Govt seeks $500m WB fund to implement budget

STAR BUSINESS REPORT

Finance Minister AHM Mustafa Kamal has sought $500 million in loans from the World Bank to help Bangladesh implement its budget.

The assistance will be used to educate female students with science and ICT knowledge and in educational projects for their stipend as part of efforts to increase women's participation in the workforce, he said.

It will also be used in the government's efforts to recover from the fallouts of the ongoing Covid-19 pandemic, the minister added.

He made the call in a virtual meeting yesterday with the officials of the global lender, who joined the event from Washington, the finance ministry said in a press statement yesterday. The World Bank has assured the minister of taking the issue into consideration positively, according to the statement.

The virtual event held on April 5 was organised as part of the ongoing Spring Meetings 2021 of the World Bank Group, where Kamal led the Bangladesh team and World Bank's Vice President for South Asia Hartwig Schafer led the WB team.

In the programme, the finance minister lauded the WB for the timely measures it took to fight the Covid-19 contagion.

He also thanked the international lender for extending its support to Bangladesh under the Programmatic Jobs Development Policy Credit project and for the $500 million fund for Covid vaccines.

Lockdown makes things worse for Pabna milk producers

AHMED HUMAYUN KABIR TOPU, *Pabna*

The ongoing countrywide lockdown has made things worse for the milk producers in Pabna and Sirajganj, who have already been suffering from poor sales due to a slump in local consumption.

In a bid to tame the alarming rate of coronavirus infections across Bangladesh, the government announced a seven-day lockdown that began on Monday.

During this period, restrictions on public movement will be enforced, making it difficult for local milk consumers to travel to the market as transportation facilities are limited.

Besides, even if milk production continues, the closure of sweetmeat shops and other businesses that use milk as a raw material has led to a slump in sales, the producers said.

If the lockdown is prolonged, marginal dairy farmers in the two major milk producing districts may face huge losses.

Md Khalilur Rahman, a marginal dairy farmer of Per-Faridpur village in Pabna's Faridpur upazila, told The Daily Star that his farm produces 40 to 50 litres of milk every day.

He sells about 20 litres to the Pran collection centre while the remainder goes to local hotels and sweetmeat shops.

"But due to the lockdown, I am unable to find buyers for the remaining 20 litres after supplying Pran," Rahman said.

STAR/FILE

Producers are selling milk among local consumers in Ishwardi upazila of Pabna.

Md Saiful Islam, president of the Per-Faridpur Milk Producer Cooperative Society, echoed the same.

"Since most of the shops and public transport have been shut, most local consumers are unable to visit the markets," he said.

Moreover, the oversupply of milk has pulled down milk prices, causing another significant loss for the farmers, who have already been suffering from increased production costs due to the soaring prices of cattle feed, he said.

READ MORE ON B2

B2B e-commerce to rise 70pc by 2027

DHL study predicts

STAR BUSINESS DESK

Logistics services provider DHL Express forecasted business to business e-commerce will increase by more than 70 per cent by 2027 to $20.9 trillion, up from $12.2 trillion in 2019 as Covid-19 pandemic accelerated the pace of digitalisation and purchasing behaviours.

The company's study—The Ultimate B2B E-commerce Guide: Tradition is out. Digital is in—also predicts that 80 per cent of all business to business sales interactions between suppliers and professional buyers will take place in digital channels by 2025.

"The impact of the Covid-19 pandemic on the pace of digitalisation and the purchasing behaviour of technology-savvy millennials, who are now of an age to be the professional business to business decision-makers, are the main drivers of this global E-commerce growth," according to a statement.

John Pearson, CEO of DHL Express, said "Even in times of worldwide shutdowns, globalisation has shown its resilience, fuelled by digitalisation and the power of global trade."

"These trends have led to an ever growing number of consumers to shift their shopping activities online. The pandemic has accelerated this development like never before, with a sharp rise in businesses selling their goods in the global marketplace. E-commerce and global logistics thus provided the key to unlock local shutdowns, keep economies running and mitigate the impact of Covid-19 for many of our customers."

DHL Express, which is a subsidiary of Deutsche Post, witnessed its revenue shot up by almost 11.9 per cent last year to $22.41 billion as a slew of the companies and consumers around the world switched to e-commerce due to the pandemic.

"Specifically in Asia Pacific excluding China, we have witnessed a 17.3 per cent year-on-year rise in shipment volume during the peak months of November and December 2020 driven by more active shippers and a 21 per cent higher spend per customer.," said Ken Lee, CEO of DHL Express Asia Pacific.

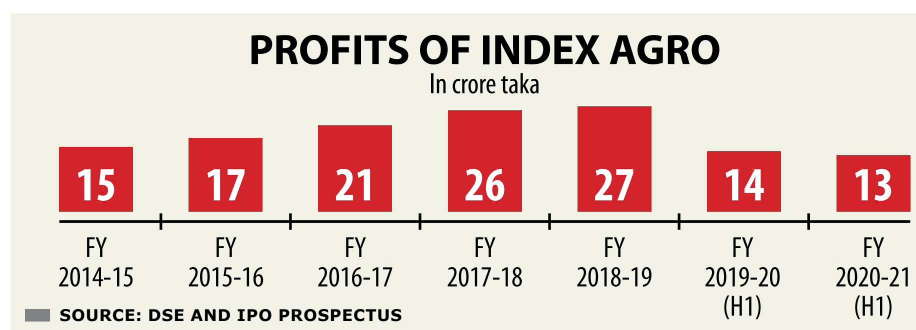
"In those two months alone, there were 65 per cent more business to customer shipments of which consumer technology products and fashion apparel contributed the most," Lee said.

"This unabated surge in volume further underscores the growth in online shopping and demand for cross-border shipping, making it critical that logistics providers remain agile to continuously adapt and respond to consumer needs," he added.

Md Miarul Haque, managing director of DHL Express Bangladesh, said "DHL Express Bangladesh has been placing our utmost focus on E-commerce business since 2018. Some of our customers include high profile retail brands and marketplaces to whom we are committed to providing our high quality of service and logistics support."

"In 2020, we registered significant growth in our shipment volumes and revenue driven in part by e-commerce. We look forward to working with many other local manufacturers and be a valuable partner in their cross-border e-commerce journey," he added.

Index Agro's profit falls, stock debut today



STAR BUSINESS REPORT

Index Agro Industries gave the bad news of a fall in profits yesterday ahead of its trade debut on the stock exchanges.

The agro-based product manufacturer's half-yearly profit figure hit Tk 13 crore in 2020-21, which was Tk 14 crore last year.

Its earnings per share dropped 7 per cent year-on-year to Tk 3.36 in the six months to December 2020, according to the data published by the Dhaka Stock Exchange.

Index Agro, which has raised a fund of Tk 50 crore under the book-building method, will make its trade debut today.

When a company carries a good track record and seeks a high price over its face value, then it adopts the book-building method to find a cut-off price, which is determined by bidding among eligible investors. The cut-off price of the shares of Index Agro was fixed at Tk 62 each.

As per the book-building method, general investors and non-resident Bangladeshis get shares of initial public offering at a 10 per cent discount on the cut-off price.

But, they got the shares at Tk 50 each, as the company gave a 20 per cent discount on the cut-off price. Index Agro will utilise the IPO proceeds to acquire machinery and equipment, construct building, do civil works and meet the IPO expenses.

GLOBAL BUSINESS

H&M to lay off more than 1,000 staff in Spain

AFP, *Madrid*

Swedish fashion giant H&M is to lay off more than 1,000 staff in Spain who are currently on furlough due to the pandemic, the Workers' Commission (CCOO) union said Tuesday.

The fashion chain was not immediately available to confirm the information.

A CCOO statement said the fashion brand had indicated it was "going to begin redundancy proceedings which would affect more than 1,000 people and involve the closure of 30 shops.

"It called the shop closures "absolutely disproportionate" and the layoffs of furloughed staff unjustified. "While it is true there may have been a change in consumer habits which could justify a change in the workforce, this in no way justifies such a large number of redundancies, especially considering that H&M has benefitted from the government's furlough scheme during the pandemic. "The funding of such temporary unemployment schemes was one of the key measures put in place by Socialist Prime Minister Pedro Sanchez's government to bolster an economy battered by months of lockdown.

That and other emergency measures to ease the crisis have cost the Spanish treasury a dizzying 40 billion euros (more than $47 billion) since the start of the pandemic. In return, companies are banned from laying off staff for six months after the end of the scheme which is currently set to run until May 31, but is likely to be extended.

REUTERS/FILE

People walk past an H&M store in a shopping area in Beijing.

IMF upgrades global growth outlook again

REUTERS

The International Monetary Fund raised its outlook for global economic growth again on Tuesday, forecasting worldwide output would rise 6 per cent this year, a rate unseen since the 1970s, thanks largely to the unprecedented policy responses to the COVID-19 pandemic.

That upgrade, from 5.5 per cent less than three months ago, largely reflects a rapidly brightening outlook for the US economy, which the IMF now sees growing by 6.4 per cent in 2021, the fastest since the early 1980s. That's up 1.3 percentage points from the IMF's 5.1 per cent projection in late January and nearly double the rate it estimated in October.

The IMF forecast, if realized, would mark the fastest pace of global growth since 1976 but also comes off the steepest annual downturn of the post-war era last year as the pandemic brought commerce around the world to a near stand-still at times. The fund said the world economy contracted 3.3 per cent in 2020, a modest upgrade from an estimated contraction of 3.5 per cent in its January update.

The latest World Economic Outlook - released at the start of the IMF's and World Bank's spring meetings - reflects a dramatic divergence between the outlook for the United States and much of the rest of the world courtesy of another $1.9 trillion in pandemic relief spending recently enacted in Washington.

The outlooks for other advanced economy heavyweights, such as Germany, France and Japan, hardly improved at all since January. Nonetheless, with the heft of the US outlook improvement as the main driver, the IMF marked up its advanced economy growth estimate to 5.1 per cent from 4.3 per cent. Forecasts for emerging market economies, while somewhat improved, took a back seat to their developed peers. The fund's outlook for EM economies rose by just 0.4 percentage point - half of the advanced economy mark-up - to 6.7 per cent from the view in January.

REUTERS/FILE

International Monetary Fund Managing Director Kristalina Georgieva makes remarks at an opening news conference during the IMF and World Bank's 2019 Annual Fall Meetings of finance ministers and bank governors, in Washington.

"(M)ultispeed recoveries are under way in all regions and across income groups, linked to stark differences in the pace of vaccine rollout, the extent of economic policy support, and structural factors such as reliance on tourism," the IMF said in its report summary. The United States economy this year will join China in regaining a level of gross domestic product that exceeds where it stood before the pandemic struck just over a year ago, the IMF said. China recaptured all of its lost growth by the end of 2020.

The IMF emphasized the high degree of uncertainty surrounding the outlook, and that improvements could easily be tripped up by any of several factors, with success against the pandemic topping the list.

"Greater progress with vaccinations can uplift the forecast, while new virus variants that evade vaccines can lead to a sharp downgrade," it said.

Another big risk centers around the persistence of accommodative policies, from the United States in particular. Long-term interest rates around the world have risen sharply since January, as market participants revise their expectations for how soon the US Federal Reserve begins to normalize its policy stance.

NEWS *In Brief*

India power demand falls for first time in 35 years

REUTERS, *Chennai*

India's annual electricity demand fell for the first time in at least 35 years in the fiscal year to March, government data reviewed by Reuters showed, mainly due to strict coronavirus-induced lockdowns across the country.

Power demand fell 1 per cent during the year ended March 2021, the data showed, mainly due to the imposition of lockdowns that resulted in a decline in electricity consumption for six straight months ending in August.

Demand for electricity has picked up since, and generation grew 23.3 per cent in March from a year earlier, a Reuters analysis of daily load despatch data from federal grid operator POSOCO showed, making it the seventh consecutive monthly increase and the fastest since March 2010.

Power generation fell 0.2 per cent during the year 2020/21, compared with the previous year, the POSOCO data showed.

Power generation in March grew much faster than the average increase of 6 per cent in the last six months, mainly because India had imposed an intense nationwide lockdown in the last week of March 2020, resulting in a dramatic fall in power usage.

Eurozone unemployment stable, no jobs crisis for now

AFP, *Brussels*

The level of unemployment in the eurozone did not change in February, official data showed on Tuesday, as national schemes to keep companies afloat held off the worst effects of the pandemic.

Eurostat, the EU's statistics agency, said unemployment was at 8.3 per cent in the 19 countries that use the euro single currency, the same as a revised figure for January.

Youth unemployment in the eurozone, which has risen more sharply during the Covid crisis, edged lower to 17.3 per cent, Eurostat said.

That still remained higher than a year before, just before a wave of lockdowns crushed the economy, when unemployment in the eurozone had stood at 7.4 percent, with youth unemployment at 15.4 per cent.

Joblessness in Europe exploded in the spring of 2020, the result of a landmark recession as restrictions on movement kept people at home in many countries across the globe.