

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	
▼ 0.18%	▼ 0.18%	\$1,871.59	\$69.90	▲ 1.24%	▲ 2.09%	▲ 2.04%	▲ 0.32%	83.95	101.07	118.09	12.82	
5,829.23	10,183.02	(per ounce)	(per barrel)	50,193.33	28,406.84	3,142.63	3,529.01	BUY TK	84.95	104.87	121.89	13.48



Star BUSINESS

DHAKA WEDNESDAY MAY 19, 2021, JAISHTHA 5, 1428 BS • starbusiness@thedailystar.net

Crises in India, Myanmar diverting export orders to Bangladesh

REFAJET ULLAH MIRDHA

Myanmar's deepening political crisis and India's grave coronavirus situation are prompting international retailers and brands to divert work orders to Bangladesh because of its stability and milder-than-expected impacts of the second wave of the infections.

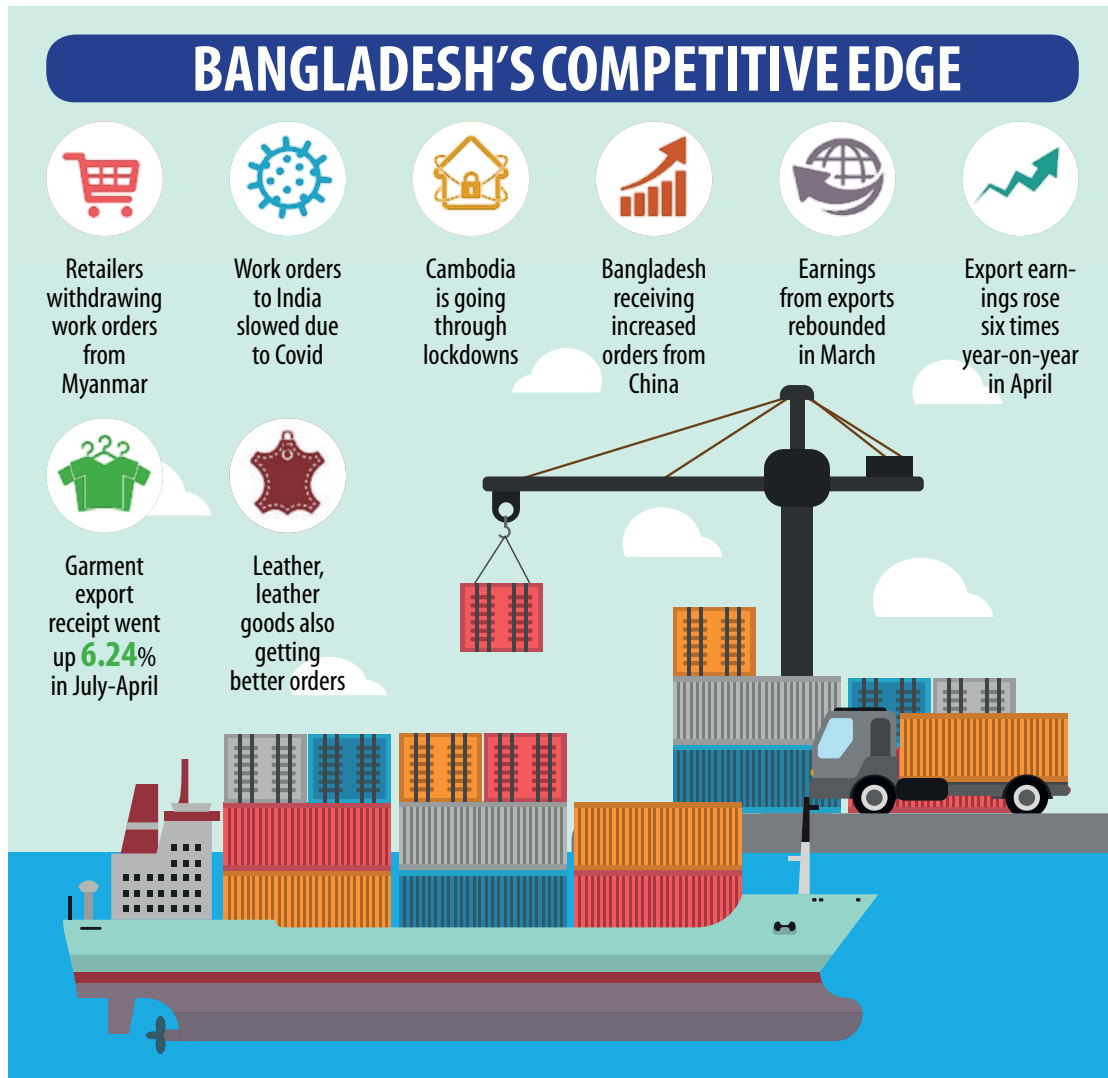
After a record spike in Covid-19 caseloads and deaths linked to the virus in recent months, Bangladesh is now witnessing a relatively calm situation than many other countries in the region, including India, thanks to the nationwide partial transport lockdown.

And due to political stability, the country has turned into a safer place for international retailers and brands to produce goods at cheaper rates, keeping the global supply chain unaffected.

Mass protests have been taking place across Myanmar since the military seized control on February 1. Elected leader Aung San Suu Kyi and members of her National League for Democracy party are among those detained. Hundreds of people, including children, have been killed, reports the BBC.

In India, a devastating second Covid-19 wave has overwhelmed the country's hospitals and crematoriums, and there have been widespread shortages of oxygen and medicines.

India's total tally of coronavirus cases now stands at 25.23 million, health ministry data showed, following 263,533 new infections over the past 24 hours, while fatalities rose by a record 4,329.



The official total death toll is now 278,719, Reuters reported yesterday. One indication of work orders shifting from the neighbouring countries has become apparent in export earnings of Bangladesh

between July and April of the current fiscal year. Receipts from merchandise exports rebounded in March, rising 12.59 per cent year-on-year to \$3.07 billion. This was also mainly

on the back of relaxed lockdowns in the West, leading to a slow recovery in garment shipments over the preceding few months. The recovery of export continued in April, with earnings

from merchandise shipment logging a significant rebound.

Export earnings rose six times year-on-year to hit \$3.13 billion in April this year, thanks to the rebound of apparel shipment after the reopening of the US and European economies.

In the 10 months to April this fiscal year, garment shipment increased by 6.24 per cent year-on-year to \$26 billion, showing resilience against the Covid-19 pandemic.

Of the total earnings from the garment sector, \$13.99 billion came from the export of knitwear items, which registered a 15.34 per cent year-on-year growth. Earnings from woven shipment fell 2.71 per cent to \$12 billion.

"It is true that work orders are shifting to Bangladesh from Myanmar," said a European buyer in Bangladesh, asking not to be named.

His company does not want to continue business in a country governed by a military dictator, so for the political tension and on humanitarian grounds, it was relocating orders to other countries and would continue doing so in the long run.

He could not state the exact percentage of work orders that had shifted in favour of Bangladesh. However, he said Bangladesh was receiving a major share of such contracts.

Speaking about India, the buyer said the diversion of orders to Bangladesh had been a temporary measure in response to the Covid-19 fallout as India was a major sourcing hub for his company.

READ MORE ON B3

ADP gets 14pc bigger

REJAUJ KARIM BYRON and DWAIPAYAN BARUA

It may take four to 12 years to complete 1,426 ongoing development projects because of slow implementation and meagre allocation, highlighting the need for the government to prioritise works and accelerate execution to avoid cost and time overruns.

The grim scenario was painted in a presentation of the planning ministry at a meeting of the National Economic Council (NEC) yesterday.

The meeting approved a Tk 225,324 crore annual development programme (ADP) for the next fiscal year of 2021-22, which is up 14 per cent from the revised budget in the outgoing fiscal year.

READ MORE ON B3

Top 10 projects with highest allocation

Fiscal year: 2021-22
SOURCE: PLANNING MINISTRY

PROJECTS	SIZE (IN CRORE TAKA)
Rooppur nuclear power plant	18,426
Matarbari coal-fired power project	6,160
Fourth primary education development project	5,050
Metro rail	4,800
Padma bridge rail link	3,820
Bangabandhu Sheikh Mujib railway bridge	3,580
Padma bridge	3,500
Dhaka-Ashulia elevated expressway	3,230
Expansion of power system network under DPDC	3,050
Expansion of Hazrat Shahjalal International Airport	2,830

INTRODUCING NEW
HOTLINE NUMBER **16704**
dbi CERAMICS
dbiceramics.com

Traders breathe a sigh of relief for better Eid sales

SUKANTA HALDER and MD ABU TALHA SARKER

Brisk business during the just concluded Eid shopping season helped traders breathe a sigh of relief amid the ongoing nationwide lockdown and other measures in place to curb the spread of Covid-19.

Following requests from various economists and trade bodies, the government relaxed its hardline stance on public restrictions, allowing traders to reopen their stores 15 days ahead of Eid-ul-Fitr, the biggest religious festival in Bangladesh.

All types of businesses enjoyed

good customer turnout during this period, which came as a much-needed respite following a year of poor sales due to the advent of Covid-19 in March last year.

Traders had bet big on this year's Pahela Baishakh and Eid celebrations after watching their business evaporate last year, when the government imposed lengthy lockdowns to control the spiralling coronavirus situation.

This year too, Covid-19 laid waste to Pahela Baishakh sales and so Eid became their last resort.

Sales for Aarong, which has 21 outlets across the country, reached 70 per cent of its pre-pandemic levels

during the lead up to Eid this year.

Mohammad Ashraf Alam, chief operating officer of the lifestyle brand, said they are grateful to the government for acting for the betterment of businesses by relaxing the restrictions.

"Had the second wave of Covid-19 not taken place, business would have been even better," he added.

However, the positive thing is that people turned up to shop even amid the current crisis.

"So, every business benefitted more or less," added Alam, who had urged the government to allow stores to remain open for extended hours ahead of Eid in order to log adequate sales.

The Daily Star talked to Alam and officials of some other renowned brands and outlets before and after Eid to get a better idea about their sales.

According to Raihan Kabir, head of marketing at Yellow, the fashion brand operated by Beximco, saw better business than expected within the short span of time.

"Yellow's online sales have increased greatly and many of our products even ran out of stock," he said, adding that their new outlet in Khulna registered sales equal to those in Dhaka.

When customer turnout started to slowly increase in the 15-day lead-up, Kabir had attributed the increased sales to brand value and a loyal customer base.



Shoppers coming out of a shopping mall in the capital. The photo was taken before Eid-ul-Fitr. AMRAN HOSSAIN

READ MORE ON B3

Stocks break 8-day gaining streak

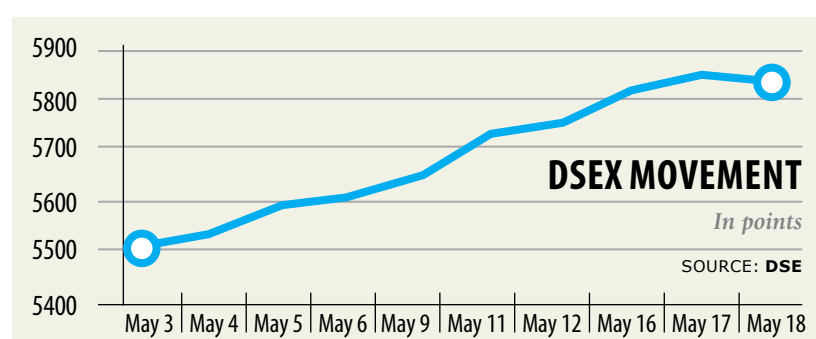
STAR BUSINESS REPORT

Stocks dropped yesterday after rising for eight consecutive days thanks to a profit booking tendency among investors.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), fell 10 points, or 0.18 per cent, to stand at 5,829.

As the market was on a rising trend the last couple of days, most stocks were up by at least 8 per cent to 15 per cent, so investors are taking in their profits now, said a stock broker.

This is a positive thing because when investors make profit, they get the confidence to invest more,



he said, adding that the market's turnover was rising, which meant that investors' participation was still strong.

The premier bourse's turnover, an important indicator of the stock market, rose 12 per cent to Tk 1,719 crore.

READ MORE ON B3

Could your career journey be as unique as you are?
The exceptional EY experience. It's yours to build.

The better the question. The better the answer. The better the world works.

EY is a global leader in assurance, tax, strategy and transactions and consulting services with nearly 300,000 people all across the world. We develop outstanding leaders who team to deliver on our promises to all our stakeholders. Here at EY Bangladesh, you'll build a legacy. You'll grow your skill set, and expand your mindset. You'll focus your intelligence and imagination on the most complex issues facing business, government and society today. There is no better time than now to join us in building a better working world.

We invite experienced professionals with the expertise and qualifications given below to join us at our Dhaka office.

Technology Consulting	ERP (SAP / Oracle)	Cyber Security	Risk Transformation	Internal Audit
Forensics & Integrity Services	Direct Tax/ Indirect Tax	Transfer Pricing	Financial Accounting Advisory Services	Business Development

If you are a B.Com / C.A / ACCA / CMA / CS / B.E / B.Tech / MCA / M.Tech / M.B.A. and have 2 - 15 years of experience, visit ey.com/hiringinbgd to apply.

EY
Building a better working world

Join today. Change your tomorrow.



NCC Bank celebrated its 28th anniversary cutting a cake at its head office recently. The bank organised a virtual meeting which was addressed by Chairman SM Abu Mohsin, Vice-Chairman Md Abul Bashar and Managing Director and CEO Mohammad Mamdudur Rashid.

NCC BANK

Toyota Motor shares hit record high

REUTERS

Shares of Toyota Motor rose for a third straight session and hit a record high on Tuesday, as investors continued to bet on the Japanese automaker's ability to tackle a global chip shortage better than its rivals.

The rise in Toyota shares helped lift stocks of other car makers that have come under pressure due to competition from electric vehicle manufacturers as well as chip shortages.

"As supply chain disruptions due to chip shortage hamper the automaker industry, Toyota has been regarded as the company investors can buy," Nobuhiko Kuramochi, senior strategist at Mizuho Securities, said.

Toyota, the top Japanese company by market capitalisation and the world's biggest automaker, has weathered the chip shortage better than many of its rivals and has forecast a return to pre-pandemic profit levels this year.

US, Europe close lower as traders weigh recovery, new infections

AFP, New York

Fears about inflation and rising Covid-19 infections in several countries dimmed the mood in global markets Monday and drove the dollar down, although there was good news on trade as Brussels and Washington called a truce on metals tariffs.

European and US markets both closed lower, with Wall Street starting the week in a grumpy mood after Friday's exuberant finish. Tech stocks were hit hardest, with the Nasdaq losing 0.4 per cent.

Mounting price pressures in the United States are raising fears the Federal Reserve could call time on its easy money policies, although the central bank has said it will ride out volatility in inflation data caused by comparisons with the early months of the pandemic last year. "The Fed continues to talk down inflation, saying it's a sign of economic strength and activity, but the

question is how much inflation is good for the economy," Peter Cardillo of Spartan Capital Securities told AFP.

In an appearance ahead of Wednesday's closely watched publication of minutes from the central bank's latest policy meeting, Fed Vice Chair Richard Clarida said "it may take more time to reopen a \$20 trillion economy than it did to shut it down," but offered no signs of a change in policy.

With the Fed focused on the jobs side of its dual mandate, "our baseline view is that achieving maximum employment will not put unwanted or unwelcome upward pressure on the price level," he said.

In Asia, Singapore and Taiwan both tightened restrictions to control rising coronavirus infections, while Chinese retail sales fell short of expectations, cooling hopes that consumption there would help power a global post-coronavirus recovery.



The 'Fearless Girl' statue opposite the New York Stock Exchange at Wall Street.

AFP/FILE

Biden to pitch his \$174b electric vehicle plan in Michigan

REUTERS, Washington

President Joe Biden will make the case for his \$174 billion electric vehicle plan on Tuesday, calling for government grants for new battery production facilities during a visit to a Ford Motor electric vehicle plant in Michigan.

He will also rule out consumer incentives for high-priced electric luxury models, according to a White House fact sheet reviewed by Reuters, as he argues for dramatic government spending to prod Americans to buy electric

vehicles at a preview of Ford's new EV F-150 pickup truck.

The White House wants to encourage new battery production facilities, which are key to ramping up US electric vehicle manufacturing.

Biden's plan "proposes cost-sharing grants to support new high capacity battery facilities in the United States, recognizing that new businesses may not be able to access tax credits but can pitch in their fair share as they scale their operations," the previously unreported White House fact sheet said.

It also backs grants to fund the retooling of shuttered factories "to build advanced vehicles and parts." The centerpiece of Biden's EV plan is \$100 billion in consumer rebates, according to an April US Transportation Department email to lawmakers.

The White House fact sheet says Biden's plan provides "point-of-sale incentives that encourage EV deployment. These incentives will not go towards expensive luxury models and will also incentivize manufacturers who use good labor practices."

Bangladesh Petroleum Corporation
BSC Bhaban, 1st Floor, Saltgola Road
Chittagong.

Ref. No. 28.03.0000.041.01.013.19 (HRS-02) Dated: 18 May, 2021

CORRIGENDUM

INVITATION FOR INTERNATIONAL RE-TENDER FOR SUPPLY OF
HOT-ROLLED MILD STEEL PLATE.

This is to notify for all concerned that due to unavoidable circumstances tender notice vide Ref. No. 28.03.0000.041.01.013.19 (HRS-02); Dated: 01 April, 2021 has been amended/corrected as follows:

Tender Ref. No.	SI	Description	Existing	Amended
28.03.0000.041.01.013.19 (HRS-02) Dated: 01st April, 2021.	13	Tender Last Selling Date	19-05-2021.	10-06-2021.
	14	Tender Closing Date and Time	20-05-2021, Time: 1200 Hours (BST)	13-06-2021, Time: 1200 Hours (BST)
	15	Tender Opening Date and Time	20-05-2021, Time: 1215 Hours (BST)	13-06-2021, Time: 1215 Hours (BST)
	16	Offer Validity Time	16-08-2021, Time: 1700 Hours (BST)	09-09-2021, Time: 1700 Hours (BST)

All other terms & conditions of the tender notice/document will remain unchanged.

(Mustafa Quadrat-I-Elahi)
General Manager (Com. & Ops.)
Bangladesh Petroleum Corporation

GD-997

US eyes cybersecurity funding after hacks

REUTERS, Washington

The Biden Administration is intensifying its focus on cybersecurity spending after a wave of massive hacks, proposing new funding in the wake of the Colonial Pipeline ransomware attack this month.

In a statement on Tuesday, the White House laid out the cyber element of President Joe Biden's American Jobs Plan, including \$20 billion for localities to harden energy systems and \$2 billion in grants for energy grids in high-risk areas.

Biden's planned \$100 billion broadband investment plan is also being presented as cybersecurity spending on the grounds that grant recipients will be asked to source from "trusted vendors."

The security of the US energy grid has long been a worry for cybersecurity experts. Regional blackouts in 2003 and 2011 drew attention to the vulnerability of the power system and examples from abroad have also drawn concern.

Last year the US Department of Justice charged Russian intelligence officers with brazen attacks on Ukraine's grid that briefly left millions without electricity.

Google ties up with 30 publishers to start news platform in India

REUTERS, Bengaluru

Alphabet Inc's Google on Tuesday launched its Showcase news platform in India with 30 domestic news publishers, at a time when the country is trying to weed out misinformation surrounding a ferocious second Covid-19 wave.

Indians have become increasingly reliant on social media platforms like Twitter, Facebook and Instagram for information related to the crisis amid a shortage of critical medical supplies.

Google will pay the partnering publishers for their online content and allow them to curate it, while allowing users limited access to paywalled stories. It did not reveal further financial details.

"Today's announcement comes at a particularly challenging moment in India, with Indians seeking out authoritative news and information as the Covid-19 crisis deepens," Google said in a blog.

The world's second most populous country is going through one of the deadliest outbreaks, with the total Covid-19 caseload crossing 25 million on Tuesday.

The Indian government has also been at odds with social media platform giants. Last month, it asked Twitter to take down dozens of tweets that were critical of its handling of the virus outbreak.

Bangladesh Institute of Governance & Management
E-33, Agargaon, Dhaka-1207

Invitation for Tender No. 03(IFT)

Tender Ref. No. BIGM/Acc.Tender/8/2/21/2-5263 Dated: 17/05/2021

1.	Procurement method	Open Tendering Method (OTM).
2.	Tender last selling date and time	07 June/2021, 5:00pm.
3.	Tender submission date and time	08 June/2021, 11:00am.
4.	Tender opening date and time	08 June/2021, 12:00 Noon.

INFORMATION FOR TENDERS

5.	Eligibility of tenderer	Minimum 05 years experience in Civil Construction and Steel Structure Building Works (supported by experience certificate).			
6.	Package No.	Name of works	Price of tender document (Tk) (non-refundable)	Tender security amount (Tk)	Completion time
	01	Construction of 2.5 Storied Steel Structure Building at BIGM.	5000.00 (Cash)	3,00,000.00	120 days
7.	The procuring entity reserves the right to accept or reject any/all tenders without assigning any reason whatsoever.				

GD-990 **Md. Jahangir Alam**
Additional Director (Admin)

Bangladesh Petroleum Corporation
BSC Bhaban, 1st Floor, Saltgola Road
Chittagong.

Ref. No. 28.03.0000.041.01.004.20 (CRSS-29) Dated: 18 May, 2021

CORRIGENDUM

INVITATION FOR LOCAL TENDER FOR SUPPLY OF
1000 METRIC TON COLD ROLLED STEEL SHEET IN TWO SIZES.

This is to notify for all concerned that due to unavoidable circumstances tender notice vide Ref. No. 28.03.0000.041.01.004.20 (CRSS-29); Dated: 25 April, 2021 has been amended/corrected as follows:

Tender Ref. No.	SI	Description	Existing	Amended
28.03.0000.041.01.004.20 (CRSS-29) Dated: 25 th April, 2021.	13	Tender Last Selling Date	20-05-2021	17-06-2021
	14	Tender Closing Date and Time	23-05-2021 Time: 1200 Hours (BST)	20-06-2021 Time: 1200 Hours (BST)
	15	Tender Opening Date and Time	23-05-2021 Time: 1205 Hours (BST)	20-06-2021 Time: 1205 Hours (BST)
	16	Offer Validity Time	21-07-2021 Time: 1700 Hours (BST)	18-08-2021 Time: 1700 Hours (BST)

All other terms & conditions of the tender notice/document will remain unchanged.

(Mustafa Quadrat-I-Elahi)
General Manager (Com. & Ops.)
Bangladesh Petroleum Corporation

GD-996

Trading Corporation of Bangladesh (TCB)
TCB Bhaban, Kawran Bazar, Dhaka-1215
www.tcb.gov.bd

IMPORT SECTION

Invitation For Tender (International) of Onion

সংশ্লিষ্ট ভাড়াই টেন্ডারি অফিসিয়াল ব্যবহার করুন।
যোগাযোগঃ ০২৭৮৬-২৭১৩০০

1	Ministry/Division	Ministry of Commerce.
2	Agency	Trading Corporation of Bangladesh (TCB)
3	Procuring Entity Name	Chief Officer (Commercial), TCB, Dhaka.
4	Procuring Entity Code	Not applicable.
5	Procuring Entity District	Dhaka.
6	Invitation for	Onion
7	Invitation Ref. No.	26.05.0000.016.23.152.21.1017
8	Date	18-05-2021

KEY INFORMATION

9 Procurement Method: Open Tendering Method (OTM) (International)

FUNDING INFORMATION

10 Budget and Source of Funds: TCB's Own Fund.

PARTICULAR INFORMATION

11	Package No.	TCB/Imp-37/Onion/2021	
12	Package Name	Onion	
13	Tender Publication Date	19-05-2021	
	Date	Time	
14	Tender Documents Last Selling Date and Time	29-06-2021	17:00 P.M
15	Tender Closing Date and Time	30-06-2021	12:00 P.M
16	Tender Opening Date and Time	30-06-2021	12:15 P.M
17	Name & Address of the office(s)	Address	
	-Selling Tender Document of each item can be purchased from the banks & offices as mentioned in right column.	(1) Sonali Bank Ltd. Kawran Bazar Branch, TCB Bhaban, Dhaka (2) Trust Bank Ltd. Kawran Bazar Branch, and (3) Accounts & Finance Division, TCB's Principal Office at Dhaka.	
	-Receiving Tender Document	In front of TCB's reception (2 nd floor), TCB Bhaban, 1, Kawran Bazar, Dhaka.	
	- Opening Tender Document	Board Room, TCB.	

INFORMATION FOR TENDERER

18 Eligibility of Tender: Bonafide Suppliers/Manufacturers. Details conditions will be mentioned in the Tender documents.

19 Brief Description of goods: Import of 3,000 (±10%) (Three Thousand Plus Minus Ten Percent) M. Tons Onion.

20 Price of Tender Document: Tk. 3,000 (Three Thousand) only Per Set.

Lot No	Identification of Lot	Location	Tender Security Amount (USD/TK)	Shipment Schedule
21	1. Onion	Offers are to be made on CFR (C) USD 30,000.00 (US Dollar Thirty Thousand) or BDT 25,50,000.00 (BDT Chattogram (Previous Twenty Five Lac Fifty Thousand) only in the form of Pay-Order/Bank Draft/Bank Guarantee. The Successful Tenderer is to submit 5% (Five Percent) Performance Security in the form of Pay-Order/Bank Draft/Bank Guarantee.	Tender is to be submitted along with Tender Security amounting to:	Entire quantity of Goods is to be shipped within 14-08-2021 (Including L/C correction & grace period) from the date of opening L/C.

PROCURING ENTITY DETAILS

22	Name of Official Inviting Tender	Md. Shekhabur Rahaman
23	Designation of Official Inviting Tender	Chief Officer (Commercial), TCB Kawran Bazar, Dhaka.
24	Address of Official Inviting Tender	Principal Office, Trading Corporation of Bangladesh (TCB) I, Kawran Bazar, Dhaka.
25	Contact details of Official Inviting Tender	Telephone No. 02-8180074 Fax No. 880-2-8180057 E-mail: tcb@tcb.gov.bd, tcbimp@tcb.gov.bd

26 **Special Instructions:**

- Incomplete, conditional Tender and alternative offer shall not be considered.
- The procuring entity reserves the right to accept any or reject any/all Tenders partly or wholly without assigning any reason.
- Tenderer who was awarded the Notification of Awarded (NOA) earlier but could not submit Performance Security (PS) in due time, will not be eligible for the Tender
- Tenderer who's Performance Security (PS) was partially or totally forfeited earlier will not be eligible to participate in the Tender.

GD-994 Chief Officer (Commercial)
Trading Corporation of Bangladesh

Sustainable finance scramble reaches currency derivatives market

REUTERS, London

A rush by companies to boost their sustainability claims has reached foreign exchange markets in the form of currency hedging products where the cost is tied to a firm's environmental, social and governance (ESG) goals.

Sustainable finance to date has mostly centred around the issuance of debt to fund 'green' environmental or climate-related projects, or with interest payments linked to the achievement of social and governance targets.

But energy firms Drax and Italy's Enel are among those to have recently signed up to ESG-linked FX derivatives, the price of which depends on anything from cutting greenhouse emissions to improving workforce diversity.

Keen to promote their own sustainability pledges, banks selling the derivatives, which lock in a future exchange rate, tout them as a way for companies to tap into demand for ESG finance, a market that has soared in popularity but which critics say is often more marketing gimmick than a true incentive for change.

Early adopter Olam, a commodity trader, last year bought a US dollar/Thai baht forward contract at a discount to a conventional forward, on condition it meets several targets including cutting carbon emissions and boosting farmer training.

How a value is assigned to an ESG goal, and hence how such products are priced, for now remains between banks and their clients in the fledgling market, but Fabio Madar, global head of FX sales and structuring at NatWest Markets, said there can be decent financial gains for clients that buy and sell currencies frequently.

He cited the example of a company purchasing 400 million euros. If the euro/dollar swap rate was set at \$1.2130, the client could lock in a price of \$1.2128 if targets are met -- saving \$80,000.

The impetus is not just financial, he said, with firms keen "to show that it's not all talk and that the company is real about (sustainability)".

Jeremy Hamon, head of group finance at engineering business Primetals Technologies, thought sustainability-linked finance was limited to debt products such as those issued by Primetals' parent company Mitsubishi Heavy Industries.

But Primetals developed a framework with

Deutsche Bank around its day-to-day currency hedging needs using "quantifiable" ESG targets, including increasing the proportion of revenue from projects that aim to cut greenhouse emissions, and promoting a "safe and healthy work environment".

If it misses the targets -- which are verified by a third party -- Primetals pays a penalty to a charity. It has already bought such options in more than 10 currency pairs.

"This represented all the FX options we have traded in 2021 since the ESG incentive pretty much ensures a strong competitiveness," Hamon said.

UK energy firm Drax has signed ESG-linked derivative deals with Barclays and NatWest, whereby it is paid a premium by the banks for meeting a carbon intensity reduction target.

"Most of our banking group, and even some banks not in our group, have contacted us to see how they can do something similar in the FX and financial derivative space," said Lisa Dukes, Drax's director of corporate finance and derivatives.

Sustainable finance has its critics who say it

is too loosely-defined, with many products little more than marketing tools prone to so-called greenwashing where environmental claims don't stack up.

Banks insist targets in the ESG-linked derivatives are ambitious, measurable and independently verified.

"These structures are a very good way for a company that doesn't have a funding or capex need related to ESG, to still make a commitment to ESG," said Claire Coustar, Deutsche Bank's global head of ESG for fixed income and currencies.

Mimi Rushton, Barclays' co-head of global FX sales believes ESG incentives could start "extrapolating out to a number of other financial instruments" beyond FX.

One challenge is that banks must bear the cost of the premium or the discount -- the company's reward for hitting targets -- eroding its profit and limiting the size of incentives.

Market growth therefore hinges on such derivatives becoming tradeable. For that, banks must find a way to embed sustainability performance into the option.



Steam rises from chimneys on a cold day in Moscow, Russia on January 18.

REUTERS/FILE

Second wave hits demand more than supply in India

REUTERS, Mumbai

India's central bank said on Monday that the second wave of the Covid-19 pandemic in India has had a bigger impact on aggregate demand than on aggregate supply, and it believes the economic slowdown was not as severe as a year ago.

India reported a further decline in new coronavirus cases on Monday but daily deaths remained above 4,000 and experts said the data was unreliable due to a lack

of testing in rural areas where the virus is spreading fast.

"The biggest toll of the second wave is in terms of a demand shock - loss of mobility, discretionary spending and employment, besides inventory accumulation, while the aggregate supply is less impacted," the Reserve Bank of India said in its monthly bulletin.

"The resurgence of Covid-19 has dented but not debilitated economic activity in the first half of Q1:2021/22," it added.

ADP gets 14pc bigger

FROM PAGE B1

The combined estimated cost of 1,426 projects is Tk 16,60,807 crore. Of the sum, Tk 556,351 crore may be spent as of June this year.

The rest Tk 11,04,456 crore will be allocated in the coming years, and it may take four to 12 years to finish the projects at the current speed of execution.

An official at the planning ministry blamed meagre allocation, an excessive number of projects, delay in timely implementation, and inclusion of new projects for the lengthy execution period.

Many projects are usually included in the development plan every year, but they are not completed on time. These projects are granted lower allocation and see a repeated extension of the deadlines.

The NEC yesterday gave consent to a list of 596 new but unapproved projects, and no funds were allocated in favour of them. They will be included in the revised ADP following the go-ahead from the Executive Committee of the National Economic Council.

The deadline of at least 678 projects out of 1,426 projects will expire by June this year. The planning ministry, in its presentation, said their deadline needed to be pushed back by June 30.

The government has targeted to complete 356 projects in FY22. But they might not be completed by the year-end, the official said.

The current ADP has planned to finish 441 projects by FY21. But at least 57 projects

will not be completed on time, so they were included in the new ADP.

The size of the original ADP in FY21 was Tk 205,144 crore. The planning ministry has proposed to slash it to Tk 197,643 crore in the revised budget as the coronavirus pandemic has hampered development works.

In the new ADP, the contribution of foreign assistance will stand at Tk 88,024 crore, which is up 39.72 per cent from the revised outlay of Tk 63,000 crore.

The portion of the government will be Tk 137,299 crore, an increase of 1.97 per cent year-on-year.

The transport and communication sector was given the highest allocation of Tk 61,721 crore among all the sectors, which accounted for 27.39 per cent of the new ADP.

It was followed by the power and energy sector Tk 45,868 crore, the housing and community services sector Tk 23,747 crore, the education sector Tk 23,178 crore, and the health sector Tk 17,306 crore.

The Rooppur Nuclear Power Plant received Tk 18,426 crore, Matarbari Coal-based Power Plant Tk 6,162 crore, the fourth primary education development programme Tk 5,053 crore, the Dhaka Mass Rapid Transit Development project Tk 4,800 crore, and the Padma Bridge Rail Link project Tk 3,823 crore.

The NEC also approved an additional Tk 11,468 crore for the state-owned enterprises.

Traders breathe a sigh of relief for better Eid sales

FROM PAGE B1

Shaheen Ahmed, owner of Anjans, said traders had feared that shoppers would not come to shopping malls or other retail outlets amid concerns of contracting the deadly Indian-variant of Covid-19.

But luckily, that did not happen as customers came to shop and business was not bad at all.

In terms of overall sales volume, Anjans' sales reached about half of its pre-pandemic levels.

"I initially thought we wouldn't be able to reach even 20 per cent sales of normal times," added Ahmed, also president of the Fashion Entrepreneurs Association of Bangladesh.

Khalid Mahmood Khan, co-founder of Kay Kraft, had anticipated that sales would reach 40 per cent of previous levels.

"However, it improved significantly towards the end of Ramadan to reach 70 per cent compared to 2019," he said.

Ujjwal Das, owner of Lanthon Fashion House in Shahbagh, had shared a different view ahead of Eid as the turnout of university students, his key demographic, was very thin back then.

"But still, business has been good so far and I was able to pay salaries, shop rent, and bonuses," he said.

"I couldn't do that in 2020," Das added. Md Asaduzzaman, proprietor of Ankhi Fashion Garden, said although sales were good, it was not as much as expected.

"I kept my shutters closed for much of 2020 and the same situation arose in 2021 due to the second wave. People don't have money like before, so we did business on a limited scale," he added.

Sharif Market, the largest wholesale market for panjabis in Sadarghat, meets about 70 per cent of the local demand for the popular attire.

Atul Chowdhury, a salesman of the market's Syed Garments store, said that sales have been quite good.

"Sales were close to the 2019 levels, which was beyond our comprehension. We sold the bulk of our products during the last minute of Ramadan. The owners as well as employees are all happy for it,"

Chowdhury added.

Nesar Uddin Mollah, general secretary of the Islampur Cloth Merchant Association, said Ramadan was prime time for business but the lockdown had coincided with it.

"We sold a fair amount of products after being allowed to open the shops. We managed to sell 60 per cent of what we had prepared for," he added.

Similarly, Arfanul Hoque, head of retail at Bata, said they had reached 75 per cent of the sales volume in 2019.

"But if we compare it with the hard-hit 2020, it has been a fourfold increase," he added.

Saikat Azad, marketing manager of Transcom Electronics, said that customer turnout was quite good two days before Eid.

Air conditioners did not sell well and the demand for televisions was also low as people are spending carefully amid the pandemic.

"The overall demand for these products was very low but refrigerators and deep fridges sold well," Azad added.

Selim H Rahman, managing director of Hatil, said business was around 25 to 30 per cent less than usual during this Eid.

People redecorate their houses ahead of the Eid, which is why furniture sales grow significantly in that period.

Furniture brands also offer discounts to attract buyers but this time, buyers diverted away from furniture to clothes because of the coronavirus.

"Business was not very good because furniture is not cheap like clothes, which is why sales have not picked up much," he added.

Helal Uddin, president of the Bangladesh Shop Owners' Association, said the return of capital was more important than profit for traders under the current circumstances.

Many businessmen had been idle for the last 14-16 months and so, they just want enough capital to survive.

"I want to thank the government for its timely decision to reopen the businesses, shopping malls, markets and shops for us before the prime spending season," he added.

Stocks break 8-day gaining streak

FROM PAGE B1

The profit booking session was expected after a stretch of rise of the index, said stock investor Misbahul Haque.

A higher turnover is a positive sign for the market, he said.

As investors have regained their confidence, they are now investing funds and the regulator should work to retain this confidence, he added.

At the DSE, 103 companies' stocks rose, that of 215 fell and that of 47 remained the same.

Standard Insurance topped the gainers' list, rising 10 per cent, followed by City General Insurance Company, Index Agro Industries, Crystal Insurance Company and Maksions Spinning Mills.

Beximco's stocks were traded the most, hitting Tk 114 crore, followed by Prime Bank, British American Tobacco, Saif Powertek and National Feed Mills.

Bangladesh Industrial Finance Company shed the most, dropping 6.67 per cent, followed by Premier Leasing and Finance, FAS Finance and Investment, Fareast Finance and Investment and MIDAS Financing.

While almost every company witnessed corrections, insurance stocks remained bullish. Most insurers' stocks rose due to the active participation of some big investors.

Market analysts are saying that their participation resulted in the stocks becoming overvalued, so general investors need to be cautious.

Among the 50 insurance stocks, 37 rose, 10 dropped and three remained the same.

Chittagong Stock Exchange (CSE) also took a plunge. The CASPI, the general index of the port city bourse, fell 28 points, or 0.16 per cent, to 16,894.

Among 289 stocks to witness trade, 89 rose, 168 fell and 32 remained the same.

Political economy analysis of tax reforms

FROM PAGE B4

Unlike the original VAT Act, 2012 with a single VAT rate and little tax exemptions, the amended VAT Act, implemented in 2019, came with multiple rates (7) and widespread tax exemptions. The most fundamental criticism is that too many VAT rates can cause revenue leakage and severe economic distortions. Available evidence shows that the VAT performance has not improved relative to other taxes since the new law was implemented in July 2019.

The present Income Tax Ordinance, 1984, is outdated to keep pace with the changing need of time. So, a new income tax code is needed to put in place an efficient and modern income tax regime.

We also see this play out within the tax administration. Owing to the absence of substantial automation, the NBR has largely maintained an outdated control-based system, which has allowed tax officials to retain substantial discretion—and thus opportunities for collusion with, or extraction from, taxpayers.

For example, the authority of issuing statutory regulatory orders (SROs), bypassing the Parliament, is an expression of discretionary power of the NBR. At the core of current arrangements is an apparent contradiction: the system promises low and predictable tax rates to key business actors through collusion and corruption while also offering significant discretion and rent-seeking opportunities to some tax officials and political actors.

The basic inefficiency of the tax system has been exacerbated by a high degree of administrative fragmentation. Whereas there has been a trend in low-income countries toward greater integration across administrative units, the NBR remains divided into three highly autonomous tax wings: Income Tax, VAT, and Customs.

The relative absence of data sharing across

tax wings severely undermines administration and opens space for collusion, arbitrariness, and abuse, while fragmentation also creates additional costs for taxpayers. The end result of these weaknesses is a tax system characterised by extremely high degrees of informality, widespread discretion, and the regular negotiation of tax liabilities.

At a broad level, the NBR itself has been found to be the most steadfast resistant to tax reforms. As the NBR officials enjoy substantial discretionary power, this opens the door to systemic corruption that is organised and sanctioned at every level of the administration. As such, some officials within the board are strongly resistant to any reform programme that would reduce their discretionary power, including through increased transparency.

For example, the NBR drew an outline of the Modernisation Plan covering tax policy and tax administration during 2011-2016. It was placed before the Parliament. However, with the retirement of the then chairman, little reform measures were undertaken. Thus the strength of bureaucratic resistance is consistent with patterns elsewhere in the civil service.

IDENTIFYING DYNAMICS THAT MIGHT TEND TO SHIFT EXISTING POLITICAL SETTLEMENTS

Except for registration in income tax and VAT, other tax processes are mostly manual. The outbreak of the Covid-19 pandemic has underscored the need and has given an opportunity for full automation of the core functions of income tax and VAT.

MAKING TAX REFORMS EFFECTIVE

Tax reforms must be homegrown. Reforms must be owned by the finance minister with the active support of the NBR and the strong backing of the Prime Minister's Office.

The NBR may draw up a five-year tax reform plan covering several issues.

The first issue may include rationalising corporate tax rates. While India and Pakistan have two corporate tax rates, we have six. The time has come to revisit the corporate tax rate structure to attain the dual objectives of reducing the cost of doing business and enhancing government revenue.

Second, the tax net may be broadened by giving emphasis on withholding taxes, reducing tax exemptions and linking different services with the tax system. Third, the digitalisation of the tax system is essential to improving tax compliance. Fourth, the tax administration needs to be strengthened to combat tax evasion and improve tax governance. Fifth, tax policy may be separated from the tax administration. The Internal Resources Division of the finance ministry should be entrusted with tax policymaking while tax administration should remain with the NBR.

Tax reforms should be properly reflected in the annual performance agreement of the government. The parliamentary standing committee on the finance ministry needs to monitor the progress of reforms, and the media may report to the public.

Development partners may get involved in the automation of core functional areas of income tax with a particular focus on integrating the automation of the tax system with the existing VAT reform strategy. Both income tax and VAT should use the same platform and share information seamlessly to create synergy.

Development partners may also help the NBR return to the original 2012 VAT Act to the extent possible by consolidating various differentiated rates and turnover-based regimes into a unified structure.

The author is a former chairman of the National Board of Revenue. He can be reached at ahmed.nasiruddin@gmail.com.

Crises in India, Myanmar diverting export orders to Bangladesh

FROM PAGE B1

The same was true for Cambodia. Some work orders had been shifted to other countries because of a lockdown in the Southeast Asian nation. But it was a temporary measure as Cambodia was also a major sourcing hub for the company.

Myanmar has become an important link in the supply chains of well-known Western brands in the luggage, fast fashion and footwear industries.

For instance, US imports from Myanmar reached \$1.06 billion in the 12 months to November 30, 2020, from \$245 million in 2016, according to a report on Al Jazeera.

Of the sum, apparel and footwear accounted for more than 41 per cent. Luggage imports made up nearly 30 per cent, while fish accounted for 4.4 per cent.

When asked if the coup has affected its business in Myanmar, H&M Spokesperson Ulrika Isaksson told Al Jazeera in a statement, "We expect our production in Myanmar to be affected. We are in close dialogue with our suppliers and monitoring the situation as it develops."

The official was whether H&M plans to continue sourcing from its independent

suppliers in Myanmar.

In response, Isaksson said, "While we are concerned about the situation in Myanmar and closely monitoring the developments, we refrain from taking any immediate action with regards to our presence in the country."

Md Saiful Islam, president of the Leathergoods and Footwear Manufacturers & Exporters Association of Bangladesh, said the sector had been receiving an increasing number of work orders over the last couple of months.

"Many leather and leather goods companies have shifted orders from Myanmar to Bangladesh because of the political uncertainty," he said.

The increase has significantly helped the recovery of Bangladesh's leather and leather goods shipments recently.

Earnings from leather and leather goods shipment were up 8.56 per cent year-on-year to \$760.92 million between July and April.

The receipts entered the positive territory after more than four years not just for the diversion of the orders from other countries but also for the clearing out of inventories and the receipts of past payments from retailers and brands, Islam said.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters

Association, also acknowledged that some work orders were shifting from Myanmar. However, Myanmar's total garment export volume was too little when compared with that of Bangladesh, he said.

"The shift has had little impact on Bangladesh's garment sector," he said, adding that the placement of work orders in India had slowed a bit due to Covid-19.

It does not mean that Bangladesh is receiving work orders of India due to the pandemic, he said.

Export from Bangladesh in the last 15 days dipped 16 per cent compared to that last year, said former BGMEA president Rubana Huq.

The only category that has had growth is knitwear, while woven witnessed a drop of almost 6 per cent between August 20 and April 21.

"I don't think there's an overall recovery, but knitwear is doing slightly better," Huq said. Lingerie and artificial fibre-based anoraks have had a significant rise in export. Competition is still fierce, and Covid-19 has doubled the industry's suffering, she also said.

"I think it is too early to reach any conclusion from outside," said Zahid Hussain, a former lead economist of the World Bank's Dhaka office.

Tangail's lemon growers cash in on Covid-19



The demand for citrus fruits increased following the coronavirus outbreak in March last year. The photo was taken from an orchard in Delduar upazila of Tangail recently.

PHOTO: MIRZA SHAKIL

DISTRICTS IN FOCUS

MIRZA SHAKIL, Tangail

Lemon growers in Tangail are very pleased by the huge demand and increased prices for their crop this season.

According to traders, the demand for citrus fruits increased following the coronavirus outbreak in March last year as people believed foods with vitamin C would help stave off the serious illness.

And now, amid a second wave of infections, both the demand and price for lemons reached an all-time high.

Tangail is known for producing copious amounts of lemon, including the seedless, elachi and Colombo varieties.

The district's Delduar upazila is the main hub for lemon growers and orchards in the area.

As per data from the Department of Agricultural Extension (DAE) office in Tangail, lemon was cultivated on 2,157 hectares of land in the district this season.

Delduar upazila was the most heavily cultivated as 800 hectares of land was used while it was 615 hectares in Mirzapur, 130 hectares in Sakhapur and 71 hectares in Madhupur.

The district grew around 42,287 tonnes of lemon in total this year with each hectare producing about 20 tonnes of the fruit.

The lemons grown in Tangail are sold across the country while measures to begin export are underway, DAE officials said.

After speaking to several traders in Delduar's Laohati market, it was learned that a 120-kilogramme (kg) sack of lemon normally sells for about Tk 3,000.

But considering the current demand, the same amount is now being sold for Tk 4,500 to Tk 5,000. Tofayel Ahmed, a lemon farmer of Laohati village, told The Daily Star that wholesalers from all over the country come to local markets to buy the fruit at good prices.

Although the Bangla months of Falgun and Chaitra (February-April) is a dull period for lemon production, the 120-kg sacks sold for a record Tk 12,000 at local markets.

"However, prices eventually fell after other seasonal fruits packed with vitamin C, such as mango and pineapple, came to the market," said

Nurul Islam, a lemon trader of Fazilhati village in Delduar.

Moslem Uddin, a lemon grower in Sakhapur upazila, said that his orchards on four acres of land can house about 300 to 350 saplings per acre at a cost of about Tk 70,000.

Lemons can be harvested three years after a sapling is planted. The price per hali (four pieces) of lemon was Tk 40-50 in March this year but eventually fell to Tk 20 to Tk 25.

"I have already sold lemons for Tk 10 lakh this year and hope to sell another Tk 5 lakh worth in the next one month," Uddin added.

Marfat Ali, a farmer of Kalianpara village, said the coronavirus pandemic and Ramadan came as a blessing for local lemon growers as they enjoyed double benefits this year.

"I have already sold lemons worth Tk 5 lakh from my three orchards on two acres of land and besides, I have sold 12,000 saplings for Tk 2.4 lakh earlier," he added.

DAE officials in Sakhapur say that around 100 people in the upazila are growing lemons on a commercial basis. Considering this year's success, many farmers are now thinking about expanding lemon cultivation in place of other crops, they said.

Political economy analysis of tax reforms



NASIRUDDIN AHMED



OPINION

The tax system of a country has two key elements: tax policy and tax administration. The political economy analysis is vital to understand the factors responsible for facilitating and hindering tax reforms in tax policy and administration in a country and taking reform measures.

FACTORS INHIBITING TAX REFORMS IN BANGLADESH

Article 83 of the Bangladesh Constitution stipulates that no tax shall be levied or collected except by or under the authority of an act of Parliament. This highlights that taxation is a political phenomenon in Bangladesh.

The political economy of tax reforms has to be understood in the broader context of governance in Bangladesh. Significant recent research has focused on the "paradox of Bangladesh," with continued economic growth despite problems of governance, including a high level of corruption as shown by different governance indicators.

The persistent weakness of the existing tax system is the product of well-established informal rules, norms, and networks that have served the broader interests of several political, business, and bureaucratic elites

(political settlement). This political settlement has ensured predictably low tax rates and the strategic distribution of economic rents despite the existence of widespread corruption, discretion, and informality.

For example, the low price of cigarettes is a reflection of this political settlement. Cigarette companies try to convince the policymakers and bureaucrats to keep the prices and taxes of cigarettes low on the unfounded pretext of illicit trade in cigarettes.

Despite certain tax reform projects, there is little motivation on the part of political leadership and business people for tax reforms because they derive significant benefits from the favourable tax treatment (tax exemptions) accorded to them.

Many members of Parliament have significant business interests, resulting in conflicts of interest. Conflicts of interest give rise to corruption through making compromised decisions in an official capacity to derive personal benefits. The National Board of Revenue (NBR) is responsible for both tax policy formulation and tax administration, giving rise to conflicts of interest.

A case in point is the VAT reform. The political economy of taxation in Bangladesh is reflected in the seven-year delay in the implementation of the VAT and SD Act, 2012 because of political and electoral considerations.

READ MORE ON B3



The National Board of Revenue is responsible for both tax policy formulation and tax administration.

PHOTO: STAR/FILE

GLOBAL BUSINESS

Japan's economy slumps back into decline

REUTERS, Tokyo

Japan's economy shrank more than expected in the first quarter as a slow vaccine rollout and new Covid-19 infections hit spending on items such as dining out and clothes, raising concerns the country will lag others emerging from the pandemic.

Capital expenditure also fell unexpectedly and export growth slowed sharply, a sign the world's third-largest economy is struggling for drivers to pull it out of the doldrums.

The dismal reading and extended state

emergency curbs to combat the pandemic hit spending for clothing and dining out.

But the bigger-than-expected contraction also reflected a surprise 1.4 per cent drop in capital expenditure, which confounded market expectations for a 1.1 per cent increase as companies scaled back spending on equipment for machinery and cars.

While exports grew 2.3 per cent thanks to a rebound in global demand for cars and electronics, the pace of increase slowed sharply from the previous quarter's 11.7 per cent gain, a worrying sign for an economy still reeling from weak domestic demand.



REUTERS/FILE

Pedestrians wearing protective masks, following the coronavirus disease outbreak, make their way during commuting hour at a business district in Tokyo, Japan.

of emergency curbs have heightened the risk Japan may shrink again in the current quarter and slide back to recession, defined as two straight quarters of recession, some analysts say.

"Global chip shortages caused a marked slowdown in exports, putting a drag on capital spending as well," said Yoshimasa Maruyama, chief market economist at SMBC Nikko Securities.

"Consumption will probably remain stagnant, raising risks of an economic contraction in the current quarter."

The economy shrank an annualised 5.1 per cent in the first quarter, more than the forecast 4.6 per cent contraction and following an 11.6 per cent jump in the previous quarter, government data showed on Tuesday.

The decline was mainly due to a 1.4 per cent drop in private consumption as state of

Domestic demand knocked 1.1 per cent point off gross domestic product (GDP), while net exports shaved off 0.2 point, the data showed.

"That domestic demand is weak shows the adverse effects from the coronavirus haven't been shaken off at all," said Takeshi Minami, chief economist at Norinchukin Research Institute.

Despite massive monetary and fiscal stimulus, Japan's economy slumped a record 4.6 per cent in the fiscal year that ended in March, the data showed.

"There will undoubtedly be fiscal money poured on this problem to soften the blow, though after so much already, it is difficult to see this having more than a fairly marginal effect," analysts at ING wrote in a research note, adding they expect the economy to shrink again in the current quarter.

US recovery could be unprecedented

AFP, Washington

Bringing the US economy back from the brutal downturn caused by Covid-19 will take time, and hiccups like last month's weak hiring data will happen, a top Federal Reserve official said Monday.

The comments from Fed Vice Chair Richard Clarida come after government data showed the US economy added only 266,000 jobs in April, far fewer than expected and complicating expectations for a strong bounceback in employment and growth this year.

"We're still more than eight million jobs short of where we were 14 months ago, so there's still a deep hole in the in the labor market. But I also believe that it may take more time to reopen a \$20 trillion economy than it did to shut it down," Clarida said in a conversation with Atlanta Federal Reserve President Raphael Bostic.

"This was an unprecedented shock, it led to an unprecedented



REUTERS/FILE

The Federal Reserve Board building on Constitution Avenue is pictured in Washington.

collapse, and we may have an unprecedented recovery," Clarida said. The world's most severe Covid-19 outbreak hammered the US economy in 2020, causing tens of millions of layoffs and a severe

3.5 per cent contraction in growth.

The United States is expected to bounce back strongly this year as Covid-19 vaccines quell the pandemic in its borders, and Clarida said growth could be as

high as seven per cent.

But the economy's reopening following business restrictions imposed to stop the virus, combined with the Fed's recent decision to allow interest rates to remain low for a long period of time to generate maximum employment, has raised fears of a spike in inflation.

There are signs those increases are already here, with the Labor Department's consumer price index in April jumping 4.2 per cent compared to the same month in 2020, its biggest yearly increase since 2008.

Clarida said the central bank is ready to act to quell inflation, but the price increases are likely to be temporary and shouldn't get in the way of the Fed's goal of spurring hiring among communities with high joblessness, like racial minorities and workers with less education.

"Our baseline view is that achieving maximum employment will not put unwanted or unwelcome upward pressure on the price level," he said.

UK jobless rate falls again

REUTERS, London

Britain's unemployment rate fell again to 4.8 per cent between January and March, when the country was under a tight lockdown, and hiring rose further in April, according to data that showed employers gearing up for the easing of curbs.

Economists polled by Reuters had expected the rate to hold at 4.9 per cent, and the reading added to signs that the labour market will escape the severe hit feared at the onset of the coronavirus pandemic, thanks mostly to government jobs subsidies.

Some of the fall in the unemployment rate - the third in a row - was due to a rise in people not looking for work, with inactivity rate among men hitting a record high, echoing a pattern seen during Britain's first lockdown last year.

But analysts said the data showed the labour market was preparing

for the end of many of the curbs imposed by Prime Minister Boris Johnson in January, thanks to the country's swift Covid-19 vaccination programme.

"As the economy prepares to re-open fully and economic activity picks up, businesses have increased their hiring to meet the

rise in demand," Yael Selfin, chief economist at KPMG UK, said.

The unemployment rate was likely to peak at 5.9 per cent in the three months to December, after a jobs furlough programme ends in September, she said.

The number of people in employment in the first three

months of 2021 jumped by 84,000, the first increase since the pandemic hit Britain and a bigger rise than the Reuters poll forecast of a 50,000. Those classed as unemployed fell by 121,000.

Separate data for April showed a further improvement in the labour market with people on company payrolls up 97,000 from March.

The rise was driven by hiring in the administration and support and the finance and insurance sectors, although the fall in hospitality - which partially reopened for outdoor service in April - was the smallest during the pandemic. That narrowed the drop in payrolls numbers from February 2020 to 772,000, the Office for National Statistics said.

The Resolution Foundation think tank said that gap, combined with an estimated drop of 270,000 self-employed workers and 3.1 million workers still on furlough, meant Britain still had a 4.2 million 'Covid employment gap' to fill.



REUTERS/FILE

A person wearing a protective face mask walks past a Job Centre Plus office, amidst the outbreak of the coronavirus disease in London.