

**PRIME MINISTER SHEIKH HASINA IS EXCEPTIONALLY A
TALENT LEADER : A STUDY ON MAJOR STEPS HAVE
UNDERTAKEN BY HONORABLE PRIME MINISTER TO
TACKLE THE ECONOMY DURING COVID-19 PANDEMIC
PERIOD.**

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Abstract: Decent work is employment that respects the fundamental rights of the human person as well as the rights of workers in terms of conditions of work safety and remuneration. respect for the physical and mental integrity of the worker in the exercise of his/her employment. Decent work is applied to both the formal and informal sector. It must address all kind of jobs, people and families. Decent work involves opportunities for work that are productive and deliver a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men. Bringing public service to the access way to citizen comprises many issues like quality service, TQM, cost minimization, timeliness, decent work environment and so forth. By considering the global family, The UN also set sixteen goals and shown guidelines to a great extent. Thus this research intends to link up between UN and Bangladesh guidelines in respect of decent work environment to contribute economic growth by lowering cost, limiting time, and quality service, to provide effective public service efficiently, to find the tools to reach the objective oriented goal fixed by Government of Bangladesh , to achieve sustainable goal shown by UN through guidelines and recommendations, as well as to find a way to achieve sustainable goal and recommendations and last but not the least to ensure inclusive and sustainable economic growth, employment and decent work for all.

Keywords: World Health Organization (WHO), Novel Corona virus (Covid-19), Least developed country (LDC), Small and Medium Enterprises (SME).

1 Introduction

According to information conveyed to World Health Organization (WHO) by Chinese authorities on 11 and 12 January 2020, 41 cases with novel corona virus infection have been preliminarily diagnosed in Wuhan City, China ranges dated from 8 December 2019 to 2 January 2020. Chinese scientists assured that this outbreak of virus Covid 19 has been associated from one seafood market in Wuhan. Gradually this Covid 19 has been covered and spread to the entire globe.

Any virus does not matter for the world but the matter is the numbers of death of the people have been increasing day by day. Besides, the number of affected countries has also been increased. Till date June 2020, no medication could be discovered as a complete treatment of this disease. The physicians surely identified that this diseases spread from the affected patients to others through breathing. They suggested maintaining social distance is an important protective method. Government of most countries started to implement lockdown through closing restaurants, puds, clubs, shopping malls, and any other people gathering places phase by phases. Therefore, the production units of all infected country have been greatly hampered. As a result the global economy has been faced severe economic recession which may be termed as “world economic recession due to Covid 19.”

Currently, Bangladesh falls in the least developed country (LDC) category. Over the past five years its economy has been witnessing a 7 percent rate of growth and this was expected to propel it into the category of a developing economy by 2021. The corona virus will affect slightly but not significantly Bangladesh’s aspirations in this regard. The good performance of the economy had strengthened public support for the Awami League government. This public support would be continued to see the proven bold steps taken by our Honorable Prime Minister Sheikh Hasina.

The impact of the Covid-19 pandemic will be felt not just on the national economy but on the household economy of millions of Bangladeshis. It’s devastating impact is already unfolding in Bangladesh. Daily wage earners have been badly hit; many have nothing to live on now and are unable to buy food for their families. Hunger, malnutrition, and other problems that have always plagued Bangladesh are poised to intensify as a result of the lockdown. Such problems will increase as Bangladeshi migrant workers return home. Already around half a million have returned on account of the Covid-19 outbreak. They will be joined by many millions more. Most Bangladeshi migrants work in West Asia, where economies have been hit by declining oil prices. Many will be forced out of their jobs and will have to return home to unemployment. Unlike in several of its neighbors, in Bangladesh, most migrants are from poor rural families. Their remittances support entire families and have played a major role in poverty alleviation in Bangladesh. That is now in serious jeopardy. The current crisis is being described as the Covid-19 crisis. But this doesn’t capture the full devastation that is being unleashed by the corona virus.

The doctrine “Prevention is better than cure” needs to maintain now. To date there is no medication to fully cure from Covid-19 and the only way left for us is prevention. The lockdown is mandatory for our survival. With the current healthcare infrastructure it will be difficult for us to fight and win against this virus unless we take self care by wiring mask, hashing hands and maintain social distance a mass scale level.

Bangladesh economy has made significant progress and development over the last decade. Substantial developments have been achieved in various sectors. There has been rapid expansion in rural infrastructure, e.g., roads, bridge as well as spread of rural electrification. Major achievements have also been made in the fields of industries, agriculture, power and electricity, export and so on. The present economic growth is due to the result of increased attention to various sectors of economy. Tremendous developments in various sectors of Bangladesh economy have been observed in last one decade from the year 2009 to 2019. This study revealed the world major economic impact of this

pandemic period due to Covid -19 and major steps have taken by Bangladesh Government to tackle this economic impact. Our economy hampered slightly not severely due to timely handling the situation with the effective leadership of our Prime minister.

1.1 Objectives of the Study

The main objective of this paper is to focus the major economic impact both the national and global levels of economies due to Covid 19 pandemic. Moreover, some other secondary objectives of this study are to discover major steps have taken by our Prime minister to remain a stable economy.

1.2 Methodology of the Study

This article is descriptive types of study and its main objective is to identify the major economic impact of Covid 19 and the measures have been taken by Bangladesh Government to protect our sustainable economic growth. This paper is prepared on the basis of secondary data and these data have been collected from several sources such as newspapers, broadcasting news in television channels, policy of national forum, industrial policy of Bangladesh government, academic books on research methods, newspapers and data used from the internet of several websites.

1.3 Limitations of the Study

Covid-19 have affected many economic sectors both the national and global levels those contributing for the development of any economy. This study covered only few economic impacted areas and these limited numbers of sectors are not sufficient enough to portray the overall scenario of an economy as a whole. Thus, these limited economic impacted areas can be treated as a partial impact rather than the total economic impact of any economy. Moreover, It is first time hit to the world by Covid 19 and very limited number of writings are available to make sufficient analyses. This is the main limitation of the study.

2 Literature Review

Covid-19 hit the world in December 2019. Most infected economies are USA, Brazil, France, United Kingdom, India and phase by phase rest of the countries as per spread of this diseases. The researcher forecasted the virus might spread above 213 countries plus and total death toll may rises in more than one million by the end of September 2020. Published articles are not available which could be reviewed due to lack of availability with this topic.

The world economy has been collapsed due to continuous lockdown of several economies for long time. Various economic impacts have been visualized because of spread of corona virus. Now, it is the right time to make more study on this corona virus issues.

Therefore, this study strives to fill up these recent corona virus related study gap and stipulated major steps have been undertaken by our Government to protect Bangladesh economy.

2.1 Rationale of the Study

It is worldwide known that the human lives are in danger due to corona virus since December 2019 year. That's why a detailed study on economic impact which are threatened for the development are required. Realizing this needs the present study have identified the major impact of economy because of lockdown and slowdown in economic activities both national and global levels. The study is therefore, an endeavor to fill up this research gap.

3 An Overview of the World Economic Impact of Covid-19

World economy has been affected in various ways in these pandemic periods. Some major infected areas have been described below:

3.1 *Food Security and Nutrition*

The food system is impacted by Covid-19 pandemic. Deep global economic shocks caused by Covid-19 will impact the cash flow and financial liquidity of producers, small and medium agri-businesses to financial institutions, due to inhibited production capacity, limited market access, loss of remittances, lack of employment, and unexpected medical costs. As countries continue to roll out sizable relief and stimulus packages, the needs of food system actors deserve focused attention. The Covid-19 pandemic raises the alarm on the urgent need to transform the world's food systems. Globally, food systems remain a driver of climate change and the planet's unfolding environmental crisis. Food systems contribute up to nearly a third of all greenhouse gas emissions and have contributed to substantial biodiversity loss.¹¹ There is an urgent need to rethink rapidly how we produce, process, market, consume our food and dispose of waste. This crisis can serve as a turning point to rebalance and transform our food systems, making them more inclusive, sustainable and resilient.

3.2 *Oil Prices Crash*

Demand for oil has all but dried up as lockdowns across the world have kept people inside. The crude oil price had already been affected by a row between OPEC, the group of oil producers, and Russia. Corona virus has driven the price down further.

Brent crude is the benchmark used by Europe and the rest of the world. Its price dipped below \$20, to the lowest level seen in 18 years. In the United States, the price of a barrel of West Texas Intermediate (WTI) turned negative for the first time in history. Although OPEC and other countries have now agreed to cut production, the world still has more crude oil than it can use.

3.3 *Lose of working hours in the first half of 2020 continue to reflect a severe impact on employment.*

The prospects for the second quarter of 2020 remain dire, with the latest ILO estimates revealing a decline in working hours of around 10.7 per cent relative to the last quarter of 2019, which is equivalent to 305 million full-time jobs (assuming a 48-hour working week and using the updated baseline).² From a regional perspective, the Americas (13.1 per cent) and Europe and Central Asia (12.9 per cent) present the largest losses in hours worked.

3.4 *Youth unemployment is rising faster and by a greater amount during the COVID-19 crisis*

In the United States, the number of people filing for unemployment hit a record high, signaling an end to a decade of expansion for one of the world's largest economies. Close to one million people in the United Kingdom also applied for benefits in just two weeks at the end of March.

Recent data point to a massive increase in the youth unemployment rate since February 2020, particularly for young women. In Canada, from February to April 2020, the unemployment rate increased by just over 6 percentage points for adults but by 14.3 percentage points for young men (to 27.1 per cent) and by 20.4 percentage points for young women (to 28.4 per cent).²⁰ A similar scenario can be observed in the United States, where the unemployment rate for young men (aged 16–24) increased by a comparable amount from February to April 2020 (from 8.5 to 24.0 per cent), while the rise for young women (aged 16–24) was even greater (from 7.5 to 29.8 per cent). Similar trends in the youth unemployment rate have emerged in other countries (e.g. Australia, China, Ireland, Republic of Korea, the Netherlands and Switzerland).

Labor force participation rates for young people have also fallen significantly around the world. Available data show that the youth labor force participation rate fell from February to April 2020 by 7.1 percentage points in Australia, 11.7 points in Canada, 1.9 points in the Republic of Korea and 7.5 points in the United States. The decline in the labor force participation rate of adults aged 25 and above is between 0.4 percentage point in the Republic of Korea and 4.2 points in Canada.²¹ Because of the current constraints on searching for jobs, the challenge is to ensure that young people do not lose their attachment to the labor market, as that would make it more difficult for them to rejoin once economies recover.

3.5 *Disruption in education, training and work-based learning*

The Covid-19 crisis has caused major disruption through the closure of schools, universities and technical and vocational education and training institutions, and through the interruption of work-based learning, such as apprenticeships and traineeships. Before the pandemic, almost 496 million young people were engaged in upper secondary, post-secondary non-tertiary, and tertiary education. Many of them are now suffering significant disruption to their studies. The preliminary results of a recent ILO–UNESCO–World Bank joint survey show that around 98 per cent of respondents across all regions reported a complete or partial closure of technical and vocational education schools and training centers, with three in four reporting the cancellation or postponement of exams and other assessments. Over two-thirds of training is now provided at distance and nearly every second training center has switched to online provision of training. This is a remarkable development, since only one in five training centers offered online courses before the crisis. However, the number of complete school closures is highest in Africa, a region that is not well-equipped to switch to distance education and training, including online courses.

3.6 *Travel among hardest hit*

The travel industry has been badly damaged, with airlines cutting flights and customers cancelling business trips and holidays. Governments around the world have introduced travel restrictions to try to contain the virus. The EU banned travelers from outside the bloc for 30 days in an unprecedented move to seal its borders because of the corona virus crisis in March. In the US, the Trump

administration has banned travelers from European airports from entering the US. Data from the flight tracking service Flight Radar shows that the number of flights globally has taken a huge hit.

3.7 The effects of lockdowns are visible

As many countries and world capitals have been put under strict lockdown, major industrial production chains have been brought to a halt. The European Space Agency has registered an impressive fall in pollution across the European skies. The images clearly show how a strong reduction in emission is now in place over major cities across Europe - in particular Paris, Milan and Madrid. A similar trend has been detected across India's industrial hubs, where strict lockdown measures have been in place since March.

3.8 Factories in China slowed down

In China, where the corona virus first appeared, industrial production, sales and investment all fell in the first three months of the year, compared with the same period in 2019. China makes up a third of manufacturing globally, and is the world's largest exporter of goods. Restrictions have affected the supply chains of large companies such as industrial equipment maker JCB and carmaker Nissan. Shops and car dealerships have all reported a fall in demand. Chinese car sales, for example, dropped by 48% in March. More carmakers, like **Tesla or Geely**, are now selling cars online as customers stay away from showrooms.

4 Covid -19 and its impact on Bangladesh economy

The economic impact of Covid - 19 in Bangladesh and several measures taken by Government are described in this section. Honorable Prime Minister Sheikh Hasina has taken some bold and timely steps to counter the negative impact of global pandemic from Covid-19 on Bangladesh economy. Her majesty instructed general people to help our farmers for cutting paddy /raw rice from field. The ultimate goal was not to hamper our paddy but to cut them timely and to preserve these rice for future. Students, leaders and mass people obeyed Her command and the nation can see now its positive result with reasonable selling rice price in this pandemic time.

All academic institution like school, college, university have been remain closed. But academics does not hamper anymore because classes are on through online methods. People now can travel for jobs and for works by using public and private transport with reasonable safety measures. Prices of essential consumers goods are strongly monitored and the prices of daily essentials are almost fare and competitive comparing with other countries. Foods, rice, vegetables, medicine, fish, chicken and essential goods etc are available in the daily market. Bangladeshi People can bye and survive their lives in this pandemic periods whereas the world's strongest economy has been struggling.

As per the prime minister's bailout plan, fiscal actions included stimulus packages e.g. direct financial support for the affected sectors, widening social safety net coverage for poor people, food

distribution at a lower price among the poor people, as well as increasing monetary supply. The monetary actions would be lowering the repo rate and reduction of the Cash Reserve Ratio (CRR) to increase the money supply to the economy.

Being in the corona war, policymakers worldwide are engaged in damage-control of the economic losses at the moment and preparing for confronting the upcoming economic crisis. In addition, there are evidences and indications that financial and banking industries around the globe might have to face remarkable instability in the forthcoming months. Our government has already announced bail-out packages for the recovery. Like, due to cancellation of nearly \$3 billion worth of work-orders, Bangladesh RMG industry got the attention quickly. Around 2 million workers in the industries may be affected by this and on the other hand, around 4 million people are directly engaged with the RMG sector e.g. backward linkage industries, accessories and packaging factories and transportation sector.

4.1 The impact on the banking sector

The impact on the banking sector is the key player of the economic activities of any countries. As a developing country-we need to be more watchful in terms of planning to get rid out of the impact of Covid-19 outbreak. We are already suffering heavily due to NPLs and unfortunately the outbreak may increase the level of NPLs in coming days. The NPLs can be split up in two phases: 1. Pre-Covid NPLs & post- Covid NPLs in view to stare & understand the fact more judiciously. Therefore, a new sets of BB guidelines need to be initiated addressing the facts. It is pivotal to focus on the early bail-out plans for probable collapse of large loans is essential for sustainability as many backward linkage, SMEs and individuals are directly and indirectly correlated with these Large Loan borrowers. Country's overall economic eco-system is standing on it; we need to make sure that this should not collapse. But it is also true that, it is the peak time for every bank and other non-banking financial organization to assess and reassess their overall lending portfolios and withdraw some of their unnecessary and unwanted portion wisely.

The banking sector will face liquidity pressure as deposit growth and loan recovery also declines. Private sector credit growth might go down during March 2020 to June 2020. Cutting the cash reserve requirement (CRR) by 1 per cent would add approximately inject Tk. 130 billion into banking sector liquidity. Other than this BB has taken some healthy initiatives such as: reduction in repo interest rate, buy-back of government securities, promotion of payment services, refinance scheme BDT 50bn for agriculture sector at a concessional rate, quarterly repayment for imports under supplier's/buyer's credit, refinance scheme of BDT 30bn for low income professionals, farmers, micro businessmen, postponement of charging interest on loans, restriction on dividend payment by banks, prohibition of workers lay-off, maximum margin limit for import of child food, relaxations for holding meetings and regulatory reporting. In addition, Bangladesh Bank also relaxed the bar of Advance-Deposit Ratio (ADR) from 83.50 to 87 per cent. Although the financial market especially the banking sector is battered heavily due to regulated cap of rate of interest of deposit and advance very before of this pandemic. Many willful borrowers may resort to take undue advantage of this regulation and the industry may face this in bigger scale amid the pandemic. A threshold may be initiated to identify the genuine sufferers and pass a resolution for safeguarding them only.

But unfortunately, if the situation prolongs, at worst, the central bank might consider special package to increase money supply but this may have impact on inflation of the country, and can also announce a stimulating fiscal policy considering universal basic income (UBI) approach. But the task of distributing UBI to a large population is dubious, even with the availability of mobile financial services. Therefore, a core operational task force may be formed under the direct supervision of the central bank.

4.2 The impact on readymade garments (RMG) sector

As we all know that, export diversification is always a key for sustainable growth in earning foreign currency but regrettably we are heavily relying of RMG sector. This sector asserts that, 85 percent of the country's' export earnings come through the RMG sector. We failed to diversify our export basket, thus creating a huge risk in our export portfolios. The response against the outbreak and its impact on the industrial sector is so far admirable, yet this pandemic also poses an economic and humanitarian crisis. The prime minister was right to identify this as a challenge and announced an emergency stimulus package of \$8.5 billion (equivalent to 2.5 per cent of GDP) for bridge financing of the working capital of small and distribute food aid through Bangladesh's existing social safety programs as only 15 per cent of the Bangladeshi population earns over \$6 a day, and over 90 per cent of the workforce belongs to the informal sector. As Bangladesh Government does not have enough fiscal space to make large stimulus packages due to low tax-to-GDP ratio, the only possible option is monetary expansion, which most developed economies have already deployed.

According to the forecast released by the Economist Intelligence Unit on 26 March, the global economy is expected to contract by 2.2 per cent in 2020. These effects are expected to be more exposed in major G20 economies, such as Germany, Italy, the United Kingdom and the US - all countries that are major markets for Bangladesh's most vital tradable good: readymade garments. Any disruption in the RMG sector therefore will upset the economic growth of the nation and hamper the socio-economic gains attained in all these years. The fall in the demand has already resulted in massive job losses. It is feared that it may increase poverty in the country.

In March, the government had announced a \$500 million bailout package exclusively for the garment industry. Later, the government announced another \$8 billion [stimulus package](#) for all industries, a large portion of it being earmarked for the garment and related industries. Also, the Bangladesh Bank, the country's central bank, has adopted an industry-friendly policy and declared that none of the factories will be considered defaulter until June. These steps by the government are encouraging as it provides cushioning time to the industry to absorb the initial shocks. However, these measures are for the short-term and do not provide permanent alternatives. Sustenance of the sector requires long-term measures and the stimulus cannot provide the solution. The Bangladesh Bank, the country's central bank, has adopted an industry-friendly policy and declared that none of the factories will be considered defaulter until June. Of the 47,000 manufacturing units in the country, a significant number of them are involved with the garment industry. According to the BGMEA, the industry needs Taka 4,000 crore monthly for salaries and wages alone. So, the stimulus package could keep the factories floating around for a few months only.

4.3 *Impact of COVID-19 pandemic on education*

Almost 90% of the world's countries have shut their schools in efforts to slow the transmission of COVID-19. In the same way, in our country, most of the students, school closures are temporary; they have access to quality education and distance learning; and their education and ambitions for the future will continue after the crisis.

4.4 *COVID-19 Impact on the Startups of Bangladesh*

Since March of 2020, Bangladesh is experiencing the wrath of COVID-19 pandemic. As business shut down due to the lockdown, the entire startup ecosystem has been shaken to its core, threatening thousands of startups that create over a million jobs. To understand the impact further, Light Castle Partners commissioned an independent study – “COVID-19 Impact on the Startups of Bangladesh”. The survey was conducted in late April with responses from over 200 startups from Bangladesh.

Bangladesh Startup Ecosystem at a Glance:

- ◆ There are over 1,000 startups in the ecosystem currently providing employment to an estimated 1.5 million people.
- ◆ As of today, Bangladeshi Startups have attracted over US\$ 200 million in international venture capital.

The analysis found that: 24% of businesses have stopped complete operation with 56% startups saw at least a 50% drop on revenue generation. 60% of Startups have runway less than 3 months threatening 1.5 million employment. US\$56 million annual loss is now feared by a total of 300 startups in 2020.

4.5 *Impact on Bangladesh's SME Landscape*

Bangladesh Government has allocated a total of Tk 93 thousand crores (USD 10.9 BN) as a stimulus package to revamp the economy. As part of this, small businesses in rural areas will get subsidized loans of Tk 3,000 crore under the Tk 20,000 crore stimulus package announced by the government to support SMEs. Moreover, on April 12, a new stimulus package was unveiled worth Tk 5,000 crore to provide financial assistance to small and medium farmers in rural areas for boosting agricultural production facing the fallout of COVID-19. To this end, agro loans were reduced to 4% from the previous 5% interest rate.

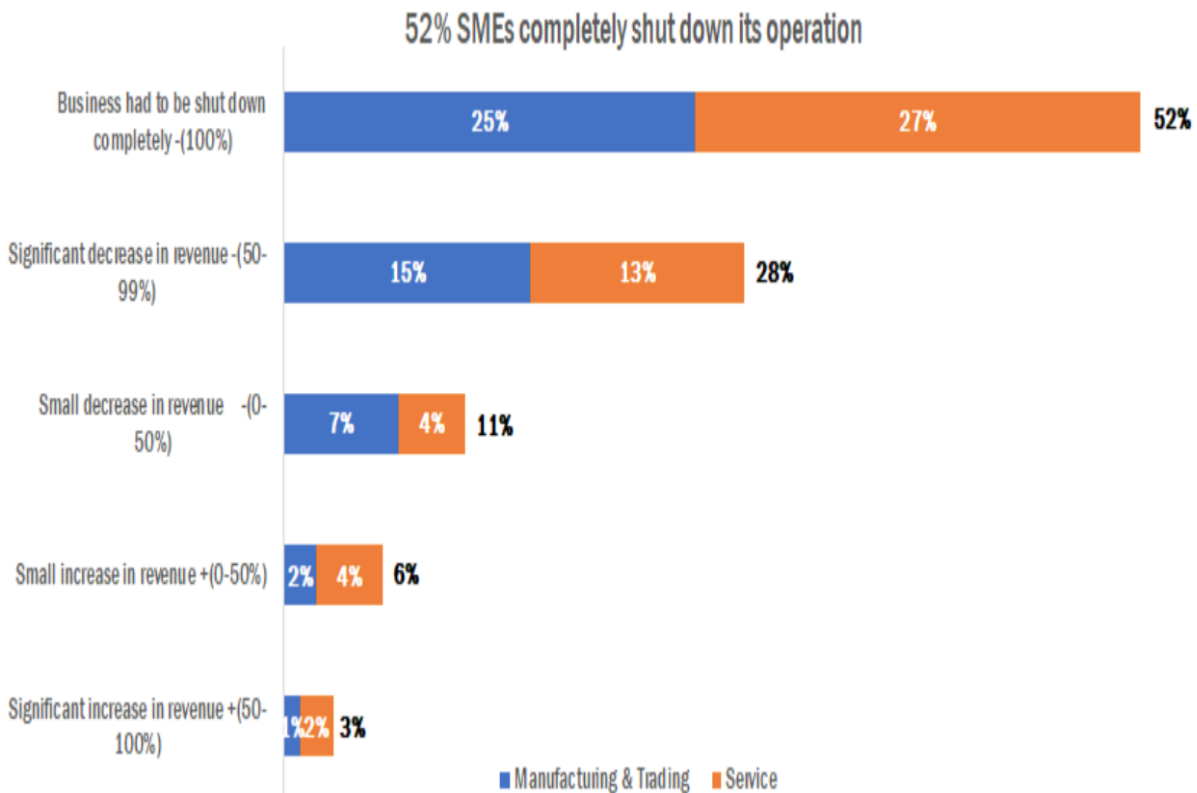
To further help the daily wage earners, GoB has allocated Tk 760 crore (Tk 2,000 in cash to each of about 40 lakh families whose breadwinners have lost jobs because of lockdown), for day labourers, rickshaw or van-pullers, mechanics, construction workers, newspaper hawkers, hotel workers. Concessional loan, government support and digital transformation will help SMEs' survival

The COVID-19 pandemic has affected all spheres of life and business, but the hardest punch hit the already vulnerable SMEs. The economic distress has added to existing problems such as lack of access to finance, poor market linkage, absence of skilled labor, and lack of export market.

According to the Asian Development Bank, the SMEs in Bangladesh account for 70 to 80% of the non-agricultural sector employment. 40% of the manufacturing output is also by SMEs. Presently more than 6 million SMEs and micro-enterprises are operational in Bangladesh and they are constantly striving to upgrade the lives of many. (RRP Sector Assessment, ADB) .

Hardest punch received by the SMEs as they are dependent on a short cash cycle which has been affected as a result of supply chain disruption and loss of sales.

To gauge the gravity of the crisis, Light Castle Partners and Sheba.xyz joined hands to conduct a study of the SME sector. Primary research spanning 230 respondents was conducted across all the eight divisions. Major industries include agriculture, poultry, dairy, fisheries, jute diversified product, retail store, food processing, & services (tailoring, electrical, laundry, mobile recharge & MFS shop). From the research, some insightful responses are presented below:

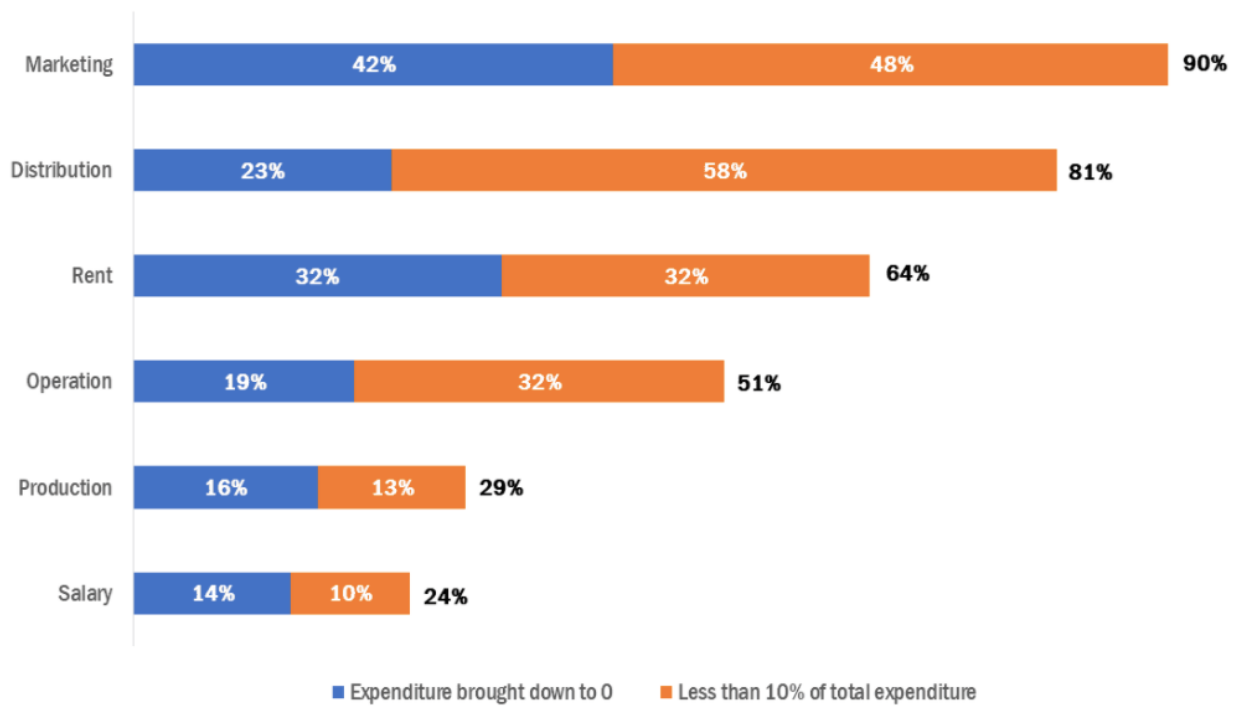


Source: LightCastle Partners and Sheba.xyz Primary Survey conducted on April 6-8, 2020 (n=230)

Half of the respondents had to completely halt their business operations. Zero output due to the unavailability of raw materials and lack of scope to sell their outputs. 28% of the respondents have

seen a drastic decrease in their revenue by over 50%. Cash reserves are running dry or with their debtors. Services industry took a heavy hit as they are unable to provide their services and generate revenue.

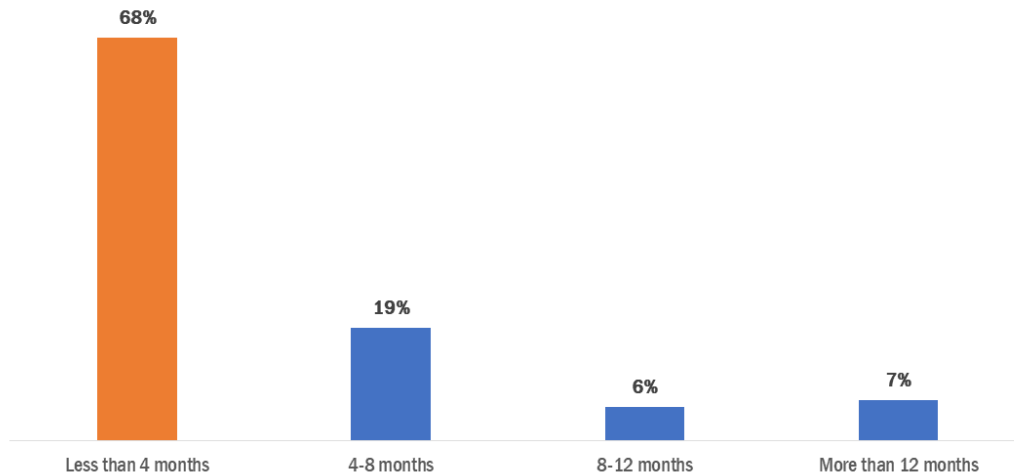
Marketing, Distribution and Rent are the first fields to go down under significant cost cutting



Source: Light Castle Partners Primary Survey conducted on April 6-8, 2020 (n=30)

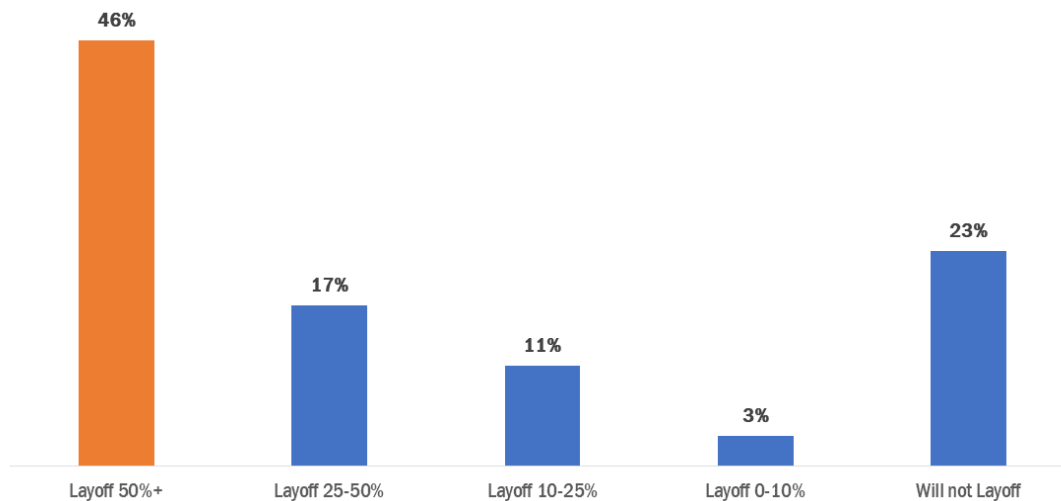
42% of enterprises have cut back their marketing expenditure while 23% have done the same in distribution. This implies businesses are taking initial cuts on these two fronts to save some funds. It is also worth mentioning that 32% of the enterprises operated on their own facility – hence did not incur any rental expenses. With respect to salary, 24% have cut down either to 0 or less than 10%. This indicates employees are already being laid off. This engenders concern as SMEs are one of the biggest employers in Bangladesh — they going down this route could end up with thousands of people becoming unemployed in a matter of months.

68% SMEs will not survive lockdown for more than 4 months



Source: Light Castle Partners and Sheba.xyz Primary Survey conducted on April 6-8, 2020 (n=230) Due to the current lockdown, the enterprises not related to emergency food and medicine are suffering immensely. SMEs related to services and production of generic items such as jute, handicrafts, light engineering among others have been hit the hardest as they are unable to maintain liquidity and operational activities. According to the survey, 68% SMEs reported that they will have to permanently shut down their business if the lockdown persists for more than 4 months.

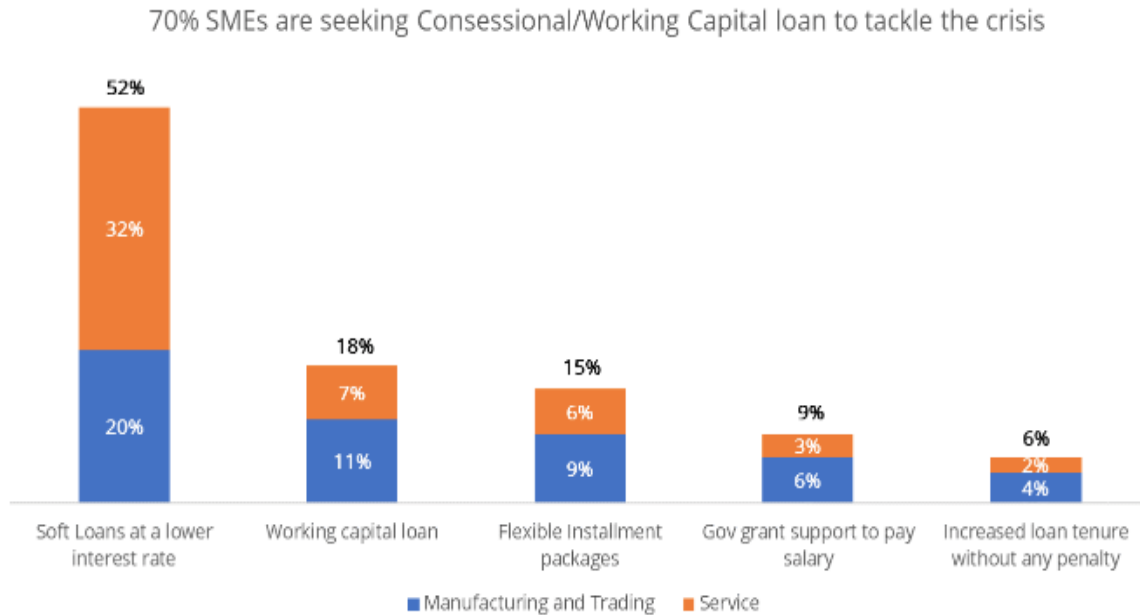
46% employers are anticipating to layoff over 50% Staff if lockdown extends for over 4 months



Source: LightCastle Partners and Sheba.xyz Primary Survey conducted on April 6-8, 2020 (n=230)

About half of the SMEs (46%) will lay off more than 50% of their staff in a bid to cut costs. In other contexts, too we see that at an aggregate 31% of the enterprises will go for some sort of layoff (1-50% of staff) to minimize costs and keep their businesses afloat. On a positive note, we also

see that 23% of enterprises will not go for any type of layoff — indicating these enterprises have enough cash reserves to tackle rainy days.



Source: Light Castle Partners and Sheba.xyz Primary Survey conducted on April 6-8, 2020 (n=230)

Concessional financing:

From the current international practices as well from our study we observed that 70% of the respondents asked for soft loans/working capital loans to survive the crisis. Banks and financial institutions may sanction up to BDT 25 lacs to women entrepreneurs against the personal guarantee. Entrepreneurs' credit limit may be ranged from BDT 50,000 to BDT 50 lacs.

However, current stimulus packages that are applicable through banks depend on existing relationships with SMEs which many of the smaller players won't have. That means they might not be able to avail these concessional loans. Moreover, the banking sector is going through a liquidity crisis with many of them having stretched NPLs (Non-Performing Loans); hence they might not be able to fully disburse the stimulus. Furthermore, they would be more willing to fund their existing clients rather than SMEs which require the most. Here again, we need a more ecosystem-centric approach, where MFIs whose current portfolio consists of 37% SME loan [5] and has a wider reach, can come into play.

Tax reductions and grants: The government should be reducing the tax rate and offering grants to businesses in hard-hit sectors in an effort to help reduce costs and boost the bottom line. Moreover, specifically for SMEs, VAT exemption on revenue and expenses for current and next fiscal year, exemption [or deferral] of withholding tax payments can be a timely initiative. By lower/exempting tax and providing grants, the impact of plunging aggregate demand as a result of the recession could be minimized.

Digital Transformation: Within the scope of the government's financial assistance, the SMEs should try to digitize their business operations to the best of their ability. Since the lockdown is forcing people to stay inside homes, it is imperative that businesses switch to online channels. Linking up with mobile wallets, MFS (Mobile Financial Service), DFS (Digital Financial Service), and Digital Supply Chain Management will help towards achieving medium-term solutions to tackle the extent of the crisis(Shamim, 2017).

Digital Financial Services: Cashless transactions could transform the way SMEs conduct business. It widens the possibilities of reaching customers across the country. Mobile financial services like bKash, Rocket, UCash, Nagad opened new doors in transferring, transacting and storing money digitally instead of cash. Mobile Application & Web-based financial services of banks provide faster and secured transactions with little or no human intervention. It solves the limitations of MFS as online-based banking services have greater transaction limits suitable for SMEs trading in large volumes. Nexus Pay (Dutch Bangla Bank), EBL Skybanking, BRAC Bank Mobile are a few of the leading mobile-based Digital Banking applications.

Digital Supply Chain Management: Supply chains having web-enabled capabilities render enterprises the ability to source and sell on digital platforms. This not only increases the potential market by folds but also ensures a seamless transaction and traceability from the factory to the consumers' doorstep.

Digital Credit: Traditionally, large banks that have had controlled capital investments in Bangladesh. Most financial institutions have been reluctant to lend beyond large corporates. One prevalent reason is assessing the creditworthiness of SMEs has been seen by banks as more difficult and expensive. Apart from providing a platform to SMEs for selling their products/services — Sheba.xyz & Shopup also provide digital credit to SMEs and smaller enterprises, which are underserved by traditional banks. They are also leveraging digital platforms to expedite credit assessments.

SMEs create livelihoods and if they fail, we will go into deeper economic shock with more and more people coming below the poverty line. Hence, we all need to work together to support and uplift the sector. On the off chance that there is one thing that COVID-19 has shown unmistakably is that interest in digitization is not a luxury. Innovation is not only to survive this crisis but it is to create a sustainable business, which will be resilient and evolving in the 'new normal'.

9.0 Findings of Analyses

The major steps have been undertaken by our Honorable Prime Minister Sheikh Hasina to recover the slowdown of Bangladesh economy due to hit by Covid - 19. The findings of the study have been discussed in the following heads:

5 9.1 Our Prime Minister donates Tk 10 crore to Center for Rehabilitation of the Paralyzed (CRP)

On June 07, "The prime minister gave the donation of Tk 10 crore to the CRP to run its activities smoothly and continue its healthcare and other services to people," PM's Press Secretary Ihsanul Karim said. CRP, which began its journey in 1979 in order to meet the desperate needs of people with disabilities, provides medical treatment, rehabilitation and support services focusing on physical, emotional, social, psychological and economic aspects.

It promotes the development of skilled personnel in healthcare and rehabilitation in the country. CRP has developed centers in different parts of the country to expand the services for disabled people in collaboration with other organizations.

9.2 Bank interest worth Tk 2,000cr to be waived to benefit 1.38cr borrowers

On May 31, we're declaring a new stimulus package. The government will provide interest amounting to Tk 2,000 crore to the banks as a subsidy and it will directly benefit nearly 1.38 crore borrowers. "The total amount of that interest now stands at Tk 16,549 crore and of the money, the government will give Tk 2,000 crore to the (commercial) banks as subsidy and the borrowers don't need to pay it. We're freeing them from it (interest)," she said. In this connection, Sheikh Hasina said the borrowers will pay the rest of the interest in 12-month installments. "The government has made this arrangement for the benefit of the people as their trade and commerce remained halted for over two months due to corona virus outbreak," she said. "We've taken these measures so that people are not overburdened with loans," she added. The premier said, with the announcement of this new package of Tk 2,000 crore, the total amount of 19 stimulus packages stands at Tk 1,03,117 crore (equivalent to USD 12.13 billion) which is 3.7 percent of total GDP.

6 9.3 Prime Minister launches disbursement of cash aid for 50 lakh poor households

On May 14, each family will get Tk 2,500 cash through mobile financial services (MFSs) so that they get the money directly, she said. The prime minister inaugurated the disbursement programme from her official residence Gono Bhaban today. She said the government has prepared the list with families who did not receive any aid so far. The prime minister also launched a stipend programme for meritorious students of honours and equivalent courses. About the surge of deaths due to corona virus, she said, "Although the shutdown has been relaxed on a limited scale for the sake of ensuring livelihood, we will be able to contain the virus."

9.4 Prime Minister announces 4 schemes to address impact of corona virus fallout

On April 13, Prime Minister Sheikh Hasina announced allocation of Tk 750 crore for insurance of doctors, nurses, health workers; field officers; members of law enforcement agencies, armed forces, BGB; and other government employees, who are risking their lives to fight the corona virus pandemic. PM made the announcement while addressing the nation before the occasion of Pahela Baishakh, the first day of Bengali New Year. If any of the abovementioned is affected while on duty, they will get health insurance worth Tk 5 lakh to Tk 10 lakh as per their designation, and the rate will increase by 5 times in case of death, the premier said, adding that Tk 750 crore has been allocated

for their health and life insurance. Alongside the allocation for health and life insurance, Sheikh Hasina also assured to give special allowance to government health workers dealing with corona virus patients directly.

7 9.5 Govt to procure 21 lakh Metric Tonnes (MT) food grains

On April 20, "The harvesting (of Boro paddy) has already begun. We'll purchase 21 lakh MT food grains this season so that the country doesn't experience any food crisis in future and we could continue extending food assistance to the people," she said. Sheikh Hasina said of the 21 lakh MT food grains, the government will buy 8 lakh MT paddy, 10 lakh MT rice, 2.20 lakh MT Atap (sunned) rice and 80,000 MT wheat.

The prime minister made the announcement while interacting with the public representatives and officials of eight districts of Dhaka and Mymensingh divisions on the present corona virus situation in the country through a videoconference from her official GonoBhaban residence.

8 9.6 Prime Minister unveils Tk 5,000cr stimulus package for agriculture sector

On April 12, **Prime Minister Sheikh Hasina announced a new stimulus package of Tk 5,000 crore to provide financial assistance to farmers in rural areas for boosting agricultural production facing the fallout of Covid-19.** Bangladesh Bank will formulate a new refinancing scheme of Tk 5,000 crore to pump running capital into the agricultural sector. We'll create this Tk 5,000 crore stimulus package only for the agricultural sector. We'll disburse money from this fund to farmers at only 5 percent interest," she said. The money from this fund will be disbursed among small and medium farmers, including that of poultry and dairy sector, in rural areas, she said.

9.7 Govt to issue 50 lakhs more ration cards for vulnerable families

On April 16, **the government announced that she will provide 50 lakhs more ration cards to vulnerable families hit hard by the countrywide shutdown due to corona virus outbreak.**

9 9.8 Prime Minister announced the reward brave health workers engaged in the frontlines

On April 07, **the government has decided to reward doctors, nurses and health workers who have dedicated themselves with courage in the fight against corona virus, Prime Minister Sheikh Hasina announced.**

"I want to reward those who have been engaged directly in the fight against Covid-19 since March," she said. The PM said this while delivering her introductory speech in a video conference with public representatives and officials from 15 districts under Chattogram and Sylhet divisions from her official residence Gono Bhaban.

In addition, she said there will be health insurance for them if they are infected with Covid-19 while discharging their duties, which will be Tk 5-10 lakh. "If anyone dies, the amount of the health insurance will be five times higher," she said. "But remember that this incentive will be applicable for those who have been working [amidst the corona virus outbreak] since March, putting their lives

in danger," she added. If any employee of the state is infected while performing duties, the government will bear all treatment costs, she said. She criticized a section of doctors for not providing treatment to patients in the pretext of keeping themselves safe from Covid-19.

On 25 March, Prime Minister Sheikh Hasina announced a bailout/stimulus package of Tk 5,000 crore (equivalent of 530 million EUR) for export-oriented industries to mitigate the impact of the corona virus on the country's economy. The premier indicated that the money from the package could only be disbursed in the form of salaries and wages for employees and workers of those industries.

On 25 March, the Bangladesh government sought \$1 billion in support from the International Monetary Fund and the World Bank as the country looks to support its people, businesses and industries reeling from the pandemic.

9.9 Stimulus package announced by the government to support SMEs

In a ramped-up effort with stimulus packages, Bangladesh has allocated a total of Tk 93 thousand crores (USD 10.9 BN) as a stimulus package to revamp the economy. As part of this, small businesses in rural areas will get subsidized loans of Tk 3,000 crore under the Tk 20,000 crore stimulus package announced by the government to support SMEs. Moreover, on April 12, a new stimulus package was unveiled worth Tk 5,000 crore to provide financial assistance to small and medium farmers in rural areas for boosting agricultural production facing the fallout of COVID-19. To this end, agro loans were reduced to 4% from the previous 5% interest rate.

To further help the daily wage earners, GoB has allocated Tk 760 crore (Tk 2,000 in cash to each of about 40 lakh families whose breadwinners have lost jobs because of lockdown), for day labourers, rickshaw or van-pullers, mechanics, construction workers, newspaper hawkers, hotel workers. Concessional loan, government support and digital transformation will help SMEs' survival

10 Concluding Remarks

Honorable Prime Minister Sheikh Hasina has taken some bold and timely steps to counter the negative impact of global pandemic from Covid-19 on Bangladesh economy. Her majesty instructed general people to help our farmers for cutting paddy /raw rice from field. The ultimate goal was not to hampered cutting raw paddy. Students, leaders and mass people obeyed Her command and the nation can see now its positive result with reasonable selling rice price in this pandemic time. All academic institution like school, college, university have been remain closed. But academics does not hamper anymore because classes are on through online methods. People now can travel for jobs and works by public and private transport with reasonable safety measures. Prices of essential consumers goods are strongly monitored and the prices of daily essentials are almost fare and competitive with other countries. Foods, rice, vegetables, medicine, fish, chicken etc are available in

daily market. People can buy and survive their lives in this pandemic periods whereas the world's strongest economy has been struggling.

Like many other countries, Bangladesh recognizes the need to address effectively the severe consequences of Covid-19 with curtailed economic activities manifested in factory closures, sudden loss of employment and income with significant reduction in national output. Cancellation of export orders, declining remittance inflows, and depressed demand for domestically produced goods and services have already had an adverse impact. The services sector which includes trade, transport and communication, hotels & restaurants, banking and finance, education, etc. as in other countries, has predictably shrunk in capacity utilization. The recent IMF projections (World Economic Outlook Apr 2020) depict overall economic growth in 2020 at 2% but paint an optimistic picture of robust economic recovery in 2021 with GDP growth at 9.5%.

The government has taken many significant steps already. The government plan of action admits that the economic impact is yet to be quantified but the negative shock is predictably severe. We know from the Bangladesh government documents that the government has taken the following steps: Free food distribution; Sale of rice under Open Market Sale (OMS) program with a highly subsidized price ; Cash transfer to the targeted vulnerable population; Expansion of allowance programs (Old Age Allowance and Allowance for Widow/husband Deserted Women) to all eligible persons (100 percent) of the 100 most poverty stricken Upazilas of the country; Expedite construction of house for the homeless people.

Honorable Prime Minister Sheikh Hasina has been working hard to make Bangobondhu's dream into reality i.e free from hunger and free from poverty. Constructing Padma bridge, Establishing one hundred new EPZ, Flyovers, Underground bypass, Metrorail elevated project, Higher production of power and electricity, kornofuly tunnel, Bangobondhu's Tri tower former name Icon tower is under construction. Four high multistoried tower 52, 71, 96 and 111 number of floors would be built in each building in remembrance of International mother language movement, liberation war and independence, winning election in 1996 by Bangladesh Awami League respectively. All these mega projects have been implemented with the view to achieve economic development and growth. The success of Her charismatic leadership is now visualized. The target of Prime Minister is to convert my village into my town by undertaking severe intervention activities. The Government's goal is to reach as a middle income earner country by the year 2021 and to reach at developed nation by the year 2041. Covering future one hundred years economic development a long range master plan has already been formulated named as Delta Plan. Our Government is committed for our economic development. We need also to be committed for our economic wellbeing. To protect ourselves from Covid-19, we should all try to stay safe, washing hands frequently, wearing masks at outside and maintain social distance.

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