STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES STANDARD CHARTERED BANK				
DSEX	CSCX	Gold ▼	Oil ▼	MUMBAI	TOKYO	SINGAPORE	SHANGHAI		৳USD	€EUR	£GBP	¥CNY
Closed	Closed	$1,751.60 (per ounce)	$36.17 (per barrel)	▼ 2.06%	▼ 0.79%	▲ 0.75%	▲ 0.51%	BUY TK	83.95	90.82	102.06	11.66
				30,818.61	20,595.15	2,561.94	2,883.74	SELL TK	84.95	94.62	105.86	12.26

Star BUSINESS

DHAKA THURSDAY MAY 21, 2020, *JAISHTHA 7, 1427 BS* ● starbusiness@thedailystar.net

TAMING CORONAVIRUS RAMPAGE

Needed: stimulus packages worth 6pc of GDP

Tk 10,085cr needed per month to support poor, new poor, finds survey

STAR BUSINESS REPORT

Bangladesh needs to spend Tk 10,085 crore per month to support the poor and the newly poor struggling to survive amid the coronavirus pandemic, suggested a new study.

Due to the income shock emanating from the pandemic, 77.2 per cent of the vulnerable non-poor fell below the poverty line, said the survey report styled "Livelihoods, Coping, and Support during COVID-19 Crisis".

This would imply that beyond the 20.5 per cent of the population officially recognised as poor there is a group of 'new poor' representing an additional 22.9 per cent of the population that needed to be brought within the discussion on poverty.

In reality, this percentage would be somewhat greater because even a portion of the households above the median income also fell into poverty.

"Providing assistance to such a large number of people within a short time efficiently and effectively will be a critical question," said the survey report, which had a sample size of 5,471 households evenly split between rural and urban areas.

The Power and Participation Research Centre (PPRC) and the Brac Institute for Governance and Development (BIGD) concluded the telephonic rapid response research project on the economic impact of the pandemic.

Hossain Zillur Rahman, executive chairman of the PPRC, and Imran Matin, executive director of the BIGD, shared the findings of the research at a virtual discussion.

All indicators of vulnerability indicate that the urban poor has been more severely impacted by the crisis.

This is particularly an area of concern because social protection programmes in Bangladesh has mainly focused on the rural poor, it added.

As per the study, the country would require more than Tk 33,000 crore to support the poor and new poor for three months.

"And this is quite a big amount of money," said Shamsul Alam, a member of the General Economics Division of the planning ministry.

Almost half the population needs entitlement support, said SR Osmani, professor of development economics at Ulster University.

"They have to be supported for quite a long time."

Bangladesh would require almost 4 per cent of GDP to support the people for three months. The stimulus packages that the government has announced amount to about 4 per cent of GDP.

"But a huge part of the packages is actually loans that have to be repaid," Osmani said, adding that the actual fiscal cost of the stimulus packages announced would not be more than half a percentage of GDP as most of the costs to be incurred by the government are interest subsidies.

Those packages should be raised to 1 per cent of GDP.

Another 1 per cent of GDP should be needed for the healthcare system.

So, altogether, Bangladesh needs to put in place a support measure amounting to 6 per cent of GDP, according to Osmani.

"If you want to manage the health crisis properly and want to reopen the economy safely, you must have complete support for half of the population for nearly three to four months. If people don't get support, they will stop staying at home. If they start going back to work prematurely, the health crisis would worsen. Then you will have to need to impose restrictions again," he added.

The incentive packages that the government has announced are largely being offered through the banking mechanism as subsidised loans, said Rehman Sobhan, chairman of the Centre for Policy Dialogue.

How far this is going to translate into actual productive activity and feed into responding to some of the consumption and saving needs of the beneficiaries is an open question.

"It will put the entire risk of the incentive package on the already very vulnerable banking system with high degrees of default and financial indiscipline," Sobhan added.

Naila Kabeer, professor of gender and development at the Gender Institute, London School of Economics and Political Science, and Asif Saleh, executive director of the Brac Bangladesh, also spoke.

PPRC-BIGD Rapid Response Survey

By the numbers

- **75**pc urban, **62**pc rural respondents suffered income drop
- Income shock leads to **28**pc cut in food expenditure by urban respondents and **22**pc by rural respondents
- **77**pc vulnerable non-poor group fell below poverty line
- New poor **22.9**pc of population
- Total poor and new poor **7**cr
- Total support required Tk **10,948**cr per month

New deadline for setting up sales registers would be in budget speech

SOHEL PARVEZ

It's been almost three years since the revenue authority decided to set up the electronic fiscal device (EFD), a sales register, at shops to monitor the transactions to curb the scope of evasion of value-added tax, the biggest source of revenue for the state coffer.

Now, the National Board of Revenue (NBR) says it is ready but the pandemic has emerged as a new stumbling block for its installation.

The plan was to set up the devices in February and launch it marking the Mujib Year, said Md Jamal Hossain, member for VAT implementation at the NBR.

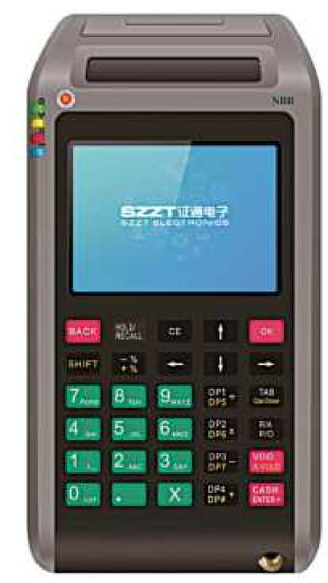
The Mujib Year runs from March 17 this year to March 26 next year to celebrate the birth centenary of the Father of the Nation.

But the plan was put on hold for the outbreak of coronavirus in Bangladesh in March.

Now, the NBR has to play a waiting game for when the situation becomes normal to install the devices, he said.

The board first decided to enforce its rule on the use of electronic cash registers (ECR) by the relatively larger shops in 2008. But the move fell through amid poor compliance and enforcement by field offices of VAT.

One of the major shortcomings behind the failure of the ECR venture was that the NBR had no server connected to the ECRs at the retail level to ensure that sales receipts were issued through the devices and records were not erased.



The revenue authority later decided to provide EFDs and sales data controllers (SDCs) to 25 types of businesses, including shops, hotels, restaurants, sweets stores, clothing, furniture and electronics outlets and jewellers.

The EFDs and SDCs will be connected to a central server at the NBR and generate real-time data of sales, reducing the scope for evasion -- which is rampant.

The NBR approved the purchase 100,000 EFDs for Tk 316 crore at the beginning of this fiscal year from a consortium of Shenzhen-based SZZT Electronics and local Synesis IT.

The consortium was initially asked to supply 10,000 EFDs and has already brought 3,000 EFDs.

The devices are ready for installation, said Iqbal Hasan Ferdous, general manager of Synesis IT.

"We can supply and install the devices at shops if the NBR directs us," he said, adding that the data centre is ready while software installation has been complete.

End-to-end testing has been done too, he said.

It was planned that 100 EFDs would be piloted in selected stores and businesses mainly in Dhaka to see the results before rolling out the scheme.

And some training and awareness programmes were also conducted among businesses, according to revenue officials.

But the question is whether it is the right time to approach shop operators to set up the devices when their business nose-dived and cash flow has been nil for nearly two months because of the countrywide general shutdown put in place since March 26 to slow the spread of the deadly virus.

"Businesses are suffering. We should consider their issues. Would it be wise to bother a business that is closed now?" Hossain said.

There is likely to be a disclosure about the timeframe on the installation of EFDs in the finance minister's budget speech for next fiscal year.

"We will set up the device within the Mujib Year," he said.

Bangladesh eyes FDI boom in the post-pandemic era

STAR BUSINESS REPORT

Bangladesh expects a bigger inflow of foreign direct investment in the days to come as different nations plan to relocate their factories to countries like Bangladesh to bring down cost amid a cash crunch caused by the pandemic, said Commerce Minister Tipu Munshi yesterday.

In 2019, the country saw net inflows of foreign direct investment amounting to $2.88 billion, down about 20 per cent from a year earlier, according to data from the Bangladesh Bank.

"We should remain prepared to grab the opportunity as Japan, China, Vietnam, India and Indonesia have already started moving their production lines elsewhere," Munshi said at his ministry's regular consultative meeting on investment at the secretariat in Dhaka.

Factory relocation will be even faster in the post-pandemic period, Munshi told the meeting, which was attended both in person and virtually by other ministers, lawmakers, trade body leaders and government high-ups.

China's comparative advantage in manufacturing relatively simple, low-value products like clothing and plastic goods to more advanced and lucrative pursuits like smartphones, computers and auto parts is peerless, meaning it has gone on to become the world's largest manufacturer, accounting for roughly one-sixth of global economic output.

Now, thanks to the bad diplomatic blood arising out of the outbreak of coronavirus from one of its cities many nations are seriously mulling over cutting down their reliance on China for their material needs.

And Bangladesh could grab this opportunity, just like India and Vietnam are raring to.

The Japanese embassy in Dhaka last week sent him a list of factories that want to relocate from China to Bangladesh, said Foreign Minister AK Abdul Momen.

Foreign investors often express their dissatisfaction over bureaucratic tangles that stand in the way of business operations and obtaining various licences.

"They particularly complain about the poor services at the Bangladesh Bank, the commerce ministry and the National Board of Revenue," Momen added.

The government should soon communicate with the foreign companies that want to move their factories to Bangladesh, said Salman F Rahman, private sector industry and investment adviser to the prime minister, while calling for forming a taskforce to that end.

"We should assess our competitors and offer the best investment regime to the companies interested in Bangladesh," said Sheikh Fazle Fahim, president of the Federation of Bangladesh Chambers of Commerce and Industry.

Fahim suggested offering policy and tariff support such as corporate tax incentive, tax holidays, policy consistency, and efficient and professional trade facilitation.

Job cuts and the post-pandemic losses would be offset by the new investments as fresh job opportunities will be created in the small and medium enterprises and import-substitute industries, he said.

"We have reached out to bilateral and multilateral trade organisations urging them to give Bangladesh the highest priority in the post-COVID-19 investment relocation strategies as we enjoy competitive advantages on many fronts," Fahim said.

The government should set short-, mid- and long-term goals to attract more investment, said Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association.

"We have to move beyond apparel, adopt new technologies and look for regional collaborative investment."

She went on to urge the government to launch aggressive roadshows in strategically important places to bring in more FDI.

"We need tailor-made researches and powerful content to convince the investors."

In the post-pandemic era, large investment and sizeable export would be required, she said, adding that cheap labour is unlikely to remain as a useful tool in future.

"Hence, skills and technology upgradation are necessary," she added.

Marico's product diversification march continues

Rolls out affordable beauty shampoo

AHSAN HABIB

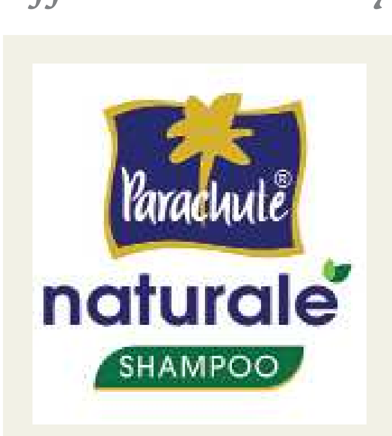
Marico Bangladesh pursuit of product diversification in the personal grooming category continues, with the fast-moving consumer goods company now rolling out a shampoo.

Called Parachute Naturale Shampoo, it comes in three variants -- nourishing care, damage repair and anti-hair fall -- in 6ml sachets and 170ml and 340ml bottles.

The sachets are priced at Tk 2, and the bottles Tk 185 and Tk 320 respectively.

"Today's consumers in the female personal care category are more aware and beauty conscious than ever. To cater to their evolving personal care needs, we announced the launch of Parachute Naturale Shampoo," said Ashish Goupal, managing director of Marico Bangladesh, in a statement.

This latest product roll-out comes as the Mumbai-based company earnestly looks to reduce its dependency on one product -- its ever-popular hair oil, the Parachute Coconut Oil -- although it has a portfolio of 25 brands in the personal care and food categories.



Parachute Coconut Oil accounted for about 65 per cent of Marico Bangladesh's revenue in its just-concluded 2019-20 financial year, down from 69 per cent from a year earlier.

This heavy dependency is weighing heavy on Marico management's mind, which is why it has been busy rolling out one product after another, hoping they would click with consumers the way the Parachute Coconut Oil has.

In February last year, it rolled out a baby product range. And in February this year, it shelled out Tk 30 crore to roll out a male grooming product line by the moniker of Studio X. The line consists of shampoo, face wash and hair gel, all made in Bangladesh.

Then last month, it launched Mediker SafeLife range of hand sanitiser and handwash.

Marico Bangladesh, whose stocks traded at Tk 1,562 on March 25, the last trading before the bourses shut for the countrywide general shutdown to flatten the curve on coronavirus, saw its profits soar 30 per cent to Tk 264 crore in the financial year that concluded in March.

Five more ports of call now for Indo-Bangladesh trade

STAR BUSINESS REPORT

Bangladesh and India yesterday added five more ports of call to its existing six and two Indo-Bangladesh Protocol (IBP) water routes -- a move that would not only allow the neighbouring country get transit facility but also boost bilateral trade.

The five new ports of call in Bangladesh that were put in the Second Addendum to the Protocol on Transit and Trade are Rajshahi, Sultanganj, Chilmari, Daudkandi and Bahadurabad, while in Indian side are Dhulian, Maia, Kolaghat, Sonamura and Jogigopha.

The inclusion of Jogigopha in India and Bahadurabad in Bangladesh as a new port of call will provide connectivity to Meghalaya, Assam and Bhutan, said the Indian High Commission in a statement.

Both sides have also agreed to introduce trade between Chilmari (Bangladesh) and Dhubri (India) through the use of shallow draft mechanised vessels.

This initiative will allow export of stone chips and other Bhutanese and North East cargo to Bangladesh and easy access for the traders to the hinterland of Bangladesh, enhancing the local economy in Bangladesh and the lower Assam region of India.

The move would help reduce transport cost in exporting bulk amount of cement to Tripura and the other north-eastern states, said Md. Shahidullah, managing director of Metrocem Cement and first vice-president of Bangladesh Cement Manufacturers Association.

About 5 per cent of the country's total cement production head out to the north-eastern states of India.

Two more extended ports of call -- Tribeli (Bandel) and Badarpur on the Indian side and Ghorasal and Muktarpur on Bangladesh side -- were added through the addendum, which is the outcome of a two-year-long discussion between the two countries' shipping ministries.

Besides, the Indo-Bangladesh Protocol (IBP) routes were increased from 8 to 10 after the Sonamura-Daudkhandi stretch of Gumti river (93 km) were added.

The new route, which will be connecting all existing IBP routes, will improve the connectivity of Tripura and its adjoining states with India, said a shipping ministry official.

The protocol, which was first signed 1972 was last renewed in 2015 for five years with a provision of its automatic renewal for another five years, giving long-term assurance to various stakeholders.

"It is expected that these additions to the protocol will greatly facilitate bilateral trade, with improved reliability and cost-effectiveness for the business community and the people of both the countries," the Indian High Commission said.

Excellent connectivity provided by the existing and the newly added protocol routes is all the more pertinent in the present COVID-19 scenario as it will be instrumental in providing an economical, faster, safer and greener mode of transport, it said.