

| STOCKS | | COMMODITIES | | ASIAN MARKETS | | | | CURRENCIES | | | |
|----------|-----------|-------------|--------------|---------------|-----------|-----------|----------|---------------|--------|--------|-------|
| DSEX | CSCX | Gold | Oil | MUMBAI | TOKYO | SINGAPORE | SHANGHAI | USD | EUR | GBP | CNY |
| ▲ 0.42% | ▲ 0.38% | \$1,904.40 | \$70.71 | ▼ 0.16% | ▲ 0.46% | ▼ 0.82% | ▼ 0.76% | BUY TK 83.95 | 101.54 | 117.98 | 12.92 |
| 6,019.00 | 10,513.01 | (per ounce) | (per barrel) | 51,849.48 | 28,946.14 | 3,161.04 | 3,597.14 | SELL TK 84.95 | 105.34 | 121.78 | 13.58 |



Star BUSINESS

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Govt has an uphill battle ahead

Key challenge in the new budget is to balance shrinking business with rising state spending

RUN-UP TO BUDGET FOR FY2021-22

SUKANTA HALDER, MD ABU TALHA SARKER and AHSAN HABIB

The national budget for 2021-22 is being proposed today all the while the country's economy faces some tough realities stemming from the pandemic's second wave.

The hardships demand a bigger social safety net, policy support and incentives for many industries, improvements in health and education and so on, according to economists.

Small businesses and people of a middle socioeconomic status remain under pressure while many have been downed to financial insolvency, giving rise to higher inequality in the economy.

In the present fiscal year, the pandemic has pushed forth many new costs for the government.

With tax cuts and the National Board of Revenue (NBR) already lagging behind in attaining targets, revenue collection and mobilisation for reaching goals would be a big challenge in the upcoming year.

Coupled with it are job creation, investment, budget deficit management and foreign aid utilisation. Agriculture and remittance were the strengths of the economy but how the contributions of the two sectors would be kept strong should be clarified.

In a pandemic it is normal for government expenditure to increase but if aid does not arrive from all plausible sources, there could be an imbalance, said Kazi Iqbal, director of research at the Bangladesh Institute of Development Studies (BIDS).

Total revenue mobilisation recorded 13.4 per cent growth

CHALLENGES

- ➔ Extensive vaccination
- ➔ Ensuring food security
- ➔ Creating employment opportunities
- ➔ Reducing gap between rich and poor
- ➔ Bringing education back to pre-pandemic situation
- ➔ Proper planning and implementation



RECOMMENDATIONS

- ➔ Formulate expansionary fiscal policy
- ➔ Devise medium-term recovery plan
- ➔ Continue stimulus package and relief programmes
- ➔ Build institutional capacity
- ➔ Increase collaboration among banks, financial institutions and NGOs
- ➔ Develop supportive sectoral policy

during the first 10 months of fiscal 2020-21 against the annual target of 43.7 per cent, according to data from the Ministry of Finance.

"Bringing foreign investment to the country in the next financial year will be a big challenge," said Iqbal.

Foreign grants registered negative growth of 69.7 per cent during the July-April period of the fiscal year, the data shows.

"The economy will depend entirely on how long the pandemic stays in the next financial year," he said.

There will be a large budget allocation from the government in the health sector where there may be disruptions in their payments to other sectors, he said, adding that larger projects can come at a slower pace.

READ MORE ON B3

Covid propels F-commerce sales by women entrepreneurs

MAHMUDUL HASAN

Female entrepreneurs who conduct their business through Facebook or F-commerce are receiving a record number of orders amid the ongoing coronavirus pandemic as people continue to shop from home in fear of infection.

Since early April, when the infection rate suddenly started to climb rapidly, thousands of orders poured in for lifestyle products while the Eid-ul-Fitr shopping season also bumped up sales. This instantly turned the platform into a digital purchase juggernaut.

With a follower base ranging from 10,000 to over a million people, these entrepreneurs simply have to post a picture of their item or showcase it on Facebook live to draw their attention.

As a result, they typically receive anywhere from 50 to more than 1,000 orders daily.

HUR nusrat, an F-commerce page with nearly a million followers, saw its sales double during Ramadan compared to pre-pandemic levels.

"Our employees had to work round-the-clock to deliver the huge number of orders during the second wave that coincided with the peak sales season," said Nusrat Akhter Lopa, who owns the page.

Lopa, who started selling products through Facebook back in 2015 with a starting capital of Tk 1,200, sold several thousand lifestyle products during the last Eid season.

Layla Sarmeen of Safriana's Touch, an F-commerce platform that sells women's clothes, said she never thought that she would get such a tremendous response amid the current crisis.



COLLECTED

A woman goes on Facebook live to sell saris.

"But as soon as I posted a picture of my locally sourced products, all of them were booked," she added.

Ever since the second wave began, Safriana's Touch has sold products worth around Tk 4 lakh.

During Ramadan, the company registered sales of about Tk 3 lakh while it was only Tk 50,000 for the same period in the pre-pandemic era.

READ MORE ON B3

CNN to brand Bangladesh

Bangladesh Foreign Trade Institute signs deal

STAR BUSINESS REPORT

The government yesterday teamed up with global news networking giant CNN International for the promotion of "Made in Bangladesh" products worldwide.

The Bangladesh Foreign Trade Institute (BFTI) and CNN International Commercial (CNNIC) signed a non-financial understanding to promote different export sectors of Bangladesh globally on the CNN network and achieve the export-oriented growth strategy through public-private collaboration.

The BFTI, a research body on foreign trade under the commerce ministry, has been given the responsibility to execute the holistic communication campaign on "Made in Bangladesh" products.

Bangladesh has shown resilience and kept the country's economy moving forward when the world was hit by the Covid-19 pandemic, BFTI said in a statement.

Bangladesh's success stories need to be promoted in the global arena and campaigns on the "Made in Bangladesh" campaign will help reach the global audience of CNN, according to the statement.

The BFTI will implement the campaign under the direct supervision of a steering committee formed by the commerce ministry.

READ MORE ON B3

First nat'l tea day on Jun 4

STAR BUSINESS REPORT

Bangladesh will observe National Tea Day on June 4 for the first time in its 50-year history.

This decision was taken at a cabinet meeting on July 20 to commemorate the outstanding contribution of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman to the tea industry on his birth centenary, said Commerce Minister Tipu Munshi.

On this day, Bangabandhu became the first Bengali chairman of the Tea Board, serving from June 4, 1957, to October 23, 1958.

"So, the first National Tea Day is being celebrated on June 4," he said while addressing a virtual press briefing on the 'First National Tea Day-2021' from his office at the Secretariat.

READ MORE ON B2

Bata incurs first loss in 59 years of Bangladesh operations

AHSAN HABIB

Bata Shoe Company (Bangladesh), one of the country's most widely known footwear brands, suffered losses for the first time in 59 years of operations as it had to shutter outlets during the main sales seasons amid the coronavirus outbreak.

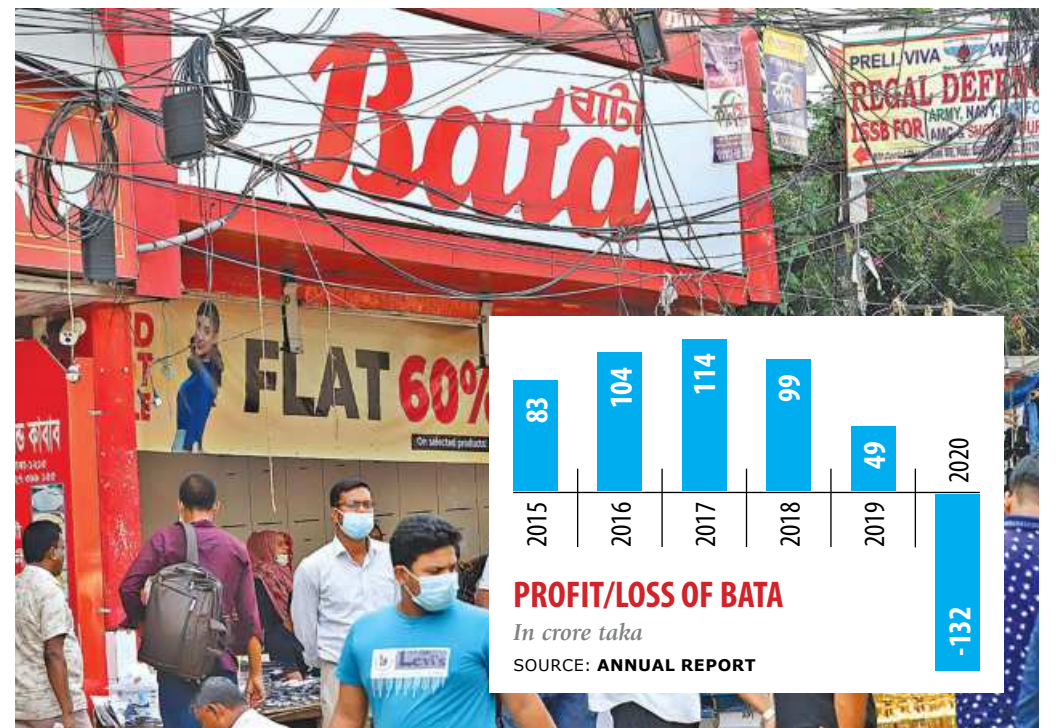
The multinational company, which launched operations here in 1962 in the then East Pakistan, saw its sales dip 41 per cent, or Tk 350 crore, year-on-year to Tk 508 crore in 2020 from Tk 857 crore. Despite incurring losses, it announced a 25 per cent cash dividend for shareholders.

Bata, a subsidiary of Bafin (Nederland) BV in the Netherlands that holds a 70 per cent share, incurred losses of Tk 132 crore in 2020 just after logging Tk 49 crore in profits the previous year.

"Bata Bangladesh has been going through a crisis in overall business in 2020, which has pushed the company's earnings down," the company said in its disclosure.

The earnings took a drastic fall due to the loss of retail business during 2020's major festivals -- Eid-ul-Fitr, Eid-ul-Azha, Puja and Pahela Baishakh -- due to a countrywide lockdown for the Covid-19 pandemic.

READ MORE ON B3



The challenge is to scale up impactful public expenditure

Debapriya Bhattacharya, a distinguished fellow of CPD, says on national budget in an interview

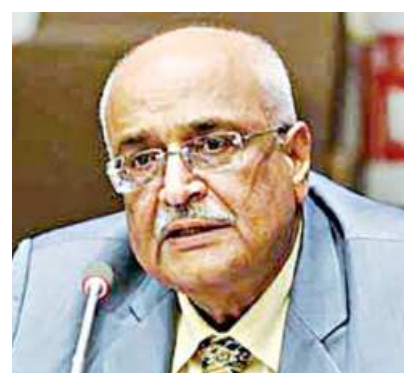
RUN-UP TO BUDGET FOR FY2021-22

SOHEL PARVEZ

With the new national budget set to be announced today, The Daily Star caught up with Debapriya Bhattacharya, a distinguished fellow of the Centre for Policy Dialogue, for his take on potential policy changes, how to address the needs of the hour, and various solutions to the Covid-induced economic crisis. Below are the excerpts of the interview.

The Daily Star (DS): What is the context of the national budget that is being announced today? What should be the main focus of the budget?

Debapriya Bhattacharya: The last budget (for 2019-20) was placed during the first wave of the coronavirus pandemic and here we are, one year later, in the midst of the second wave of the pandemic. We are not sure whether there will be a third wave or



Debapriya Bhattacharya

not. Defying earlier assumptions, the new budget is being designed within continuing uncertain health and socio-economic prospects.

The faltering recovery from the impacts of the first wave was characterised by the restoration of employment through low skill and low income jobs while underemployment remains pervasive. Households are experiencing a consumption squeeze and growing indebtedness. A large number of

them are falling below the poverty line, while inequality is deepening. There are also a number of negative fallouts in the health, education and social sectors. Accordingly, a recovery plan has to be embedded in the upcoming budget.

There exists an apparent stability in the macroeconomic situation. The inflation remains low, the exchange rate of Taka is stable, the fiscal deficit is moderate and the current account is exhibiting surplus. This macroeconomic stability has to be retained in the coming year, particularly in case of food price inflation.

We also need to be mindful that the new budget is being launched with a weak benchmark, possibly the weakest in the recent past. Most of the budgetary targets of the elapsing fiscal year have not been realised by a large margin. This is true for both resource and expenditure sides of the equation. Because of these fundamental underperformances, the budget deficit has remained below the target.

READ MORE ON B3

Expectations from budget



SELIM RAIHAN

This year's national budget will be the second to be implemented amid the ongoing unprecedented economic and social crisis brought on by Covid-19.

One expectation is that the budget document will acknowledge the current context and realities.

The coronavirus pandemic has led to an unprecedented rise in the country's poverty rate within a short period. The economic crisis has also disrupted the labour market.

In this context, the social safety net programmes are more important than ever. However, even amid the pandemic, serious loopholes have been observed in these programmes.

There are allegations that a

significant portion of the funds for the social safety net has gone into the hands of non-poor people due to errors in identifying the beneficiaries.

As a result, poor people and other targeted groups have remained deprived. While local administrative officials and government representatives prepare the list of

beneficiaries, no mechanism is in place to ensure accountability and transparency in the whole process.

This faulty system results in a large section of the poor being left out of the purview of the social safety net or relief distribution programmes. Therefore, there is a need for strong coordination among ministries in this regard.

READ MORE ON B2



STAR/FILE

People maintain physical distancing while waiting for lunch near Sadarghat launch terminal in the capital amid the coronavirus outbreak. Social safety net programmes for impoverished people are more important than ever, but even amid the pandemic, serious loopholes have been found in these programmes.



GLOBAL ISLAMI BANK
Global Islami Bank Managing Director (MD) Syed Habib Hasnat, Prime Bank Investment Chief Operating Officer (COO) Khandoker Raihan Ali and LankaBangla Investments COO Iftekhar Alam signed an agreement yesterday over an initial public offering. The bank's additional MDs Md Golam Sarwar and Kazi Mashiur Rahman Jayhad and Deputy Managing Director Ataus Samad were also present.

Brazil economy returns to pre-pandemic level with strong Q1

AFP, Rio Janeiro

Brazil's economy, the largest in Latin America, returned to its pre-pandemic level with stronger-than-expected growth of 1.2 per cent in the first quarter of 2021, the government said Tuesday.

The upbeat figure boosted hopes for a strong economic recovery this year in Brazil, which has been hit hard by Covid-19. But there is lingering uncertainty: epidemiologists warn a new surge of the virus is likely. "The result is far higher than expected. There was no fiscal stimulus (against the pandemic) in the first quarter of 2021, and some analysts were saying we would have a big contraction in GDP," said economist Margarida Gutierrez of the Federal University of Rio de Janeiro (UFRJ).

"Now the GDP forecast for 2021 should increase from 3.5 per cent to something around five per cent. If (Covid-19) vaccinations go quickly, it could be even more." The news helped push the Sao

Paulo stock exchange to a record close, up 1.63 per cent.

It was the third straight record close for the Ibovespa index, which had not hit a record since January. Experts cited by the economic daily Valor had predicted growth of 0.7 per cent for the first quarter, after Brazil posted a record 4.1 per cent GDP contraction for the year in 2020. Growth in the first three months of 2021 was largely driven by state and local governments lifting business closures and other Covid-19 restrictions, according to economists.

Epidemiologists say the move came too soon. They warn Brazil -- already the country with the second-highest death toll in the pandemic, with more than 460,000 lives lost -- now faces a third coronavirus wave. Brazil's Covid-19 vaccination campaign has been marred by shortages and delays.

Around 10.5 per cent of the country's 212 million people have been fully vaccinated so far -- still too small a number to significantly slow the virus.

Huawei to launch new mobile operating system in fight for survival

AFP, Shenzhen

Embattled Chinese tech giant Huawei will launch a homegrown new mobile operating system on Wednesday as it fights for survival in the smartphone arena after the United States blocked it from using Android.

Huawei will unveil its first mobile devices loaded with the new HarmonyOS in an online event broadcast from its headquarters in the southern city of Shenzhen beginning at 8 pm (1200 GMT).

The development of HarmonyOS has been closely watched by the tech world since Donald Trump's White House in 2018 began an aggressive campaign to short-circuit the global ambitions of Huawei, which Washington considers a potential Chinese espionage and cybersecurity threat.

Aside from the geopolitics, no company has successfully taken on the mobile OS duopoly now dominated by Google's Android and Apple's iOS systems, a battleground littered with the likes of flame-outs including BlackBerry, Microsoft's Windows Phone and the Amazon Fire device.

Analysts say Huawei likewise faces a tough battle to carve out a sizeable share of the OS pie.

The world's largest supplier of telecom base station equipment and other networking gear, Huawei entered the handset business in 2003, using Android.

It became one of the world's three leading mobile phone manufacturers along with Samsung and Apple -- briefly occupying the number one spot last year -- driven by Chinese demand and sales in emerging markets.

But the US sanctions, which include cutting the firm off from global component supply chains, have thrown its mobile phone segment into uncertainty.

Analysts say Huawei's most immediate challenge is in apps -- convincing enough developers to reprogramme their applications and other content to work with HarmonyOS so that consumers will continue to buy Huawei phones.

Being cut off from Android effectively prevents Huawei offering phone users popular features such as Google's browser, its maps function and a range of other top apps available through the system.

Huawei's access to the chips required to make a smartphone has also been curtailed, and its shipments have fallen dramatically in recent quarters. Analysts say the apps conundrum should not be a problem in China.

Huawei has a huge slice of the domestic market and its own menu of apps that are largely designed for Chinese users.

But its global prospects may dim. "On content, when you're talking about the international market, you can't live without Google, you can't live without Amazon or YouTube."

Indian central bank expected to keep rates steady

REUTERS

India's central bank will likely keep interest rates at record lows this week as it assesses the economic fallout of the country's evolving Covid-19 crisis, but the monetary authority is expected to reiterate its commitment on liquidity.

The Reserve Bank of India's (RBI) monetary policy committee (MPC) will likely keep the key lending rate or the repo rate unchanged at 4 per cent for a sixth straight meeting when it announces its decision after a three-day meeting on Friday.

All 51 economists polled by Reuters expected the MPC to hold rates as Asia's third-largest economy grapples with various state lockdowns.

The RBI has repeatedly said it will ensure there is adequate rupee liquidity in the financial system to help the economy's productive sectors and the government's massive borrowing program, and economists expected it to reiterate that message.

"The policy outcomes are no longer just a statement of rate action but much more," said Anand Nevatia, fund manager at Trust Mutual Fund.

"While markets will be

expecting reassurance on liquidity and awaiting the quantum of GSAP (government securities acquisition programme) for next quarter, one should not be surprised if Governor (Shaktikanta) Das announces yet another innovative tool," he added.

India's central bank unveiled

fresh measures in May to help lenders tide over mounting bad loans and give some borrowers more time to repay their debts, as surging Covid-19 infections triggered strict lockdowns in several states.

The RBI in April committed to buying 1 trillion rupees (\$13.71

billion) worth of government bonds from the market between April and May in a quantitative easing program it called G-SAP 1.0.

Traders will look to see whether the central bank will announce potentially more aggressive bond purchases under a GSAP 2.0 programme on Friday, and are also eyeing any revisions to growth and inflation forecasts.

Market expectations for larger bond-buying are high after the government recently increased its borrowing for this year.

The government said last week it was going to borrow an additional 1.58 trillion rupees, over and above its massive 12.06 trillion scheduled borrowing for 2021/22, in order to compensate state governments for a shortfall in tax revenues.

India's annual economic growth rate picked up in January-March compared with the previous three months, but economists are increasingly pessimistic about the June quarter after a huge second wave of Covid-19 infections hit the country last month.

"While the central bank will look to maintain adequate system liquidity, managing the increased supply of sovereign bonds will be a tightrope walk," Nevatia said.



A security guard's reflection is seen next to the logo of the Reserve Bank Of India (RBI) at the RBI headquarters in Mumbai, India.

Biden suspends Trump-era oil and gas leases in Alaska refuge

REUTERS

US President Joe Biden's administration on Tuesday said it would suspend oil and gas leases that were handed out in an Alaska wildlife refuge during the final days of the Trump administration pending an environmental review.

The action reverses one of former President Donald Trump's signature efforts to expand fossil fuel development in the United States, and delivers a setback to the Alaskan state government which had hoped opening the enormous refuge would help revive its declining oil industry.

Trump's Interior Department sold the leases in the Arctic National Wildlife Refuge (ANWR) in January over the objections of environmentalists and indigenous groups. During his campaign, Biden had pledged to protect the 19.6 million-acre pristine habitat for polar bears, caribou and migratory birds.

White House National Climate Advisor Gina McCarthy said Biden was "grateful for the prompt action by the Department of the Interior," and said the Trump administration's hastily-held auction of oil and gas leases in the refuge "could have changed the character of this special place forever."

Biden's Interior Department said it had notified the leaseholders, which include an Alaska state agency.

The review, which will examine "legal deficiencies" in the previous administration's environmental analysis of leasing in ANWR, will determine whether the leases would stand, be voided, or be subject to mitigation measures, the statement said.

The ANWR leasing program is already the subject of lawsuits by environmental and indigenous groups that allege the Trump administration violated federal law by performing a faulty environmental analysis that failed to adequately consider its impact on wildlife and native people.

The Alaska Industrial Development and Export Authority, which holds seven of the ANWR leases, said it was disappointed by the decision and did not have any reason to believe that the auction's underlying environmental

analysis was inadequate.

"I don't know what they are referring to," Alan Weitzner, AIDEA's executive director, said in an interview.

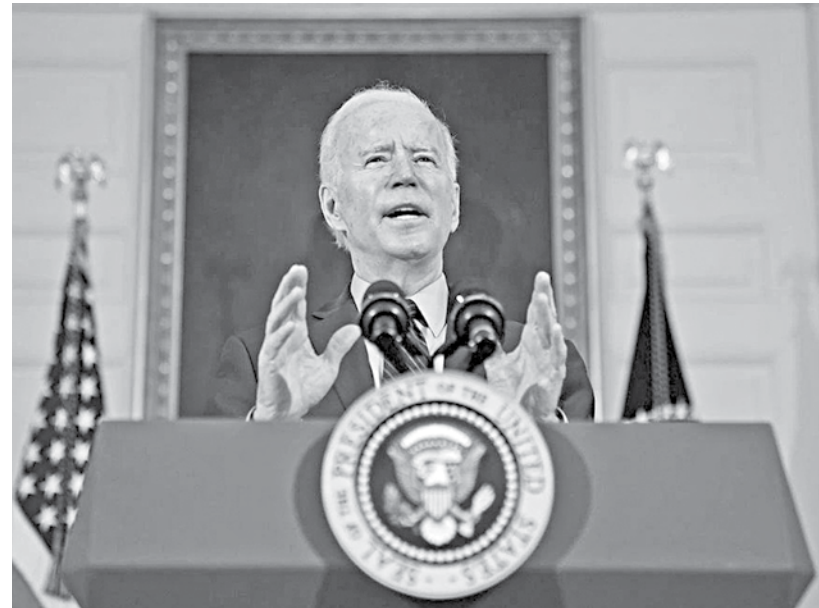
The action is the latest effort by Biden to restrict oil and gas activities on public lands, part of a broader agenda to decarbonize the US economy and combat climate change. He has also paused all new oil and gas leasing on federal lands and waters, source of a quarter of the nation's

end up in court.

"At the end of this review, they will make a final decision, and whoever is unhappy with that decision at that time may decide to institute litigation," Gerrard said.

Alaska-based green and indigenous groups that sued to stop the lease sale cheered the move.

"We look forward to working with the administration on stronger action to correct this unlawful leasing



US President Joe Biden delivers remarks on the state of the US economy and the need to pass coronavirus disease aid legislation during a speech in the State Dining Room at the White House in Washington, US on February 5.

petroleum. Alaska officials expressed outrage, saying leasing in ANWR was required by a 2017 law that opened up oil and gas development in the region.

"Our leases for oil and gas are valid and cannot be taken away by the federal government," Alaska Gov. Mike Dunleavy said in a statement. "I oppose this assault on Alaska's economy and will use every means necessary to undo this egregious federal overreach."

Columbia Law School professor Michael Gerrard called the move "prudent" given the questions around whether the leases were lawfully granted, but said the matter may just

program and preserve one of our nation's most majestic public lands," groups including Alaska Wilderness League and the Gwich'in Steering Committee said in a joint statement.

The first sale of tracts in the refuge, held two weeks before Trump left office in January, received limited interest from the oil and gas industry and generated high bids of just \$14.4 million. Leases were ultimately issued for nine tracts covering 430,000 acres (1,740 square kilometers), Interior said.

Knik Arm Services LLC and Regenerate Alaska Inc, which each hold one lease, were not immediately available for comment.

Expectations from budget

FROM PAGE B1

Also, all safety net programmes must be brought under one platform. While the allocation for these programmes needs to be doubled at the least, there is a need for ensuring coordination, accountability and transparency in the overall mechanism of allocation, distribution and management.

Various sectors in the economy and different sections of the population have been affected to different degrees during the pandemic. Despite that, there has hardly been any visible move by government agencies to assess such impacts. However, the current context necessitates a better understanding of the economic and social impacts of Covid-19. Needless to mention that it is not possible to undertake the necessary policies and actions without updated data, information and a better understanding of the ground realities.

The South Asian Network on Economic Modeling's quarterly surveys on 500 firms from 15 manufacturing and service sectors since June 2020 reveal that most micro and small businesses, who play a crucial role in the supply chain in the economy, have been struggling to survive.

This resulted in a large disruption in the supply chain, which will continue to hinder economic recovery even though remittance and export earnings have been showing an upward trend.

Since more than 85 per cent of employment is in the informal sector, a large part of which are micro and small businesses, the overall

economy will not recover unless these businesses are restored.

Micro and small businesses are also the lowest beneficiaries of the stimulus packages. Therefore, there is a need to place particular emphasis on these businesses in the budget for 2021-22 in order to establish a mechanism that would help them recover from the present condition.

There is now a discussion on the possibility of a second set of stimulus packages but at the same time, there is a need to review the experiences of the stimulus packages disbursed so far.

Valid concerns are there on the management and monitoring of the stimulus packages. There is also a need to take the necessary steps to make the stimulus packages more effective.

An important point related to the economic recovery is that unless the government can contain the ongoing health crisis through mass vaccination and enforcement of regulations, recovery will not be sustainable.

The national budget should prioritise the allocation of resources, mechanisms for coordination among relevant agencies, the necessary roadmap, and their execution.

As around 80 per cent of the country's total investment comes from the private sector, stimulating private investment is critical for economic recovery. While the official statistics on private investment amid Covid-19 are yet to come, the indicators related to private sector investment show a very alarming picture.

Depressing trends of imports

and exports and the private sector credit growth are testimony to this picture. The budget for fiscal 2021-22 has the prime task to show ways of overcoming stagnation in private sector investment.

There are also expectations over whether the government will show any direction in undertaking some long-standing critical reforms in taxation, financial sector, health and education.

The health sector, no doubt, requires considerable overhauling. Although the sector's allocation increased significantly in the last budget, the health ministry's weak capacity resulted in much of the resources being unutilised. At the same time, the health sector has been alleged to be affected by corruption and numerous irregularities. So, there should be steps in the budget on how the health ministry will spend resources more efficiently in the coming days.

The government alone cannot address the economic and social crisis induced by Covid-19. However, the government has to bring the private sector and its associations, NGOs, volunteer organisations, and people's representatives under coordinated initiatives. The budget should specify a roadmap for the Covid-19 recovery plan and how different stakeholders could play their roles under the overall leadership of the government.

The writer is a professor of economics at Dhaka University, and executive director of South Asian Network on Economic Modeling. He can be reached at selim.raihan@gmail.com.

First nat'l tea day on Jun 4

FROM PAGE B1

The minister went on to say that National Tea Day would be inaugurated at 10:00am at Osmani Memorial Auditorium and a discussion meeting would be held there.

On the day, there will be a daylong tea exhibition from different organisations and rare items of the tea industry preserved in Bangabandhu Pavilion and Tea Museum at Srimangal will also be displayed.

Through observing the day, the role of the tea industry in the country's overall economic development will also be recognised.

Local tea was once exported but this is not possible now as the domestic demand has increased alongside production.

Now, the people living in villages have also grown accustomed to drinking tea, increasing its use manifold, Munshi

added. Only 31.38 million kilogrammes (kg) of tea was produced in 1970 while the country produced a record 96.07 million kgs in 2019 and 86.39 million kgs in 2020.

Last year, 2.19 million kgs of tea was exported to 19 countries, from which the country earned about Tk 35 crore.

Munshi said tea production on flat lands in Panchagarh started in 1996 under the direction of Prime Minister Sheikh Hasina.

Tea production is increasing day by day as the government is providing all necessary support to encourage production and necessary assistance is also being provided to the tea workers.

There is a huge demand for Bangladeshi tea in the international market and it is possible to export tea after meeting domestic demand, he added.

Rose tea brings fresh taste

FROM PAGE B4

Shah Alam, chairman of Bangladesh Cha Sangsad, told this correspondent that they have been putting in extra effort to develop new teas to add a different dimension to the industry.

First it was white, then yellow and now it was rose tea, which he said was recognised as the most expensive blend in the world. "There is a lot of demand for this tea due to which many garden owners are interested in producing the variety," Alam said.

Amusement industry wants to reopen

STAR BUSINESS REPORT

The amusement industry yesterday demanded that the government immediately allow them to reopen their establishments "like other businesses", reasoning it would not be possible to survive against continued financial losses.

The establishments were shut for four months last year and this year the same was done since early April amidst the pandemic's second wave.

In a statement the Bangladesh Association of Amusement Parks and Attractions (Baapa) also demanded incentive packages such as working capital at 1 per cent interest.

It sought exemptions of VAT, supplementary duty and other taxes, including on imports, for the next five years to ensure tickets remain cheap.

Baapa President Shahriar Kamal said last year amusement parks were allowed to open much later compared to that for other businesses, for which the sector suffered greatly.

He said they had decided to run at less than 50 per cent capacity as per a decision of Bangladesh Tourism Board and various international organisations and maintain social distancing, install thermal scanners at entrances and use hand sanitisers.

"We have ensured adequate hand washing facilities, regular food courts and sanitation of rides as well as all measures to prevent coronavirus infection in accordance with the health rules of the Department of Health," he said.

Bata incurs first loss in 59 years of Bangladesh operations

FROM PAGE B1

The festival sales cover 25 to 30 per cent of the company's yearly business. An estimated 77 per cent of rural business leaders like dealers and/or wholesalers have been particularly impacted due to Covid-19, which led to them losing their business, it said. The company's business went down by 41 per cent in 2020, the disclosure added.

"As all our export markets were closed due to Covid-19, we could hardly export anything in 2020 [Tk 11 million]," said Iftekhar Mallick, head of marketing at Bata Bangladesh.

Responding to a question on the steps being taken to return to profits, he said Bata was categorically focusing on its omnichannel approaches to be present at all customer touchpoints.

"We're proud to say that we have the largest online footwear store in Bangladesh," he said, adding that batabd.com has more than 2,000 assortments and remains open 24/7. The customers can order anytime and get products delivered home for free.

"We're noticing a rise in demand lately, especially post Ramadan and the trend is expected to continue as consumer confidence improves. If there's no Covid restriction in the coming quarters, we're hoping to turn around by the end of this year," Mallick added.

Sales revenue slightly rose in the first quarter of 2021 by 13 per cent year-on-year to Tk 184 crore.

Clearing of aged merchandise through offers of bulk discounts also gave a boost to sales, the company said.

However, Bata incurred losses of Tk 4.90 crore in the quarter. It was in profits of Tk 2.83 crore in the same period the previous year. The company said the loss was incurred due to discounted sales and increased unavoidable expenses due to the second wave of Covid-19.

In the quarter, net operating cash flow per share increased year-on-year mainly for increased business.

A top official, preferring anonymity, said it has been trying to return to profits but the emergence of the pandemic's second wave meant that it would take time.



Pran starts mango collection at Barind Industrial Park (BIP) in Rajshahi on Tuesday.

Pran starts mango collection

STAR BUSINESS DESK

Pran has started collecting and pulping mango for the year, targeting to procure 60,000 tonnes to manufacture drinks, juices and other food items which are exported to some 145 countries.

Sarower Hossain, deputy general manager of Barind Industrial Park in Rajshahi, inaugurated the activities at the park and another factory in Natore on June 1, said a press release.

Last year's collection was some 20,000 tonnes less due to inclement weather, said one official.

"Mangoes of Rajshahi, Chapainawabganj, Natore, Naogaon, Pabna and adjacent regions are prominent," said Hossain.

"In the first phase, we are purchasing guti mango...And it will continue till mid-July. After this, we will collect Ashwani varieties," he said.

Govt has an uphill battle ahead

FROM PAGE B1

As business has shrunk and government spending increased, it will be interesting to see how the government meets the big deficit challenge, Iqbal added.

Fiscal 2020-21 is different because the economy has been suffering from Covid-19, said Prof Sayema Haque Bidisha of the University of Dhaka.

"If we talk about the recovery of the economy, it is quite promising. On the positive side, Bangladesh has not been able to make as much of a negative impact on the economies of other countries as the novel coronavirus has," she said.

"However, the recovery of all sectors in Bangladesh was not same," she pointed out. Agriculture, remittances have made important contributions. "And in the case of incentives, I have seen that it has been implemented in the case of big sectors. Not so with the little ones. However, a good aspect is that the small sectors depend on the big ones," said Prof Bidisha.

"And if we talk about the challenge -- that is the challenge of employment. Rich-poor inequality existed before. But with the advent of the novel coronavirus, that income inequality has widened," she said.

There have been problems in the health sector before, but the challenges have obviously come to the fore since the novel coronavirus came, she said.

Another sector is education. "Last year, we didn't talk much about this sector. But now it is seen that this sector is in a very bad condition," she said.

"The economy will do well in the next financial year if we can work on food security management, health facilities and education management and human employment in a big way," she added.

The increase in poverty is a major problem, said Rizwan Rahman, president of the Dhaka Chamber of Commerce and Industry (DCCI).

About 60 per cent of the urban population lost their jobs and livelihoods due to the lockdown, he said.

Pointing at sluggish private sector credit growth and falling capital machinery import, he said many sectors, namely printing and publishing, tourism and hospitality, restaurant and leather, lost their capital due to the Covid crisis.

"The cottage and micro entrepreneurs went out of business due to the Covid crisis. Because they are not bankable, stimulus support hadn't reached them," said Rahman.

"If the vaccination programme could reach at least 50 million people, the economy can be reopened at home as well as to foreign counterparts," he opined.

The main target of the upcoming budget should be rehabilitation of the manpower who lost their jobs during the last two years, said Rahman.

He also suggested creating an enabling environment and providing financial and technical support to the cottage and micro entrepreneurs.

"Due to the second wave of Covid-19, business of local businesspeople was not at a satisfactory level. Therefore government revenue collection target in the coming budget should not be increased further," he said.

"We are hopeful that the Bangladesh economy has the potentials to grow faster and further if adequate government support is available through budgetary and other policy mechanism," said Rahman.

"The mindset of our bureaucracy and policymakers has to be changed from the existing controlling mode into a supporting mode," he recommended.

"We have to formulate our budget taking into consideration the second wave and global development," said Towfiqul Islam Khan, research fellow at the Centre for Policy Dialogue (CPD).

"We have seen a slow recovery globally. It happens in a K-shape recovery. Everywhere in every sector it isn't happening alike," he said.

Khan said the extensional fiscal policy should be pursued in key sectors like health, social protection, agriculture and small and medium enterprises (SME) for employment generation.

"Normally we devise year-long plans. But we need a medium-time recovery plan in place of this year-long strategy," he said.

"We need to give importance to education, where medium-term damage has been made, and we have to continue the use of those stimulus package, relief programmes we have," he said.

"Normally the government focuses on acquiring economic growth. But this time government should focus on people's employment generation and income recovery at household level," said Khan.

"It's not gone well to give allocation only. We have noticed that the government can't spend as per the budgetary allocation. More than 70-80 per cent allocation remained unused," he said.

Production has had a positive growth but it is less than that of the previous year, he said.

"If we get to see the indicators of the investment, we are in a troubled spot. If we see the private sector, capital machineries, the growth of all is in a subjugated position or has been decreased compared to the previous year," said Khan.

"A positive indication in export has come, we have seen a turnaround. We have to keep in mind that it is more than 2020 but we can't go back to the level of 2019. The recovery has not been made fully," he warned.

According to Export Promotion Bureau (EPB) data, export earnings increased by 8.7 per cent during the July-April period of FY2021 against an annual target of 21.8

per cent. "We have seen this time around that the income of people has come down; there was an uncertainty about employment; people have had to break into their savings," said Khan.

"At the same time, we have seen an increase in price inflation, particularly in the case of health-related expenditure. It creates a huge pressure on mass people and that's a matter of concern undoubtedly," he said.

The fiscal year started with a food inflation of 5.43 per cent at the national level, which gradually crept up to 5.73 per cent in April.

Finally, there have been some positive indicators in case of external balance. For example, export and import drifted towards positive trends, the condition of remittance was good. On the other hand, overseas migration, machinery imports and foreign direct investment (FDI) underwent a negative trend.

"In the first nine months of the year we can say that the economy was moving forward at a good pace. January-February also progressed at a good pace," said Mahtab Uddin, a lecturer of the department of economics at the University of Dhaka.

"However, in April, May and June, the economy suffered a major setback. A few things are very positive. Our main market is Europe, America and Japan. But these countries have turned around. The economy is expected to bounce back from July," he said.

"If we can't handle the coronavirus situation, we have to fall into a bad situation again. Which we can see when we look at our neighbouring country India," he warned.

"Our main challenge will be on the health grounds. And two concerns are very alarming. Business costs. It has increased. Another issue is employment. It will be a big challenge," he added.

Covid propels F-commerce sales

FROM PAGE B1

"The tendency to buy products online increased during the pandemic and the second wave gave it another push," Sarmeen said.

Tania Sultana of Biraz Bou, a F-commerce platform based in Mymensingh, said she sold saris and three pieces worth Tk 7.5 lakh amid the second wave.

The Eid sales season and nationwide lockdown began almost simultaneously and that pushed many people to go for online shopping.

The government imposed a nationwide lockdown and other strict measures on public movement on April 14 in a bid to curb the surge in coronavirus infections.

"We are still receiving many orders even after Eid," she added.

Sultana went on to thank the Women and e-Commerce Forum (WE), a Facebook group with 1.2 million members where women with different skills can promote their products or services.

According to her, she and some other women in the region sold over Tk 52 lakh worth lifestyle products with the help of WE since the beginning of the second wave.

With the lessons learnt from last year's Eid, women entrepreneurs were better prepared this year as they sourced products beforehand, enhanced their marketing and worked on smoothing the delivery service, said Nasima Akter Nisha, president of WE.

"So, sales during the second wave and Ramadan were great," she added.

Nisha said F-commerce created a scope to empower women, many of whom are coming forward to showcase their skills and talent.

CNN to brand Bangladesh

FROM PAGE B1

This campaign coordination and fund management will be executed by Spellbound Communications Limited, the local facilitation agency of CNN in the name of Spellbound Leo Burnett, the BFTI said. Under the 'Made in Bangladesh' campaign, CNN will develop and execute TVC, Blueprint Bespoke Editorial, Promo, Vignettes and a "Made in Bangladesh" theme week.

CNN will also promote five potential export sectors as well as 10 leading export-oriented organisations within the selected sectors. On the signing ceremony, BFTI CEO Md Obaidul Azam said CNN's impact and acceptance with the global audience is unparalleled.

F-commerce has been thriving over the last few years in Bangladesh thanks to the huge size of the Facebook audience, which, according to data firm Statista, has now reached 41 million. This places Bangladesh among the top 10 highest Facebook-using nations.

With the option to boost sales by paying Facebook, which automates the paid users' ads to show products that are tailored to each person's interests, many youths, especially women entrepreneurs, started selling goods or services on the world's largest social media platform.

Thousands of women from across the country now sell a range of products through Facebook, particularly handmade traditional clothing items and homemade foods. During last year's Eid season, when there was a strict lockdown in place, most F-commerce entrepreneurs were unprepared and scrambled to deliver a deluge of orders.

According to logistics aggregators and industry insiders, during Ramadan this year, around 1,000 female F-commerce entrepreneurs delivered an estimated 35,000 clothing items per day up till Eid day. Rahath Ahmed, co-founder and chief marketing officer of Paperfly, which makes doorstep deliveries for its online merchants, said they have been making a huge number of deliveries of F-commerce platforms run by women. F-commerce entrepreneurs now understand that they have to provide the customers with good quality products to succeed in the long run.

"As the quality increases, female clients flock to their platforms and products are being sold out very fast," he added.

"Through the quality contents created by CNN's expert team and promoted in the CNN network, we believe the industrial sectoral growth support will be ensured to empower the export competitiveness of these industries and Bangladesh as a whole," he added.

Azam invited the private sector organisations, companies and chambers to come forward and take this grand opportunity to promote their brands in the global arena.

The agreement signing ceremony was attended by Abhijeet Dhar, director for sales at CNNIC, and other representatives through a virtual platform.

Representatives from Spellbound and officials from BFTI were also present.

The challenge is to scale up impactful public expenditure

FROM PAGE B1

Finally, we are also facing an indeterminate global economic outlook. This concerns the flow of official development assistance, export revenue, foreign direct investment and remittance by migrant workers. The budget has to be mindful about the external economic issues.

DS: In that case, what should be the policy approach of the upcoming budget?

Bhattacharya: We need to have our diagnostic agreed upon first before we venture in elaborating a policy approach. The socio-economic impacts of the pandemic will be more protracted than immediate health emergencies.

There will be disproportionate impacts on the traditionally marginalised communities as well as on the low income and low middle-income people. All these will have detrimental consequences for consumption, income, savings and investment due to a fall in aggregate demand. Current circumstances demand special attention to protect the consumption of the poor/low-income households and employment promotion at the micro, small and medium enterprise (MSME) level.

Under the circumstances, we would need to press all four triggers of economic growth, namely (i) consumption, (ii) investment, (iii) government spending and (iv) net exports. Further, we would need a minimum of three years to have a robust recovery strategy. I am afraid a one-year budget framework in this case will not be helpful.

This strategy has to integrate recovery efforts with structural transformational needs such as labour productivity improvement. We may use the United Nations 2030 Agenda for Sustainable Development as the framework for defining this strategy in line with the Eighth Five Year Plan (2021-25) of the country.

DS: Many economists suggest expansionary plans and increased public spending. Would you please share your views?

Bhattacharya: Yes, we shall have to pursue a countercyclical expansionary fiscal policy stance to boost up aggregate demand. A number of factors are in our favour for undertaking such a fiscal approach. These include low inflation rate, manageable public debt ratio, high forex reserve and modest fiscal deficit.

There are of course constraining factors such as a stagnating (if not falling) tax-GDP ratio, low absorption of foreign assistance and inability to deliver public expenditure programmes. In fact, the quality of public expenditure remains highly suspect.

Last year, while recommending an expansionary fiscal stance we were worried about the available fiscal space. Although we are experiencing a stagnating tax/GDP ratio, a fall in the public expenditure/GDP ratio in 2020-21 remains to be the prime concern.

Regrettably, the ratio of both the revenue budget and Annual Development Programme (ADP) will record a fall in the outgoing year. The rate of implementation of the ADP had been only 42 per cent in the first nine months, an all-time low. In fact, the Health Services Division could not spend 75 per cent of the ADP allocation in 10 months of the outgoing fiscal year.

Low utilisation rate of the available concessional foreign assistance has imposed constraints on off-take of the public expenditure programme.

In this context, the defining issue is not only the amount of money we are being able to spend as the issue of how resultative or impactful these expenditures are no less important. Inordinate delays in project implementation, corrupt practices in procurement and absence of a result-based evaluation (and monitoring) arrangement are some of the reasons affecting the efficiency and effectiveness of the country's public expenditure system. One wonders what the upcoming budget will propose to deal with these binding constraints.

DS: What are your suggestions for revenue measures and allocative priorities?

Bhattacharya: On the revenue side, my response is simple: no new taxes, no increasing of rates. Rather, increase tax collection by improving administrative efficiency, increasing tax net, plugging leakages and evasion, and harmonising unproductive exemptions and rebates. Enable tax and tariff structure in favour of domestic market-oriented labour-intensive industrial diversification.

We must stop giving counterproductive and unethical tax amnesty to black money launderers. Stop harassing regular tax payers and must not use tax cases for political

purposes.

The revenue-GDP ratio has to rise incrementally by 0.5 to 1 per cent of the GDP annually, reaching at least 15 per cent by the end of the next 5 years. To this end, we need to broaden taxation of assets along with income.

On the expenditure side, allocation for the development budget has to increase faster than that of the revenue budget. Allocations for new mega projects have to be restrained rather than that for those which are close to completion.

Incremental allocation of 0.5 per cent of the GDP has to be made annually to public expenditures in the health sector for the ratio to be 3.5 per cent of the GDP by the end of the next 5 years.

Similarly, incremental allocation of 0.5 per cent of GDP annually has to be given for public expenditures on education for the ratio to be 4.5 per cent of the GDP by the end of next 5 years.

In view of the pandemic, the next budget has to have an increased allocation for direct cash transfer and food support amounting to 0.5 per cent of the GDP. Further, in view of the growing vulnerability of the low and low-middle income people, a universal social security scheme in the form of pensions and health insurance needs to be launched through the upcoming budget.

DS: Any parting thoughts?

Bhattacharya: The government's inability to implement public expenditure programmes has become the binding constraint in the country's efforts to deal with the ongoing pandemic as well as to continue with regular developmental activities, including support to private sector investment.

The disadvantaged population of the country bears the disproportionate adverse impacts of such shortfalls in public development programmes. This overwhelming constraint cannot be addressed exclusively through strengthened administrative monitoring. This will need wide-ranging structural and institutional reforms. To improve the quality of public expenditure, the involvement of stakeholders at different levels is required, particularly for assessing the impacts of development projects.

I hope that the national budget will be able to demonstrate innovation and courage in this regard as well as in the areas mentioned earlier.

Granite mining in Tk 565cr loss

Maddhapara Granite Mining now pins hope on hiring expert contractor



A hydraulic crane is being used for loading rocks on the site of Maddhapara Granite Mining Company Ltd in Dinajpur.

OUR CORRESPONDENT, Dinajpur

State-run Maddhapara Granite Mining Company has run up a loss of around Tk 565 crore, mainly due to two contractors hired back-to-back failing to meet their extraction targets.

Moreover, a new contractor is yet to be appointed despite the end of the tenure of the last one.

Granite is used in buildings, bridges, pavements and monuments while its polished slabs and tiles are used in countertops, tiles, stair treads and many other design elements expressing elegance and quality.

The Maddhapara company, which runs under Petrobangla, had first hired North Korean

entity Nam-Nam which started developing the mine in Parbatipur upazila of Dinajpur in 1994 and began granite extraction in 2007.

Under the agreement, the company was to bring out 5,500 tonnes of granite daily.

Instead, it generated around 900 tonnes a day on an average, yielding just 20 lakh tonnes in six years operating single shifts instead of three.

Afterwards, Germania Trest Consortium was hired in September 2013 for a fee of Tk 1,400 crore alongside a 12.5 per cent cut on all extracts.

The condition was that it had to extract at least 9.2 million tonnes of granite in six years alongside developing 12 stopes or large

underground rooms.

The company attained 40.84 per cent of the extraction target, for which it was paid its share alongside 52 per cent of the fee.

The company cited production halts in three periods for failing to attain the target, including delays in equipment delivery, equipment failure and the pandemic shutdown.

The contract ended in February 2020.

On February 26 last year, the Petrobangla company floated a tender in newspapers to hire a suitable contractor. But the date was deferred six times for the pandemic.

Some 13 companies have applied for the job and completing the process will take over two months even if everything is done

on a priority basis, officials said.

Meanwhile, the contract with Germania Trest Consortium has been extended till September 2 this year. Under the new agreement, it has to extract 1.1 million tonnes of granite.

Officials who have dealt with the mine's operations, including a former managing director, say the country would continue to incur losses if a qualified company was not provided the contract.

Abu Daud Md Fariduzzaman, managing director of Maddhapara Granite Mining Company, refused to make any comment over the latest tender.

But he did state that everything would be conducted as per the associated rules.

Rose tea brings fresh taste

MINTU DESHWARA

In a first for the country, rose tea recently joined the white and yellow blends for sale in local markets.

It was sold for Tk 3,000 per kilogramme (kg) on May 5 at an auction centre in Moulvibazar's Sreemangal upazila.

The rose tea, which bears a similar colour and fragrance of its namesake, was sourced from Brindaban Tea Garden in Habiganj.

Rich in antioxidants that help prevent cell damage among other health benefits, the tea is produced on a very limited scale for export. Local tea connoisseurs are only accustomed to drinking lemon, milk and green tea.

"We only got 10 kilogrammes of rose tea but were able to sell it at a good price as there is good demand for this blend," said Helal Ahmed, managing director of Srimangal Tea Broker.

Rose tea is produced in many countries across the globe. However, those are made mixing rose flavour with tea leaves, according to Nasir Uddin Khan, manager of the Brindaban Tea Garden.

"But we produce the tea by mixing rose leaves with high quality black tea leaves, not by adding flavours," he said.

"Since many locals import rose tea from China and Sri Lanka, we produced it on an experimental basis to get an idea if selling the product is viable in this country," Khan added.

The tea garden manager went on to say that if they witness adequate demand, then production would be increased.

DISTRICTS IN FOCUS

Of the 20 kgs of rose tea produced this year, 10 kg was sold at the Sreemangal auction centre while the remaining half will be auctioned off in Chattogram.

Riyam Chowdhury, owner of Asian Tea Supplier, said there was good demand for white, yellow and even rose tea in the tourist town of Sreemangal.

This was the first tea auction of the current fiscal year while the second will be held at a later date in Chattogram.

About 60,000 kg of various tea blends were sold on the opening day, worth Tk 90 lakh.

More than 5 buyers and brokerage houses from around the country took part in the auction, according to the Tea Planters and Traders Association of Bangladesh (TPTAB), an organisation that manages the Srimangal tea auction.

A total of 22 auctions will be held this year as tea production will be better this time due to the prevalence of favorable weather, said Jahar Tarafdar, member secretary of the TPTAB.

Since huge amounts of tea are sold at the Srimangal auction every time, many modern warehouses have been built there.

As a result, people are able to enjoy high quality tea year round.

At this year's auction, some white tea sold for more than Tk 7,000 per kg while yellow tea went for Tk 5,000.

READ MORE ON B2



EU reaches deal on tax transparency for multinational firms

REUTERS, Brussels

European Union government and Parliament negotiators reached a deal Tuesday on rules that will force large multinational companies to disclose how much revenue and tax they pay in the 27-nation bloc and how much they pay in countries considered tax havens by the EU.

The new law, proposed by the European Commission in 2016, is part of the EU's efforts to fight tax avoidance by large international companies at a time when the EU badly needs cash to finance an economic recovery after the Covid-19 pandemic.

Under the new law, multinational corporations with a turnover of more than \$916 million annually in two consecutive years will have to declare profits, tax and number of employees in EU countries and in countries on the EU list of noncooperative jurisdictions.

But data on tax paid in other countries outside the EU and not on the tax havens blacklist will only be given in aggregated form, as EU governments did not want to agree to a more detailed country-by-country breakdown.

The Oxfam charity group criticized that, saying many of the world's tax havens were not on the EU list of noncooperative jurisdictions and therefore would avoid scrutiny.

"Transparency for only the 27 EU member states and the 21 currently blacklisted or greylisted jurisdictions means keeping corporate secrecy for over three out of four of the world's nearly 200 countries," the Oxfam charity group said.

"EU legislators have granted multinational corporations plenty of opportunities to continue dodging taxes in secrecy by shifting their profits to tax havens outside the EU, like Bermuda, the Cayman Islands and Switzerland," Oxfam's tax expert Chiara Putaturo said.

She said the deal also offered companies a reporting exemption for commercially sensitive information for five years, providing a way to avoid disclosure, and noted the large turnover requirement would exclude up to 90 per cent of multinationals.

But some members of the European Parliament who negotiated the deal said it would still help make the tax system fairer.

"These tax transparency measures



EU Commissioner for Economy Paolo Gentiloni gives a news conference on the launch of the European Tax Observatory, in Brussels, Belgium on June 1.

will help to ensure that multinational companies pay their fair share and can bring some fairness to how they operate," said Ernest Urtegas, Greens MEP of the Parliament's economic and monetary affairs committee.

According to the Tax Justice Network think tank, EU countries are responsible for 36 per cent of tax lost globally to corporate tax abuse, costing countries worldwide over \$154 billion every year as profits are shifted to low tax jurisdictions like Ireland, Luxembourg and the Netherlands.

The text of the agreement must now go through formal adoption in two European Parliament committees and the Parliament's plenary, and in the Council of EU governments.

GLOBAL BUSINESS

US winds down small business aid scheme that gave \$800b

AFP, Washington

The US government on Tuesday closed the books on the Paycheck Protection Program (PPP) that extended a nearly \$800-billion lifeline to small businesses to keep them afloat amid the Covid-19 pandemic.

Created by the CARES Act rescue package in March 2020, the PPP emergency aid measure offered low-cost loans to small businesses which did not have to be repaid if certain conditions were met.

In a statement announcing its May 31 closure, Small Business Administration chief Isabella Casillas Guzman said the program provided \$798 billion to 8.5 million small firms and nonprofits across the country.

"I've heard story after story from small business owners across



The Paycheck Protection Program was part of the US government's response to the massive downturn caused by the Covid-19 pandemic in 2020.

the country about how PPP funds helped them keep the lights on, pay their employees -- and gave them hope," Guzman said.

The program was part of Washington's response to the mass unemployment and business disruptions caused by the pandemic, which also included cash payments to individuals and expanded unemployment benefits, in three massive relief measures.

However, the PPP faced criticism early on after its initial funds were quickly exhausted amid reports large businesses, including major restaurant chains, partook of the funds, though some later returned the money. It also was dogged by fraud, with federal officials over the past year announcing hundreds of charges involving half a billion dollars allegedly bilked from the PPP and other pandemic relief programs.

China holds economic talks with US

REUTERS, Beijing

Chinese Vice Premier Liu He exchanged views with US Treasury Secretary Janet Yellen on issues of mutual "concern", in his second virtual call in a week with top economic and trade officials under the US Biden administration.

Liu, who has led China's negotiations in Sino-US trade talks since former US President Donald Trump went on a trade war with Beijing, held a similarly "candid" exchange with US Trade Representative Katherine Tai on May 26.

China's increased engagement between the trade and economic chiefs of the world's largest economy, since Joe Biden took office in January, comes as the US administration criticises Beijing on human rights abuses and seeks to rally other rich nations to form a united front on China.

"Secretary Yellen discussed the Biden-Harris administration's plans to support a continued

strong economic recovery and the importance of cooperating on areas that are in US interests, while at the same time frankly tackling issues of concern," the US Treasury Department said in a brief statement.

In Liu's video call with Yellen

on Wednesday, both sides conducted extensive exchanges on the macroeconomic situation and bilateral and multilateral cooperation, the official Xinhua news agency reported.

"The two sides believed that the

China-US economic relations are very important," Xinhua said.

They also "candidly exchanged views on issues of mutual concern, and expressed willingness to maintain communication."

No details were given on the issues discussed.

Last week, Tai said the United States still faces "very large challenges" in its trade and economic relationship with China.

The Biden administration is conducting a review of US-China trade policy, ahead of the expiry of their Phase 1 deal at the end of 2021.

Beijing and Washington signed the deal in January 2020. It calls for China to increase purchases of US agricultural goods, manufactured products, energy and services by \$200 billion over 2020 and 2021, compared with a 2017 baseline.

The pact eased a two-year tariff war waged by Trump that aimed to change China's trade practices, although duties remain in place on hundreds of billions of dollars of trade.



US Treasury Secretary Janet Yellen speaks as she joins White House Press Secretary Jen Psaki for the daily press briefing at the White House in Washington, US on May 7.