case of new borrowers, banks will fix the credit ceiling through scrutiny. Loans taken under the scheme can't be used to adjust the old credit of the clients.

The tenure for the loans will be 18 months, including a grace period of six months at both banks and clients' ends.

Banks will borrow from the refinancing scheme at 1 per cent interest rate, which they will lend at 4 per cent.

Give Tk 30,000cr in cash to poor, get six times more benefit

Suggests the CPD

STAR BUSINESS REPORT

The Centre for Policy Dialogue (CPD) yesterday suggested the government provide Tk 30,000 crore in direct cash transfer to 1.9 crore poor and vulnerable families to save them from hunger during the shutdown.

The civil society think-tank proposed Tk 8,000 to each of the households for two months, a move that will create domestic demand for goods and services of Tk 186,500 crore in the economy, stimulating local small business activities.

“This will also be an indirect stimulus for the large businesses involved in the supply of essential commodities,” said CPD Senior Research Fellow Towfique Islam Khan while placing the proposal during a virtual media briefing.

Chances of the economy overheating due to the new cash injection is low, he said.

The think-tank organised the briefing to present its initial assessment of the government's interventions and proposals for food and income security of the marginalised people.

The recommendations came at a time when the cries of the poor and the vulnerable are getting louder and their queue to get rice at Tk 10 a kilogram becoming longer.

The proposal to provide Tk 30,000 crore in support is not more than the money the government has committed for the large industries.

“This support is necessary to protect the poor and the vulnerable and steps should be taken now,” said CPD Executive Director Fahmida Khatun.

The think-tank proposed providing the

cash support on a weekly basis so that errors in listing could be corrected in case those who are not eligible get listed.

The cash transfer to the families will cover 7.5 crore out of 16.6 crore population based on the latest Labour Force Survey

cent of the total employed population and they are among the most vulnerable.

“It is widely acknowledged that the lockdown's strategy will only be successful if the state is able to protect its lower income population from hunger and provide food

and avoid selection bias concerning beneficiaries.

Therefore, the list of programme beneficiaries must be published through websites with other key details, including addresses and phone numbers.

For the maximum utilisation of the support measures for the social safety net programme beneficiaries, a strong effort from non-government organisations and local bodies is needed to make the selection and distribution transparent.

The government must devise a strategy in collaboration with entrepreneurs and labour leaders to ensure production of food and processed and manufactured items such as food products, medicines and medical equipment by selectively keeping factories and enterprises open.

“Health precautions and safety measures must be ensured in this regard.”

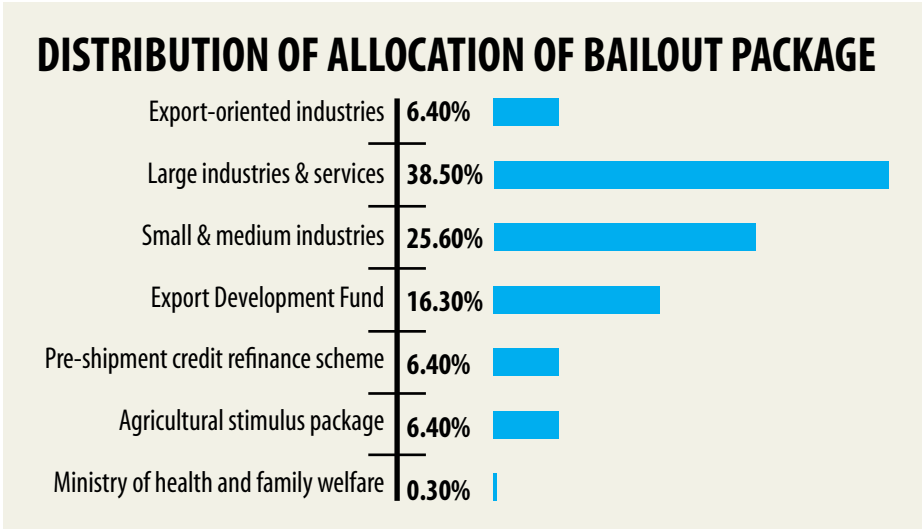
It is also critical to assess the stock of import-dependent essential commodities and accordingly prepare back-up plans on imports in the near future.

The government will also need to engage with South Asian regional leaders and global leaders to avoid restrictions on the trade of essential commodities, the CPD said.

The government will also need to pursue a more expansionary fiscal approach to boost domestic demand.

To ease pressure on public expenditure, the government needs to identify the expenses that can be deferred. Loans and recapitalisation to state-owned enterprises should be de-prioritised, it said.

CPD Distinguished Fellow Mustafizur Rahman and Research Director Khondaker Golam Moazzem also took part in the briefing.



2016-17 data.

The CPD considered day labourers, employees who get payment on a daily or weekly basis and the self-employed for the support and excluded employers and salaried population.

The largest industries that are relatively more capable of dealing with the shocks are getting the greatest support, it said.

“There is no direct transfer of funds from the government to the workers. There is no explicit allocation made for the vulnerable groups who are the farthest behind and will be the hardest hit by the pandemic.”

The informal sector accounts for 85 per

security to them.”

According to the CPD, 18.9 per cent of the 1.90 crore households live in urban areas.

If the 1.90 crore families could not be covered, the civil society body offers a second proposal: providing cash to 1.70 crore households covering 6.84 crore of the population.

It would cost the country 0.9-1.0 per cent of the GDP.

To avoid corruption and leakages in the proposed programme, it suggested that an in-built technology-induced mechanism be put in place to ensure minimum leakages

With great anxiety, bank staff come to work every day

AKM ZAMIR UDDIN

In the first 10 working days of every month, the Agrabad branch of state-run Sonali has to give financial services to at least 2,000 to 3,000 clients, some of whom are pensioners or beneficiaries of the government's social safety net schemes.

The branch has to give the same services to at least 1,000 clients on the remaining working days of the month.

And the number of clients has even not decreased during the ongoing shutdown enforced to contain the spread of coronavirus.

“Rather, the branch staff have faced a tremendous rush of clients in recent days as the central bank has order shorter transaction hours of 10 am to 12.30 pm,” said a senior official of the bank requesting anonymity to speak candidly on the matter.

Banks earlier did the same transaction until 4 pm.

“There's a rush of clients now. This makes maintaining social distance in the branch premises tough,” he added.

Sonali, the country's largest bank in terms of its banking volume, has 1,224 branches across the country, and all are open.

The lender provides 37 types of financial services under the government social safety net

and other programmes.

Asked whether the bank management supplied personal protective equipment (PPE) to their employees, he said only those who handle cash got it.

Sonali's cash officials are luckier than the staff of other banks as only a few got the protective suit.

But as per the Bangladesh Bank's instruction, banks have supplied masks, gloves and hand sanitisers to their employees.

“PPEs should be provided on a priority basis,” said Syed Mahbubur Rahman, an immediate past chairman of the Association of Bankers, Bangladesh, a forum of the private banks.

There are about 11,000 branches of 60 banks operating in the country, of which nearly 50 per cent are open to help keep the wheels of the economy moving.

An official of Southeast Bank's Dhanmondi branch said at least 30-40 customers now gather in front cash counters when normally 10-15 would come at once.

The central bank should extend the window for cash-related transactions to avoid the mad rush, he said.

Clients should play their due responsibility as many of them are not using debit cards, said Rahman, also the managing director of

Mutual Trust Bank.

“Rather, they send their gatekeepers and drivers to the banks to withdraw money by using cheques. They now use a cheque to withdraw only Tk 10,000-15,000, which is

illogical,” he added.

Another reason many banks have kept all their branches open is that not all lenders have introduced online banking.

One such lender is Bangladesh Krishi Bank,



AMRAN HOSSAIN

Snaking customers queue outside a bank branch in Dhaka yesterday.

which opens all 1,038 branches every day amid the movement control order.

Bank branches in lockdown areas are also open, creating a risky situation for the employees. Dhaka Metropolitan Police has put about 54 areas under lockdown, while the respective local administrations took the same measures for at least 31 districts.

More than one dozen employees of 10 banks have so far tested positive for COVID-19. The number of infected employees will increase drastically if safety measures are not taken promptly, said a private bank employee.

Not all of them have their own transport and have to rely on public transport to get to work. This leaves them exposed to the lethal pathogen that thrives on hard surfaces.

Only a few have provided transport facilities to their employees, said a good number of officials of different banks.

Factoring in the risks on their lives, the BB yesterday instructed banks to provide an incentive to those who are working during the shutdown.

Bankers will get a month's basic salary as a special incentive if they work at least 10 days during the shutdown, while contractual staffs will enjoy 65 per cent of their salaries.

The special incentive will range from a minimum of Tk 30,000 and a maximum of Tk 100,000 a month during the lockdown.