

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.

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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.

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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.

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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.

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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.

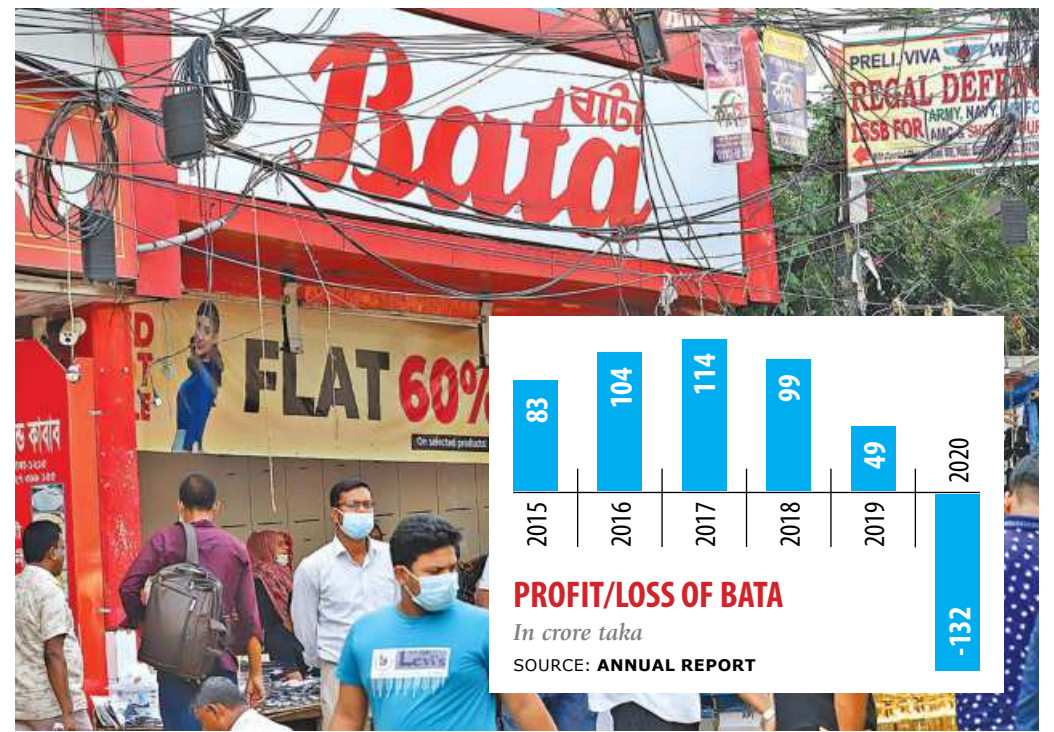
The multinational company, which launched operations here in 1962 in the then East Pakistan, saw its sales dip 41 per cent, or Tk 350 crore, year-on-year to Tk 508 crore in 2020 from Tk 857 crore. Despite incurring losses, it announced a 25 per cent cash dividend for shareholders.

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.

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The challenge is to scale up impactful public expenditure

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

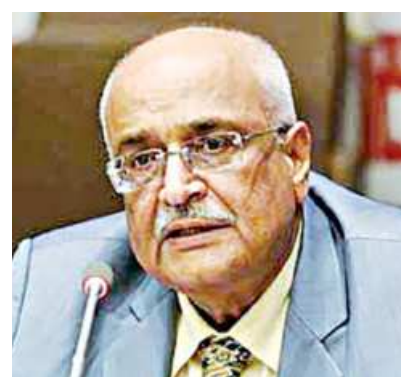
RUN-UP TO BUDGET FOR FY2021-22

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.

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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.

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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.

RUN-UP TO BUDGET FOR FY2021-22