

STOCKS	
DSEX ▲ 0.74% 3,969.58	CSCX ▲ 0.72% 6,823.28

COMMODITIES	
Gold ▼ \$1,740.53 (per ounce)	Oil ▼ \$39.25 (per barrel)

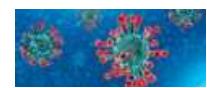
ASIAN MARKETS			
MUMBAI ▼ 1.57% 33,825.53	TOKYO ▼ 1.19% 22,325.61	SINGAPORE ▼ 2.38% 2,611.63	SHANGHAI ▼ 0.20% 2,921.40

CURRENCIES				
	\$ USD	€ EUR	£ GBP	¥ CNY
BUY TK	83.95	92.40	103.93	11.64
SELL TK	84.95	96.20	107.73	12.23



BUSINESS

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TAMING CORONAVIRUS RAMPAGE

Cries for store rent waiver grow louder

SOHEL PARVEZ

For more than two months, Motahar Hossain has been unable to run business at his two clothing retail stores in the capital's Bashundhara City as the major shopping centre has remained closed to keep the coronavirus pandemic at bay.

As a result, all eight of his employees have remained idle while no sales have been made. Hossain's business expenses to pay salaries for the staff, space rent and service charge remain a constant.

He paid salaries to his workers in full for the month of March but in April, he managed to pay only 30 per cent of their total salaries by borrowing the money from relatives. He is yet to clear the dues, including rent and service charge, for May.

In the last two months, Hossain completely missed out on the two biggest sales seasons of the year: Eid-ul-Fitr, the biggest festival for the Muslim and Pahela Baishakh, the first month of the Bengali New Year.

Even if his stores reopen after the coronavirus crisis is over, he will have the increased burden of making up for any unpaid rent and service charge.

Despite the fact that many of the other shop owners at Bashundhara City are facing similar difficulties, the authorities of the country's second-largest shopping complex are yet to

offer any form of discount or waiver on the rent or service charge.

"Frankly speaking, I do not have the capacity to pay. We wait for the Eid festival during the rest of the year to register a handsome amount of sales. But we lost that scope," said a frustrated Hossain, the proprietor of Ayesha Fashion at Bashundhara City.

Hossain has been unable to pay his rent for four months now.

This prompted the owner of his outlet to contact Hossain on several occasions during the nationwide shutdown to ask for the rent.

Hossain was left with little option other than convincing the owner to defer the payment.

He is just one of the thousands of small and medium-sized entrepreneurs who shuttered stores following the government's directive to close all businesses on March 26 in an effort to curb the spread of the coronavirus.

Bangladesh has more than 30 lakh retail and wholesale stores with Dhaka city alone being home to 2.40 lakh of those shops, according to data from the Dhaka Metropolitan Shop Owners Association (DMSOA).

Like Hossain, most shop owners depend on sales to make an income. But with the coronavirus pandemic having already taken a serious toll on the economy, many small-scale entrepreneurs have been pushed to the brink of bankruptcy.

"On the one hand, we could not sell our products. On the other, owners are demanding rent. This is really a very bad situation," said Liyakat Hossain Shobuj, proprietor of Aroush, a punjabi store at Bashundhara City.

Many stores pulled up their shutters on May 10 after the government eased some of the restrictions.

However, the authorities of



a number of well-known establishments, namely Bashundhara City, Jamuna Future Park, Gausia Market and Eastern Plaza, decided to keep their premises closed since the highly communicable disease could rapidly spread through shoppers if health guidelines are not met stringently.

Meanwhile, the markets that have already reopened have been unable to recover from their losses due to the poor customer turnout.

Considering the situation, any discount or waiver provided by mall authorities could reduce the financial pressure on shop proprietors.

However, the owners of the outlets are yet to provide any assurance of any kind as they themselves mostly depend on the rent for their incomes.

"Many owners are unwilling to consider

our problem and give us any relief. As we cannot do business because of the lockdown, owners should also bear the part of the burden to reduce the pressure on us," said Sazzadur Rahman, who runs mobile phone retail outlets at Orchard Point and Metro Shopping Mall in Dhaka.

"Many owners are pushing for rent and a number of shop operators had to make partial payments amid the pressure from owners. We want a two-month waiver for rent to overcome the dip in sales."

A number of proprietors have had to give up their businesses while new entrants will not enjoy good business at this time, Rahman said.

"Owners should offer us some respite. If the rent for a month is waived, we can at least pay salaries to our staff," he added.

A few of the space owners though are considering standing by their tenants.

"I will consider it if any of my tenants approaches me. Because, it is tough for anyone to pay three months' rent under these circumstances," said Mohd Selim, who owns several store spaces at Eastern Plaza.

"They are small shop owners and they have not received any stimulus. They need support," he added.

If the rent was waived for even a month, it could be a win-win situation for both owners and tenants, said Tasnim Alam Proshun, owner of a mobile phone retail store, Hello Enterprise, at Orchard Point.

"Ultimately, it will be the loss of owners if any shop operator quits," he said.

Md Helal Uddin, president of the National Association of Shop Owners of Bangladesh, feels that the rent issue should be settled mutually between shop owners and tenants.

"The government has not waived or reduced the electricity, water and gas bills. Part of the utility bills should be waived to help both tenants and owners."

Each retail outlet at the mall is owned by separate individuals. Therefore, the rent issue is a matter between shop owners and tenants, said Sheikh Abdul Alim, in-charge of Bashundhara City Shopping Mall.

"No decision has been taken yet regarding the payment of service charge for April and May," he added.

Mohammed Alamgir, director of Jamuna Group, the owning company of Jamuna Future Park, said his company is yet to take any decision on the service charge and rent.

"The micro, small and medium enterprises (MSMEs) should be given support because 60 per cent would be out of business if they remain inactive for a long time due to the lockdown," said Atiur Rahman, a former governor of the central bank at a virtual discussion on Monday.



Credit growth plunges to 12-year low

AKM ZAMIR UDDIN

As more and more economic data trickle in of the past few months, we are getting a more accurate barometer of the sweeping pall of pessimism that has enshrouded the economy.

Take the case of private sector credit growth, which nosedived to 8.86 per cent in March, the lowest since December 2008, indicating the businesses' overly glum outlook.

The first confirmed cases of COVID-19 in Bangladesh were announced on March 8 and 22 days later the government enforced a stay-at-home order to flatten the curve on the rogue virus that has upended lives and livelihoods like no other.

The credit growth had been maintaining a downward trend for the last two years but the fall in March was relatively steeper compared with the previous months.

March's figure is also lower than the 9.13 per cent reported in February.

Credit flow to the private sector

stood at Tk 10,66,474 crore as of March, according to data from the Bangladesh Bank.

Private sector credit growth is supposed to have declined in April and May to a large extent as most economic activities were on pause until May 30, said a central bank official.

Operations of all factories, industries and services across the country were largely suspended during the time.

The Bangladesh Bank will disclose the credit growth figure for April within a day or two.

"There is no demand for fresh investment at this moment as both the local and global economies are going through a tough situation," said Zahid Hussain, a former lead economist of the World Bank's Dhaka office.

And this was reflected in the private sector credit growth in March.

The falling trend in the credit growth could be slowed once businesses begin to receive funds smoothly from the stimulus funds unveiled by the central bank, he said.

Private sector credit growth so far this fiscal year
(in %); SOURCE: BB



"But the economy will not rebound unless people become confident about the government's initiatives to improve the health sector."

E-commerce and businesses that produce medical products like mask, personal protective equipment and hygiene items will get a boost during the pandemic.

The enterprises making these products should be extended all types of cooperation, including financial support, as it will make the economy vibrant to a certain

level, Hussain added.

"There is no possibility that the private sector credit growth would accelerate until the world gets a vaccine to fight against the coronavirus," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

Contraction of private sector credit growth means unemployment would rise alarmingly and the country would have to face the consequence in the days ahead.

Besides, the private sector has been facing various problems for a long time and this has been reflected in the credit growth, said Mansur, also a former official of the International Monetary Fund.

Government borrowing from the banking sector has been growing since the beginning of the fiscal year, which can potentially crowd out private sector investment.

The government should avoid borrowing from scheduled banks as this would harm the private sector, he said.

Both the central bank and the government should start working on mitigating problems so that the private sector can make a turnaround in the quickest possible in keeping with a global recovery.

The government will have to take initiatives to improve the country's ranking in the index of the ease of doing business and to iron out bureaucratic tangles in the interest of the private sector.

"This will help the economy recover at a faster pace," Mansur added.

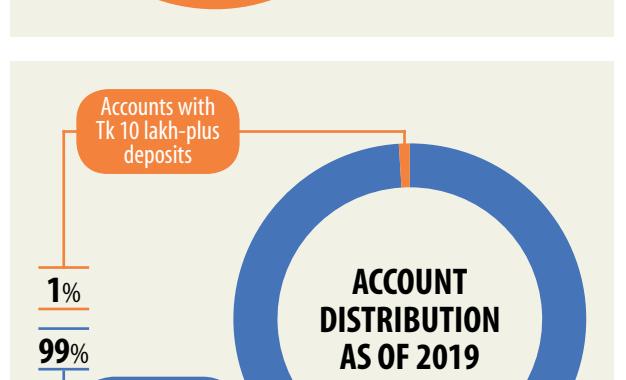
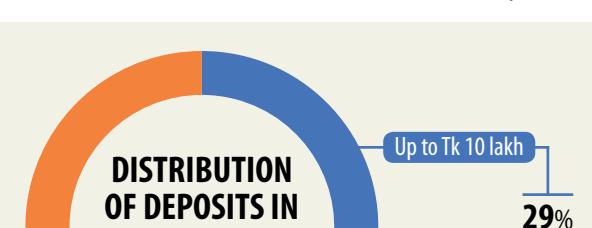
Govt mulling over eating the rich

Hike in excise duty on big account balances in the works

SOHEL PARVEZ

The government may increase excise duty on big-ticket account balances in banks in its bid to collect more taxes from relatively well-offs to attain increased revenue collection target for next fiscal year and take the economy on the path of recovery from the COVID-19-induced slowdown.

Account holders who have bank balances of more than Tk 10 lakh at any time of the year irrespective of debit or credit may see up to 20 per cent hike in excise duty from fiscal 2020-21, said officials of the finance ministry.



Currently, account holders with bank balances exceeding Tk 10 lakh but less than Tk 1 crore any time during a year face a Tk 2,500 deduction as excise duty by banks in line with the government rules.

The rate of excise duty goes up to Tk 12,000 per account in case debit or credit balances in the account exceeds Tk 5 crore any moment, according to the NBR.

The excise duty goes up to Tk 25,000 per account in case debit or credit balances in the account exceeds Tk 5 crore any moment, according to the NBR.

However, small ticket account holders, who have up to Tk 1 lakh balance at any time during a year, are exempted from excise duty. Account holders with a balance between Tk 1 lakh and Tk 5 lakh have to pay Tk 150 excise duty a year.

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a cheaper version of its already low-cost sanitary napkin brand Femina.

"We are doing this so that people stay with us even after their reduced purchasing capacity," Zaman said.

Another such initiative to hook customers is Marico Bangladesh's rollout of hand wash and hand sanitiser through the Mediker SafeLife range under a "no profit" commitment for the first six months.

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