COVID-19 and Business Confidence in Bangladesh

Findings from the 7th Round of Nationwide Firm-level Survey in January 2022

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Acronym and Abbreviations

ADB	Asian Development Bank
BB	Bangladesh Bank
BBS	Bangladesh Bureau of Statistics
BCI	Business Confidence Index
BGMEA	Bangladesh Garment Manufacturers and Exporters Association
BKEMA	Bangladesh Knitwear Manufacturers and Exporters Association
BTMA	Bangladesh Textile Mills Association
CEO	Chief Executive Officer
CGS	Credit Guarantee Schemes
CMSEs	Cottage, Micro, and Small Enterprises
COVID-19	Coronavirus Disease 2019
DPSCG	Domestic Private Sector Credit Growth
EBI	Enabling Business-environment Index
EPZs	Export Processing Zones
FDI	Foreign Direct Investment
FIs	Financial Institutions
FY	Fiscal Year
GDP	Gross Domestic Product
GoB	Government of Bangladesh
GVA	Gross Value Addition
HEOC	Health Emergency Operations Center
ICA	Institute of Chartered Accountants
ICT	Information and Communications Technology
ID	Identity
IEDCR	Institute of Epidemiology, Disease Control and Research
LMIC	Low and Middle Income Country
MSMEs	Micro, Small, and Medium-sized Enterprises
NGOs	Non-Governmental Organizations
OECD	Organization for Economic Co-operation and Development
OxCGRT	Oxford COVID-19 Government Response Tracker
PBSI	Present Business Status Index
RMG	Ready-Made Garment
SANEM	South Asian Network on Economic Modeling
SARS-CoV-2	Severe Acute Respiratory Syndrome Corona Virus-2
SEZs	Special Economic Zones
SI	Stringency Index
SMEs	Small, Micro and Medium Enterprises
TPE	Total Persons Engaged
WB	World Bank
WHO	World Health Organization
WRI	Wage Rate Index

Executive Summary

The seventh round of the Business Confidence Index (BCI) survey commenced in January 2022—at a time when the country had entered a new phase of the COVID-19 pandemic. As the new Omicron variant of the coronavirus threatened a higher level of transmission of infection and consequently a much greater health crisis in comparison with the earlier phases of the pandemic, both businesses and households had to adopt a cautious approach. The situation was further complicated by heightened inflationary pressure, fuel price hikes and declining remittance flow. However, the rapid progress in the vaccination programme hinted at the opportunity for conditional development of the overall economy. While the possibility of more stringent health policies in response to the Omicron variant loomed largely, there were also valid reasons to expect a gradual development owing to the successful take-off of the vaccination program.

Against this backdrop, this study surveyed 502 firms across the country (252 manufacturing and 250 services sector firms). Based on Bangladesh's most recent available National Accounts Statistics, seven sub-sectors in the manufacturing industry and eight sub-sectors in the services industry were identified. In the manufacturing sector, the study covers RMG, textile, pharmaceutical & chemical, leather & tannery, light engineering, food processing and other sectors. Wholesale, retail, restaurant, transport, ICT and telecommunication, financial sectors, real estate, and other services are covered from the services sector. The number of firms to be surveyed for each sub-sector was determined based on the contribution of the sub-sectors to the Gross Domestic Product (GDP).

Based on the survey responses, this study constructs four indices, namely – (i) Present Business Status Index (PBSI) in October-December 2021 compared to July-September 2021, (ii) Present Business Status Index (PBSI) in October-December 2021 compared to October-December 2020, and (iii) Business Confidence Index (BCI) for January-March 2021 compared to October-December 2021, & (iv) Enabling Business-environment Index (EBI) in October-December 2021. The indices are first prepared at the firm level and later aggregated to the sub-sectoral and sectoral levels incorporating appropriate weights.

Besides such indices measures, this study includes a section on the economic recovery that includes the opinions of the business insiders regarding the economic recovery that Bangladesh might have and the recovery the businesses observed. There is a section on government support and stimulus packages that detailed business thoughts on the availability of the stimulus packages and the overall requirement of government supports. Moreover, the study covers the issues regarding loan financing by firms.

Major findings

Over the quarters, there has been a gradual recovery in business activities. PBSI (year) approached the mark of 60 in the October-December 2021 quarter from 56.79 in the earlier quarter, indicating a continuation of improvement. The improvement is also visible in all sub-indicators. However, a considerable improvement has been observed in the profitability and sales or export order sub-indicators. Similar to PBSI (year), PBSI (quarter) showed an improvement in business activities in October-December 2021 quarter compared to July-September 2021 quarter.

Overall business confidence in January-March 2022 faced a decline in comparison to the October-December 2021 quarter. The decline is visible across all sub-components of BCI. Most of the sectors expressed lesser confidence for the following quarter, reflecting their growing concern about the advent of Omicron.

A gap between firms' expectations and reality was observed. Firms were unable to meet the expectations in the October-December 2021 quarter. Firms, in the following quarter, however, were attempting to revise their expectations based on the contemporaneous reality.

The trend of COVID-19 confirmed new cases, positivity rate, death cases and stringency measures have an effect on both business status and business confidence. However, over time and through experience, businesses developed their own perceptions of the severity of COVID-19 waves which impact their future outlook.

The macroeconomic trends that the study investigated are clearly reflected in the micro images. Wage Rate Index, inflation rate, FDI, export, import, and domestic private sector credit growth, for example, were more or less consistent with the businesses' status and confidence over the quarters.

17% of respondents in the seventh round of the survey (January 2022) observed that Bangladesh was on a path of strong recovery, while it was 21% in the earlier round. Similarly, their views on moderate recovery had fallen to 44% in this round from 52% in the previous round. Despite fuel price hikes and the threat of the new wave of COVID-19, the business recovery rate increased to 60.6% in December 2021 which is higher than that of September 2021 (56.8%) and even higher than the earlier record of 57.4% registered in March 2021.

Only 23% of the surveyed firms received any of the stimulus packages announced by the Government of Bangladesh (GoB). Around 40% of the firms availing of the stimulus package found it to be insufficient.

Among the surveyed firms, 65% said that further government support was required. The required support includes providing low-interest working capital loans, introducing pre-shipment refinance facilities for exporters and social safety net programs for helpless workers.

After a dip in the July-September 2021 quarter, the overall EBI improved and was at that time the highest in the seven rounds of the survey. Despite the overall improvement in EBI, there has been some decline in the tax system, corruption, skilled workforce, transport quality, trade logistics and COVID management sub-indicators. EBI has fallen across the leather, wholesale and real estate sectors.

The third or Omicron wave of COVID-19 significantly impacted the sales or export orders, associated costs related to additional health measures, custom procedural delay and input costs. 71% of firms reported that they observed a decrease in export orders/sales due to Omicron followed by 79% of firms reporting an increase in associated costs related to additional health measures and 82% of firms reporting an increase in input costs. Omicron also increased the risk of a decrease in sales or export orders as reported by 89% of firms, the risk of associated cost increase related to additional health measures as reported by 90% of firms and the risk of an increase in input cost, as reported by 91% of firms.

The impact of the fuel price hike was also significant. 97% of firms reported that they experienced an increase in transportation cost due to fuel price hikes followed by 79% of firms that reported an increase in energy cost. The fuel price hike also increased the risk of an increase in transportation cost as reported by 94% of firms and the risk of an increase in energy cost, as reported by 81% of firms.

29.3% of the surveyed firms availed of any loan in the last three months (October-December 2021). The majority of the medium and large firms took loans from formal sources (e.g banks and non-bank financial institutions). However, micro and small firms took loans from both formal and informal channels. Informal sources of loans were from friends and family, cooperative society, NGOs and Mohajon. Completed paperwork, collateral problems, lengthy procedures, bank-client relationships etc. remain major problems for the firms to avail of any loan from the banks.

Policy implications

Covid management

- ***Development of sector-specific protocol:*** The government should involve the major stakeholders—especially the private sector—representatives from various economic disciplines, sector specialists, and public health experts to design sector-specific and area-specific COVID management strategies. For creating such sector-specific and area-specific protocols, policymakers should take into account the global experience.

- ***Acceleration of vaccination program:*** Rural and slum dwellers in the nation have a high prevalence of vaccine reluctance and refusal. This is a result of low levels of literacy and faith in the healthcare system, and a lack of confidence in health safety regulations. Therefore, more clinics in remote and semi-rural regions can be opened to guarantee that immunization is accessible to a larger population. Additionally, in rural areas, health professionals and respected community leaders can inspire and inform residents about the necessity and significance of vaccination. In addition, the public should continue to receive vaccinations without charge in the future.

- ***Considering pragmatic stringent policies:*** A lower spread of COVID-19 infection rate is related to strict government policies, and in particular, strict containment and restriction policies, including decreasing the number of working days or allowing a restricted number of employees in regular intervals, gathering restrictions, ensuring social distancing in public transportation, stay-at-home orders, restrictions on internal movement for unnecessary reasons, and international travel control as well as quarantine enforcement on the returnee. Two strategies that stand out and consistently inhibit the spread of COVID-19 are restrictions on international travel and social distancing in public transportation. One week after implementation, the containment and restriction policies have a stronger slowing effect on the spread of COVID-19 that is compatible with the progression of the incubation period and SARS-CoV-2 transmission pattern. For this, the delaying impact is more pronounced in nations with rigid cultures and dense populations.

Government support and the stimulus packages

- ***Faster disbursement of the stimulus packages:*** A multi-stakeholder task force should be established to oversee the implementation of the COVID-19 liquidity support packages and assess their efficacy. This task force should include representatives from various ministries, the central bank, commercial banks, trade associations, civil society, non-governmental organizations, and academics. Furthermore, the government's COVID-19 liquidity support to low-income professionals, farmers, and small companies should be hastened immediately by clearing the checks from the banks faster.

- ***Easier access to stimulus packages:*** The government could lower the requirements and decrease the number of documents required to access the stimulus packages. Collateral requirements shouldn't be considered the staggering barrier in order to avail of the fund since SMEs and female entrepreneurs struggled in managing the fund due to the collateral problem. Therefore, the government should make flexible collateral requirements. Moreover, an awareness program to provide information about the stimulus packages is required to spread among small and medium enterprise (SMEs) entrepreneurs and rural businesses. This will make accessing the stimulus packages easier.

- ***Focusing on specific requirements of firms:*** Over half of the nation's GDP comes from the services sector. However, manufacturing companies did obtain the majority of the incentive packages compared to those in the services sector. The services sector suffers the most during the pandemic because people are unable to relocate and continue their job, whereas manufacturing companies like RMG continue to operate because to direct government regulations and supports, protocol safeguards, and other measures. Therefore, the government should foster a climate that allows all businesses, regardless of industry or size, to gain support from the government.

SMEs focus

- ***A proper assessment of the impact of the stimulus package:*** Three elements are crucial when implementing stimulus programs during economic crises: timeliness, targeting, and an exit strategy. Within this paradigm, the government of Bangladesh's stimulus packages can be evaluated. The government has set timelines for the stimulus packages for each sector. This facility must be time bound because bank loans make up the majority of the stimulus. Further, the selection criteria of the beneficiary of the cash transfer should be revised thoroughly to avoid mistargeting. Lastly, the first stimulus package's success and usefulness can serve as a useful lesson for the second.

- ***Facilitation of further credit and easy access to finance*: The ease of obtaining credit is one of the key markers of "ease in business”. As Bangladesh is a nation that depends on private sector investment for growth that is sustainable, making the loan application procedure simpler is essential for further growth. The majority of new jobs are being created by micro, small, and medium-sized enterprises (MSMEs). Therefore, enhancing MSMEs access to financing is a task central to the nation's economic and financial development. However, the established and powerful business group are historically benefited from such government-announced stimulus packages. Given this imperfection in the market, state policy is essential for fostering an atmosphere for ensuring the MSME's friendly loan disbursement.

- ***Supply-side support to rescue institutional deficiency:*** The supply chain has been disrupted by many nationwide lockdowns that have slowed or temporarily stopped the flow of raw materials and finished items. It caused disruptions in the nation's manufacturing and service sectors. Greater efficiency, efficient management, technological upgradation and reskilling of the supply chain labour force are required to reduce the effects of the interruption in the supply chain.

- ***Promoting and extensive implementation of the Credit Guarantee Schemes (CGS) by the Bangladesh Bank:*** While one-time seminars or workshops are helpful for introducing the new facility, financial institutions (FIs) should receive frequent communications from various levels such as Chief Executive Officer (CEO), manager, etc., to maintain their confidence in the CGS facility. The same is true for the cottage, micro, and small enterprises (CMSEs) which are the program's target market in Bangladesh. The government should think about establishing, revising, and actively implementing financial literacy programs across the nation that will encourage more CMSEs to become formalized in order to make sure that these CMSEs may get support from CGS as soon as possible. The government might think about passing a secured transaction law, as some African nations have previously done (as well as certain Latin

American and Southeast Asian nations). This will make it possible to create a registry for collateral that will allow FIs to register their claims on assets given up as collateral by borrowers.

Fuel price hike

- ***Relaxed taxation on the import of oil:*** The oil market has become increasingly unstable in the face of rising worldwide prices. Millers and merchants take this opportunity and deliveries slowly and stockpile the oil expecting that the oil price will subsequently be increased. For containment of the oil price hike, the government has to ensure a market threat by providing information in the market that the supply of oil is enough to meet the demand. Moreover, the indirect tax on oil needs to be reduced to ensure that people can purchase it at a lower cost.

- ***Strategic, dynamic and forward-looking fuel price policy:*** 97% of firms reported that they experienced an increase in transportation cost due to fuel price hikes followed by 79% of firms that reported an increase in energy cost. The fuel price hike also increased the risk of an increase in transportation cost as reported by 94% of firms and the risk of an increase in energy cost, as reported by 81% of firms. In order to adopt a strategic, dynamic, and forward-looking fuel-price policy, the taxes on imported oil should be lowered.

Remittances

- ***Need assessment of the falling trend of remittances:*** The main source of foreign financial transfers to low- and middle-income countries (LMIC) like Bangladesh has been remittance. The remittance is counter-cyclical; as the economy begins to recover from the pandemic-induced recession, the remittance inflow is going to be downward. The high remittance payment through the informal channel restricts the larger flow in the formal channel. Thus, the government should take initiatives to reduce the price of the remittance gap between the formal and informal channels- for this, the exchange rate should be flexible and the market should determine the exchange rate.

- ***Extended support to aspirant immigrants:*** To make the process of finding work abroad very transparent, prospective migrants should be offered simple, affordable loans to ease their financial strain. Further, extensive mass media campaigns to inform foreign job seekers of the precise employment authorities and the total cost required to move abroad should be launched.

- ***Facilitation of training on skills demanded in destination countries:*** An application may be asked to complete a self-assessment form by an employment counsellor who has been appointed by an employment services provider to profile and identify the talents for which the applicant seeks to be certified. An assessment centre or training company that performs assessments in many industries might oversee the recognition process. These evaluation centres may occasionally be industry-specific, concentrating on particular sectors like construction or tourism. Finally, it's critical to educate migrant workers about the terms of a fair contract that will govern their employment while in the destination nation.

- ***Diplomatic efforts with labour-receiving countries on employment, salary, and work environment:*** Successful migration management is essential to achieving effective migrant rights protection. A suitable follow-up mechanism must be included with such a migration management system in order to support government and social partner initiatives in putting these principles into practice. To improve and increase support for governments, employers' organizations, and workers' unions in implementing these principles at the national level in a variety of areas, including; (i) developing alternatives to gaining employment in the home country; (ii) building efficient labour migration mechanisms; (iii) optimizing migration's positive impact on development; (iv) use of international standards in the treatment of migrant labour; (v) migrant workers and their families social protection; (vi) fighting discrimination and xenophobia; (vii) helping immigrant employees integrate socially and economically; (viii) addressing the issues faced by migrant employees who are not in legal status.

Inflation

- ***Balanced coordination between fiscal and monetary policy:*** Monetary policy is the primary tool for bringing inflation under control. In particular, raising interest rates reduces demand and aids in doing so. Other measures that can be taken to lower inflation include tight fiscal policy (increased taxes), supply-side measures, wage controls, exchange rate appreciation, and control over the money supply.

- ***Effective monetary policy:*** The worldwide best practice to contain inflation is to reduce demand. For this, monetary policy to reduce demand is used. The monetary tool to control inflation is to increase the interest rate. However, the deposit rate (6%) and lending rate (9%) capped for a long time in Bangladesh do not allow the use of the proper monetary transmission mechanism to control inflation. Therefore, the deposit and lending rate cap should be lifted. Deposit and lending rates should be determined by the market, not the central bank's interference.

- ***Effective measures for adaptive price expectation which be counter inflationary:*** The point for controlling inflation is also controlling the price expectation of the rational economic agents. The expectation of future price rises not only increases the price of the future but also increases the price in the current time. If consumers expect a price increase in the future, they will panic buying at the present time. On the other hand, if business people believe that there will be a price increase in the future, they reduce the supply and store the items in order to sell them at a high price in the future. Therefore, panic buying and curtailing supply further increase the price today. In this case, controlling price expectation, the government should foresee such a situation and stock up on the essential commodities to give the threat to the market, and the government should provide symmetric information about the demand and supply in the market.

- ***Containing excessive market power:*** Some necessary items such as soybean is controlled by the same few importers. They largely use market power to dictate the price. Hence, the spaces where such market power can be exercised cannot be large. If there is any such exercise of market power, it is the responsibility of the Competition Commission of Bangladesh to detect and act on it.

- ***Blended coordination between fiscal and monetary policy:*** In this case, some areas should be taken into account-

    i. Gradual adjustment of the oil, and fertilizers price- No need to increase the price of the essential a huge amount at a time.

ii. Controlling import demand (luxury goods) and cutting unnecessary public expenditure to lessen pressure facing the economy as well as expand social safety net programmes to help poor and low-income households
iii. Monitoring the exchange rate market- Bangladesh's bank should regularly monitor the foreign exchange market. Any artificial speculation could lead to high import costs, eventually leading the high price in the domestic market

FDI inflow

- ***SEZ-based approach:*** Foreign direct investment (FDI) is typically encouraged by and attracted to special economic zones (SEZs) due to their favourable economic conditions. By using tax incentives to entice foreign investment and spur technical innovation, special economic zones (SEZs) has to be well prepared to provide an impetus for foreign investors to invest in Bangladesh.

- ***Fixing the long-term supply-side bottlenecks:*** Foreign investor doesn't come to Bangladesh because starting a new business is costly and often it takes a longer time to complete administrative procedure due to the (red-taped) bureaucratic process. Bangladesh is ranked very poorly in the "ease of doing business", conducted by the world bank. The transportation sector, custom procedures and political rent-seeking hinder the smooth growth of the businesses. Therefore, such supply-side bottlenecks should be fixed and it is needed to be created a business-friendly atmosphere to increase the FDI inflow in Bangladesh. It takes a longer time to fix the supply-side bottlenecks, therefore, the government should make plans immediately in order to fix the supply-side bottlenecks.

Section I: Introduction

Context

Expectations from the future and sentiments related to confidence have long been considered crucial factors for both households and firms, and thus merit close study, particularly in relation to the macroeconomy. At the micro level, economic agents often base their decisions on their perception of future macroeconomic trends. This rationale has significant bearing in the context of the COVID-19 pandemic as since late 2019 there had prevailed uncertainties regarding the biological dimensions of coronavirus, the strategizing and implementation of health protocols, and most importantly a solid medical solution in form of vaccination or treatment. While economic agents can use their previous experience of booms and busts to charter through the business cycle and respond to associated uncertainties, the COVID-19 pandemic created a unique situation where economic agents were initially captivated by an acute lack of information on the virus and the economic outlook.

As an exogenous shock, the COVID-19 pandemic not only thus affects the real economy but also the future outlook or economic sentiments of the firms. Economic sentiment can be defined as "economic agents' views of future economic developments that may drive the economy because they influence agents' decisions today, a view that may reflect rational arguments and facts but also a mood of optimism or pessimism" (Nowzohour and Stracca, 2020). According to Knight (1921), economic sentiment can be differentiated into two components: confidence and uncertainty. Whereas, confidence denotes a strong positive expectation about future economic trends and uncertainty denotes a lack of information or knowledge on the myriad range of probabilities associated with potential economic trends. Recent literature has strived to explain the causal relationship between macroeconomic fluctuations and behavioural attitudes such as optimism and pessimism (De Grauwe and Ji, 2016).

In recent times, some literature has focused on business confidence and uncertainty in the context of the COVID-19 pandemic (Olkiewicz, 2022; Altig et al., 2020). SANEM's seven rounds of surveys of business confidence, therefore, provide a unique insight into the key indicators and future outlook of businesses over consecutive waves of the COVID-19 pandemic. A survey of business confidence has proved to be a useful tool in understanding micro-level situations and their manifestation in the macroeconomy. The business confidence monitor of the Institute of Chartered Accountants (ICA) in England and Wales provides information on the state of the economy. Also, the ZEW Institute and Erste Bank calculate the confidence index of investors from Eastern Europe. In the form of 80% confidence intervals for future S&P 500 returns, the quarterly Duke CFO Survey deduce perceptions of aggregate uncertainty (Ben-David et al., 2013). In developed economies such as Japan and Germany, surveys on expectations of firm-level variables are regularly conducted. The OECD countries have a Business Confidence Index that is updated regularly and has a similar objective. East Asian countries have been tracking and updating statistics on 'business confidence' on a regular basis since the Asian Crisis in the late 1990s.

Multiple variants of coronavirus have emerged throughout the consecutive waves of the pandemic and continue to affect the world economy since 2020. At a time when there emerged signs of the world economy recovering from the pandemic's fallout, in the later half of 2021, the new variant Omicron caused the third wave of the heightened level of threat. Bangladesh, likewise, was affected, and the recovery process was hindered by the new variant. The Government of Bangladesh (GoB) had taken several steps to contain the transmission of the Omicron, including restricting mobility and gatherings. The economic recovery process was further obstructed by inflationary pressure, reduced remittance inflow, depreciation of the domestic currency and low coverage of vaccination. Moreover, the disbursement of the stimulus packages progressed at a slow pace. It is in this context that the seventh round of SANEM's BCI survey was initiated.

To gauge the effectiveness of policy implementation, and aid policymakers accordingly, extensive research is needed to assess business confidence. The information collected from the surveys will be useful for policymakers and businesses to assess policy and business responses.

It's worth mentioning that the private sector accounts for more than 75% of all investments in Bangladesh. This shows that the private sector has the leading role to play in the economic recovery process. To incentivize investment in order to facilitate the recovery process, the private sector needs to have more confidence in future returns.

The South Asian Network on Economic Modeling (SANEM) initiated the Business Confidence Index (BCI) survey, a nationwide quarterly survey aimed at monitoring business status and confidence by collecting data from representative manufacturing and service sector across the country. The first wave of the survey's results revealed the country's dire economic situation. Both the second and third rounds (held in October 2020 and January 2021, respectively) showed evidence of economic recovery. The fourth round (held in April 2021), which was followed by COVID-19's second wave, revealed a decline in business confidence. The fifth round of the survey (taken in July 2021) provided insight into the economy's pulse as it moved into the pandemic's second wave. The survey's sixth round (conducted in October 2021) highlighted the first benefits of the third wave on economic recovery as well as higher vaccination rates. The final round of the survey (seventh round) demonstrates the tremendous impact of the third wave (Omicron) on the economy and business. This round delves into the firms' current business situation from October to December 2021. The findings from the final (seventh) round of the BCI survey are summarized in this report.

Objectives of the Business Confidence Index survey

The Business Confidence Index (BCI) survey aims to assess private sector business expectations on indicators such as investment, employment, wages, stimulus packages, performance related to business costs, sales, or exports, and the status of potential economic recovery during the COVID-19 pandemic.

The specific objectives of the BCI survey are as follows:

- To explore current business status or performance on indicators such as profitability, employment, investment, sales or exports, business costs, wages etc.,
- To assess private sector business expectations on the indicators,
- To compare business status or expectation levels with COVID-19-related indicators,
- To compare business status or expectation levels with macro variables,
- To understand firms' perceptions towards economic recovery,
- To realize to what extents firms actually recovered,
- To evaluate the adequacy and efficacy of the GoB-announced stimulus packages and other government incentives,
- To find out the difficulties in receiving stimulus or incentive packages,
- To assess the current business environment,
- To understand major problems in availing of any loan from the bank or non-bank financial institutions etc.

Organization of the report

The rest of the report is structured as follows: Section II describes the survey methodology, sampling strategy, and indices methodology. Section III shows the key characteristics of the surveyed firms. Section IV delves into the trends of business status and business confidence. Section V provides a comparison of the country's business status and confidence with the COVID-19 scenarios. In section VI, a comparison of business status and confidence has been from a macroeconomic standpoint. Section VII delves into the firm's perception regarding economic recovery and to what extent businesses actually recovered. In section VIII, the study incorporates an analysis of government support and stimulus packages for the firms as well as the challenges associated with obtaining them. Section IX details the business environment. The challenges of loan financing for businesses are discussed in Section X. Section XI concludes with a set of policy recommendations.

Section II: Methodology

Since July 2020, SANEM has been conducting a survey known as the Business Confidence Index (BCI) survey. As of January 2022, SANEM completed seven rounds of the BCI survey. The survey's first round was conducted in July 2020, and the results were published in an August 2020 report. In October 2020, the second round was held, with the results announced in November 2020. In January 2021, the survey's third round was conducted, and the results were revealed in February 2021. The fourth round of the survey was held in April 2021, and the results were disseminated in May 2021. In July 2021, the survey's fifth phase was completed, and the results were announced in August 2021. The survey's sixth round took place in October 2021, and the findings were disclosed in November 2021. The most current phase of the survey (seventh round) was conducted in January 2022, and the results were disseminated in February 2022. The seventh round of the survey employed a methodology identical to the earlier rounds of the survey since it is essential to evaluate business expectations and reality in a consistent manner every quarter in order to enable a comparable assessment.

Survey methodology

This study compared the results of the preceding rounds of the survey with the primary data collected from the businesses in January 2022 (seventh round). The survey methodology is detailed in the rest of the sub-sections.

Survey coverage

The survey included firms in the manufacturing and service sectors. The survey divides businesses into four categories: micro, small, medium, and large. This categorization is based on the national industrial policy of 2016. The definition of firm sizes differs for the manufacturing and services sector (Table 1).

Table 1: Sector-wise firm size classification

Firm Size	*Manufacturing sector (Total Persons Engaged, TPE)*	*Services sector (Total Persons Engaged, TPE)*
Micro Firms	Less than 30	Less than 15
Small Firms	Between 31 and 120	Between 16 and 50
Medium Firms	Between 121 and 300	Between 51 and 120
Large Firms	More than 300	More than 120

Source: National Industrial Policy, 2016

Survey technique and sampling framework

All seven rounds of the survey were conducted over the phone with the top executives of the firms. The BCI survey was conducted quarterly on the same sample in order to create panel data.

Sampling framework

The first-round survey sample size was set at 300 firms (150 manufacturing sector firms and 150 services sector firms). Due to the services sector accounting for half of the country's GDP, the study assigned about half of the total firms surveyed to the services sector.

The sample size of the second-round survey, however, was increased to 502 firms in consideration of stakeholder recommendations (252 manufacturing firms and 250 services firms). From the second round to the following rounds, the research team attempted to reach all of the firms (500 firms) that had been surveyed in the previous rounds.

The intra-industry sample sizes were chosen using a methodological approach in all seven rounds. Bangladesh is notable for being strongly concentrated in only a few industrial sectors. For example, the RMG alone accounts for the majority of the value added to the manufacturing sector's GDP. A large proportion of RMG firms should be included in the study, based on the relative concentration of firms in Bangladesh.

However, by choosing samples only based on the relative shares of the sectors in the Gross Value Addition (GVA), the sample will be highly biased to only a few sectors. For ensuring an appropriate representation of the major subsectors (both from the manufacturing and the services sectors), the sample selection in this study has been made in two steps. In the first step, we blocked a minimum of firms (9 firms in the first round, and 15 firms for the next five rounds) to be surveyed from each of these sub-sectors for each round of the survey. After the first stage allocation of firms in the total sampling framework, the rest of the firms were selected based on each sub-sector's contribution to these sectors' total Gross Value Addition (GVA) in the economy. Finally, we got the total number of firms to be surveyed for this exercise summing up the first-step and second-step totals. We followed this sampling distribution in our initial round and after the first round, we attempted to reach all firms surveyed in the earlier round.

A total of 252 manufacturing firms were surveyed in the seventh round of the survey. RMG firms represented the largest proportion (33.73%) of manufacturing firms examined in this round (Table 2). Textile firms come in second, accounting for 17.46% of all manufacturing companies (44 out of 252 firms). Food processing companies make up 15.08% of the total, while pharmaceuticals and chemicals companies make up 9.92%. Light engineering, as well as the leather sector, account for 9.13% and 8.33% of the total respectively. Other Manufacturing companies account for the remaining 6.35%.

Table 2: Surveyed firms in the manufacturing sectors in the seventh round

Manufacturing sector	*Number of firms*	*Per cent*
RMG	85	33.73
Textile	44	17.46
Leather & Tannery	21	8.33
Pharmaceutical & Chemical	25	9.92
Food Processing	38	15.08
Electronics & Light Engineering	23	9.13
Other Manufacturing	16	6.35
Total	252	100.00

Source: Authors' estimation based on SANEM BCI (seventh round) survey

In the services sector, retailer firms account for the largest proportion of firms-18% of the service sector's firms (Table 3). Retailers firms are followed by real estate firms, which account for 17.2% of all services firms. Transportation and wholesale firms are in second and third, respectively, with 14.8% and 14.4%, accordingly. The ICT and financial sectors each account for 11.6% and 9.2%, respectively. Restaurant and other services sub-sectors have the fewest firms, accounting for 7.6% and 7.2% of all services firms, respectively.

Table 3: Surveyed firms in the service sectors in the seventh round

Service sector	*Number of firms*	*Per cent*
Wholesale	36	14.4
Retailer	45	18.0
Restaurant	19	7.6
Transport	37	14.8
ICT	29	11.6
Financial Sector	23	9.2
Real Estate	43	17.2
Other Services	18	7.2
Total	250	100.0

Source: Authors' estimation based on SANEM BCI (seventh round) survey

In the seventh round, 24 firms from the sixth round out of a total of 500 were dropped, putting the overall attrition rate at 4.8% (Table 4). Out of the 24 firms, 10 declined to participate in this round and 14 firms could not be reached. The financial sector has the greatest attrition rate (13%), followed by real estate (9.3%), pharmaceuticals (7.7%), Other manufacturing (6.3%), and the food and transport sector both have the same attrition rate, 5.3%. Following rigorous random sampling, these firms were replaced with companies from the same industry.

Table 4: Attrition rate from the survey (considered from the sixth round to the seventh round)

Sector	***No. of firms (sixth round)***	***Completed firms in the seventh round***	***Attrition***	***Attrition rate***
RMG	87	84	3	3.4%
Textile	45	43	2	4.4%
Leather & Tannery	20	20	0	0.0%
Pharmaceuticals & Chemicals	26	24	2	7.7%
Food Processing	38	36	2	5.3%
Electronics & Light Engineering	23	22	1	4.3%
Other Manufacturing	16	15	1	6.3%
Wholesale	36	35	1	2.8%
Retailer	44	42	2	4.5%
Restaurant	18	18	0	0.0%
Transport	38	36	2	5.3%
ICT	25	24	1	4.0%
Financial	23	20	3	13.0%
Real Estate	43	39	4	9.3%
Other Services	18	18	0	0.0%
Total	500	476	24	4.8%

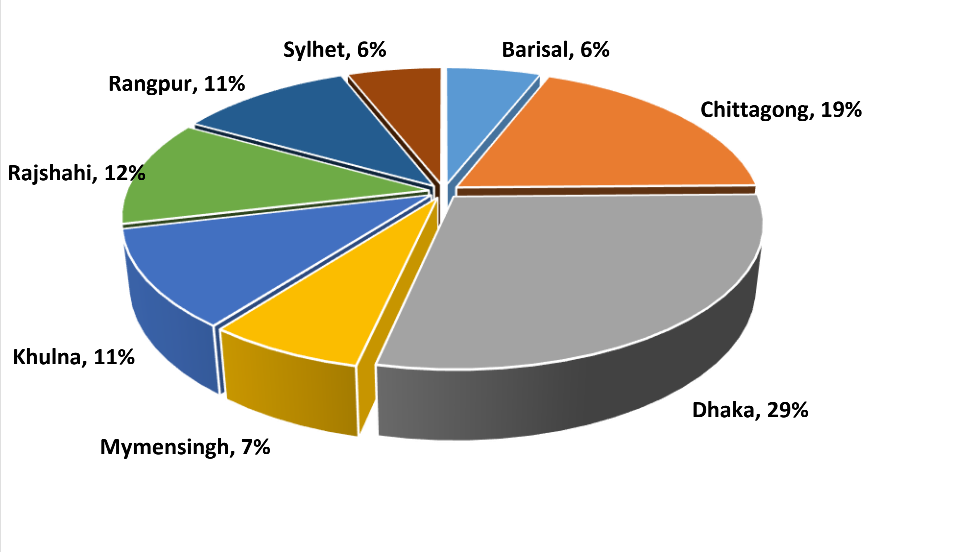
Source: Authors' estimation based on SANEM BCI (sixth & seventh round) survey

Sampling distribution across divisions

As previously stated, we used a similar methodology for assessing the recent round to the previous round. The divisional weights remain constant across the quarters. All subsectors were distributed across the divisions based on 'divisional weights' to ensure proper representation of firms across the country.

These 'divisional weights' were calculated based on the total industrial concentration. We determined the relative percentage of each division in terms of economic establishments based on the BBS Economic Census of 2013. According to the Business Census 2013, almost 29% of Bangladesh's total economic firms are located in Dhaka. Chittagong had a rate of 19%, Rajshahi had a rate of 12%, Khulna had a rate of 11%, Mymensingh had a rate of 7%, and Barisal and Sylhet had a rate of 6% (Figure 1).

Figure 1: Distribution of economic establishment by divisions (% of total)



Source: Authors' calculation based on Economic Census 2013, BBS

This divisional weight had been used as the basis for our sampling distribution across divisions. It's worth noting that not all industries were represented in all divisions. In Barisal, for example, there were no Leather and Tannery industries. To maintain an overall divisional balance, we included another firm (such as agro-processing, food processing, etc.) from other sub-categories. The subcategory that was left out was covered by the districts where it was more readily available. In this scenario, the tannery was most readily available in Dhaka. As a result, we incorporated it from Dhaka and transferred one agro-processing firm from the Dhaka Division to Barisal. The distribution of firms within the division is shown in Table 5. Due to its significant concentration of firms, Dhaka has the greatest percentage of surveyed firms (39.84%). Chittagong received the second-largest percentage of surveyed firms, 16.33%. The actual sample for Barishal was 6.18%, Khulna at 7.37% Rajshahi at 8.57%, Rangpur at 6.57%, Sylhet at 7.37%, and for the newly recognized division Mymensingh was 7.77%.

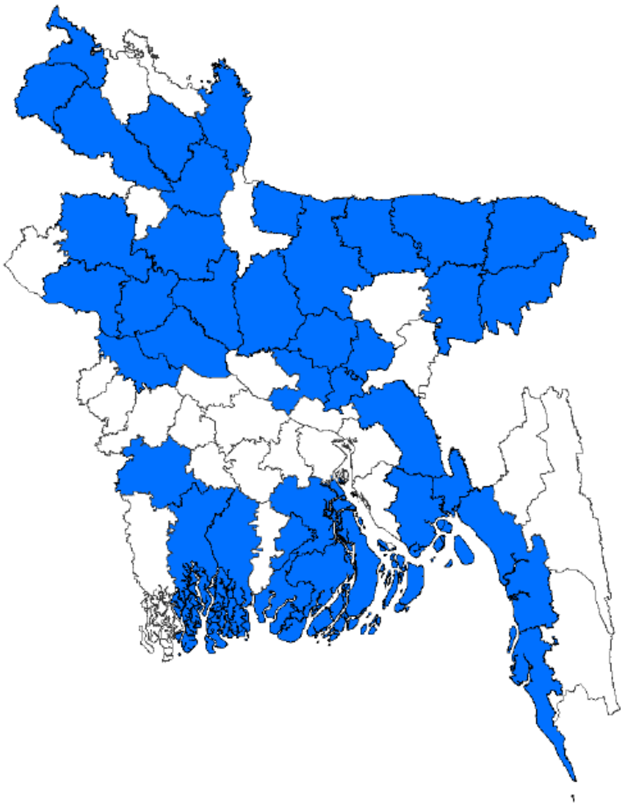
Table 5: Actual sample by divisions in the sixth round survey

Division Name	*Number of firms*	*Per cent*
Dhaka	200	39.84
Chattogram	82	16.33
Barishal	31	6.18
Khulna	37	7.37
Mymensingh	39	7.77
Rajshahi	43	8.57
Rangpur	33	6.57
Sylhet	37	7.37
Total	502	100

Source: Authors' estimation based on SANEM BCI (seventh round) survey

The randomly drawn samples (502 firms) in the seventh round of the study cover all 8 divisions and 38 districts across Bangladesh (Map 1).

Map 1: Covered districts in the seventh round survey



Source: Authors' estimation based on SANEM BCI (seventh round) survey

Selection of firms

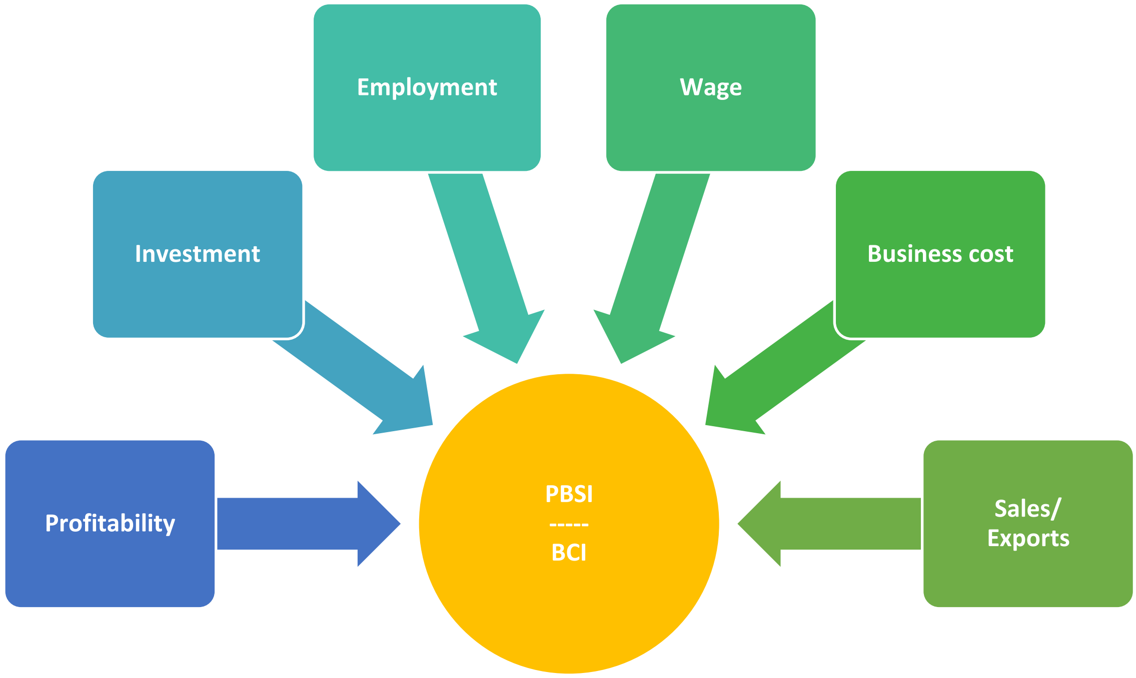
Each firm (including new firms) is chosen at random from each division. To do so, SANEM obtained a list of all businesses from relevant business groups' websites (such as the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh Knitwear Manufacturers and Exporters Association (BKEMA), Bangladesh Textile Mills Association (BTMA), and so on). Then SANEM classified the firms into sections based on the lists. A unique ID was assigned to each of the Firms. Following that, a random number table was used to select each of the firms from the separate divisions based on their IDs.

Business Confidence Index (BCI) Methodology

Business confidence and status were assessed based on six indicators. The indicators were used to indicate both the current economic condition and the future possibilities of the company. The six broad indicators include: (i) profitability, (ii) investment, (iii) employment, (iv) wages, (v) business cost, and (vi) sales/exports (Figure 2).

Aside from the six indications, the survey covered a variety of other important matters, such as the stimulus package, the difficulty firms faces in receiving the stimulus package, current business problems, and the overall business environment. A questionnaire was created to better understand the perspectives and outlooks of business firms on these aspects (Annex 1).

Figure 2: Indicators used for business status and confidence measures



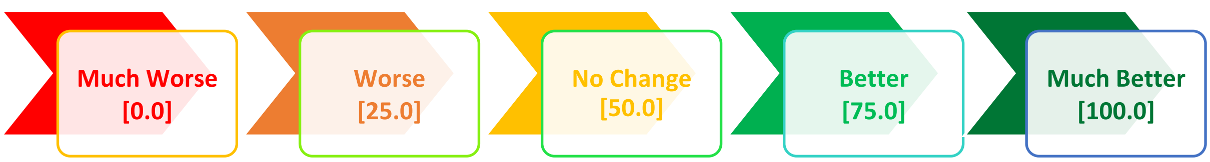
Source: Authors' assessment based on SANEM BCI (quarterly) survey

The questionnaire was designed to estimate business confidence for the coming quarter and compare the current quarter to the previous quarter as well as the previous year's equivalent quarter. Respondents were asked three questions for each indicator in the seventh round of the BCI survey:

(i) *What was the condition of his/her business on the indicator 'i' in October-December 2021 compared to July-September 2021;*
(ii) *What was the condition of his/her business on the indicator 'i' in October-December 2021 compared to October-December 2020;*
(iii) *And what is the expectation on the condition of his business on the indicator 'i' in January-March 2022 compared to October-December 2021*

For example, a sample question for the seventh-round survey on business confidence in profitability was "compared to the last quarter (October-December 2021), what is your opinion on profitability in your business in the following quarter (January-March 2022)?" Respondents would have to choose from five options: (i) much worse, (ii) worse, (iii) same as before, (iv) better, and (v) much better (Figure 3).

Figure 3: Likert options for answering questions



Source: Authors' assessment based on SANEM BCI (quarterly) survey

The option choice 'much better' indicates that the participant believes his business is doing very well in comparison to the reference quarter or that he expects his business condition to improve significantly from the previous quarter to the next quarter. The choice that moves from right to the left lowers the business's expectations. The option 'Much worse' on the other hand refers to a situation in which respondents believe the situation on the selected indicator is extremely terrible or will get much worse soon.

The seventh phase of the survey took place between January 3-24, 2022. Each round of the survey yielded two indices: (i) the Present Business Status Index (PBSI), which is based on current quarter data, and (ii) the Business Confidence Index, which is based on the sample firms' assessments of future business conditions (BCI). PBSI comes in two forms: (1) PBSI-last quarter, which compares the current quarter's business status to that of the previous quarter; and (2) PBSI-last year, which compares the current quarter's business status to that of the previous year's comparable quarter. For instance, the seventh round of the survey captures PBSI (year) in October-December 2021 compared to October-December 2020, PBSI (quarter) in October-December 2021 compared to July-September 2021, and BCI in January-March 2022 compared to October-December 2021 (Figure 4).

Figure 4: Description of indices for the seventh round of the BCI survey

Source: Authors' assessment based on SANEM BCI (quarterly) survey

The methodology of indices:

Based on the qualitative responses to the survey questions, the BCI/PBSI was created. By assigning weights to the responses, they were transformed into quantitative data (Table 6). The lowest confidence, i.e. for the response "much worse," is awarded the lowest weight zero (0). The options "worse," "same as before," "better," and "much better" are attributed to the equivalent points 25, 50, 75, or 100.

Table 6: Weights assigned to five Likert response options

Sl.	*Responses*	*Weights*
1	Much worse	0
2	Worse	25
3	Same as before	50
4	Better	75
5	Much better	100

Source: Authors' assessment based on SANEM BCI (quarterly) survey

Steps to calculating the indices

The scores for sub-indicator k (such as profitability) for sub-sector j (such as RMG) are determined in the first stage as follows:

$$\boldsymbol{s_{jk}} = \frac{\sum_{i=1}^{n} \boldsymbol{x_i}}{\boldsymbol{n}}$$

Here,

j is the sub-sector (such as RMG under manufacturing),
k is the sub-indicator (such as profitability)
x_i is the score of the firm in that indicator (such as the score of a firm in the RMG on profitability)
and n is the total number of firms surveyed in that sector (RMG).

Based on these scores, the index (BCI or PBSI) for the subsector j (such as RMG) is calculated as follows:

$$I_j = \frac{\sum_{k=1}^{m} s_{jk}}{m}$$

Where,

- I_j is the index value of subsector j
- m is the number of sub-indicators (which is six in this case)

Based on the scores, the weighted BCI/PBSI for each of the sub-indicators for the broad sectors (such as manufacturing/services) is calculated as follows:

$$I_{Lk} = \sum_{k=1}^{m} \omega_j s_{jk}$$

Where,

- ω_j is the weight of the j-th subsector (such as RMG) in the broad sector L (manufacturing/services)

Finally, we calculate the overall BCI/PBSI score for the manufacturing/service sector as follows:

$$I_L = \sum_{j=1}^{l} \omega_j I_j$$

Where,

- I_L is the BCI/ PBSI scores for the manufacturing or services sector.

Here, the score of sub-sector j on indicator k is the cumulative score on that indicator for all the firms divided by the number of firms surveyed in that indicator.

Calculation of the combined BCI/PBSI scores:

We calculate the combined BCI/PBSI for the sub-indicator k as follows:

$$I_k = \sum_{l=1}^{2} \sum_{k=1}^{m} \omega_l \omega_j s_{jk}$$

Where,

- ω_l is the weight of the broad sectors (manufacturing and services); l = 1 for manufacturing, l=2 for services.

Finally, we calculate the overall BCI/PBSI as follows:

$$I = \sum_{l=1}^{2} \sum_{j=1}^{l} \omega_l \omega_j I_j$$

Enabling Business-Environment Index (EBI) Methodology

To have a better understanding of the firm's overall business success as well as how favourable the overall business environment was for them during this unusual period. This index, on the other hand, will assist in a better understanding of business costs and the causes for their frequent increases throughout time. The index was developed using ten major indicators (Figure 5). Electricity (connection and quality), skilled worker availability, transportation quality, business or property registration, access to finance, overall tax system, government assistance for the industry, COVID-19 crisis management, trade logistics (port and customs) and corruption are the components.

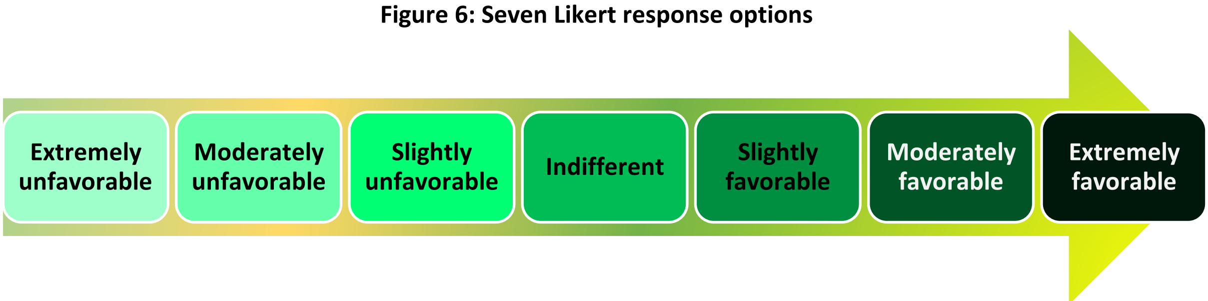
Figure 5: Indicators used for EBI measure

Source: Authors' assessment based on SANEM BCI (quarterly) survey

Construction of EBI

"How favourable are the following indications for your overall business performance at the moment, on a scale of 0 to 100?" respondents were asked, to obtain insight about the EBI. In this case, a score of 0 indicated an extremely unfavourable circumstance, while a score of 100 indicated an extremely favourable situation. The option 'extremely unfavourable' is defined as a circumstance in which respondents believe the situation on the specified indicator is extremely poor or worsening. The option choice 'extremely favourable,' on the other hand, shows that respondents enjoyed all aspects of ease of doing business in the current quarter and that their businesses performed better despite the pandemic. The response 'indifferent' implies that the respondents found no differences in the overall business environment in the current quarter compared to the previous quarter (Figure 6).

Figure 6: Seven Likert response options



Source: Authors' assessment based on SANEM BCI (quarterly) survey

Then the study divided the seven indications into five categories: extremely unfavourable, unfavourable, neither unfavourable nor favourable, favourable, and extremely favourable. By adding weights to the responses, they have been transformed into quantitative data (Table 7). The lowest weight zero (0) is attributed to the response "very unfavourable," which has the lowest confidence. The options "unfavourable," "neither unfavourable nor favourable," "favourable," and "very favourable" are allocated the corresponding points 25, 50, 75, or 100, respectively.

Table 7: Weights assigned to seven Likert response options

Sl.	*Responses (actual responses)*	*Responses (sorted into five)*	*Weights*
1	Extremely unfavourable	Extremely unfavourable	0
2	Moderately unfavourable	Unfavourable	25
3	Slightly unfavourable		
4	Indifferent	Neither unfavourable nor favourable	50
5	Slightly favourable	Favourable	75
6	Moderately favourable		
7	Extremely favourable	Extremely favourable	100

Source: Authors' assessment based on SANEM BCI (quarterly) survey

Procedures for calculating the index

In the first step, the scores (S) for the sub-indicator m (such as electricity) for sub-sector j (such as RMG) are calculated as follows:

$$S_{jm} = \frac{\sum_{i=1}^{n} x_i}{n}$$

Here,

j is the sub-sector (such as RMG),
m is the sub-indicator (such as electricity)
x_i is the score of the firm in that indicator (such as the score of a firm in the RMG on electricity)
and n is the total number of firms surveyed in that sector (RMG).

Based on these scores, the index (EBI) for the subsector j (such as RMG) is calculated as follows:

$$EBI_j = \frac{\sum_{m=1}^{M} S_{jm}}{M}$$

Where,

- EBI_j is the index value of subsector j
- M is the number of sub-indicators (which is 10 in this case)

Finally, we calculate the overall EBI as follows:

$$EBI = \frac{\sum_{j=1}^{J} EBI_j}{N}$$

Where,

- N is the number of sample firms (which 502 in this case)

Reliability of the Survey

The Cronbach α coefficient is widely used in surveys where the questionnaire is designed on the Likert scale (Heo, Kim, & Faith, 2015; Bland & Altman, 1997). As all rounds of the survey were set based on a Likert questionnaire, it was very relevant to calculate the α coefficient for the survey. The α coefficient is therefore calculated using the following formula:

$$\alpha = \frac{N}{N-1}(1 - \frac{\sum_{i=1}^{N} \sigma_i^2}{\sigma_X^2})$$

Where,

- α is the Cronbach coefficient,
- N is the number of items (questions),
- σ_i^2 is the variance of items i,
- σ_X^2 is the variance of total scores (total scores are calculated by adding the score for each of items i)

Based on 18 questions of the Business Confidence Survey, the α coefficient for the first, second, third, fourth, fifth, sixth and seventh rounds of the BCI survey are calculated as 0.81, 0.83, 0.88, 0.88, 0.86, 0.84 and 0.87 respectively. The coefficient is used to measure the accuracy and reliability of the survey (Ercan, Yazici, Sigirli, Ediz, & Kan, 2007; Quansah, 2017; Becker, 2000; Kocak, Egrioglu, Yolcu, & Aladag, 2014). When the coefficient is between 0 to 0.40, 0.40 to 0.60, 0.60 to 0.80, and 0.80 to 1, the survey is considered as not reliable, less reliable, quite reliable, and highly reliable respectively (OECD, 2005). According to this, all rounds of the BCI survey are highly reliable.

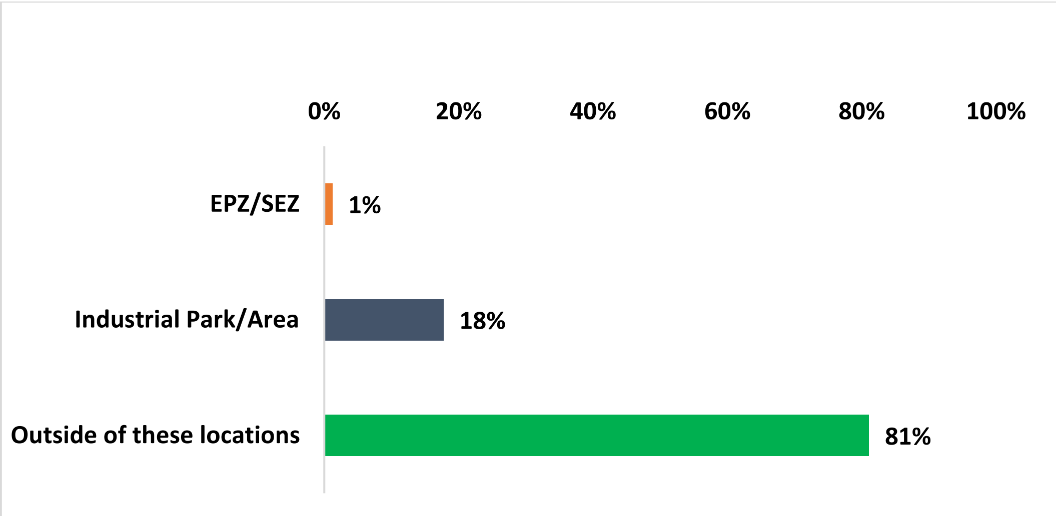
Section III: Features of surveyed firms

This section goes through the basic features of the firms that were surveyed. The location of the surveyed firms, ownership type of firms, surveyed firm sizes, and the export status of firms, among the important features, have been analyzed.

Location of the firms

81% of the surveyed firms are located outside of the Export Processing Zones (EPZs) or Special Economic Zones (SEZs), or industrial parks and areas (Figure 7). 18% of the firms are from industrial areas/industrial parks. However, only 1% is from the EPZs or SEZs.

Figure 7: Location of surveyed firms

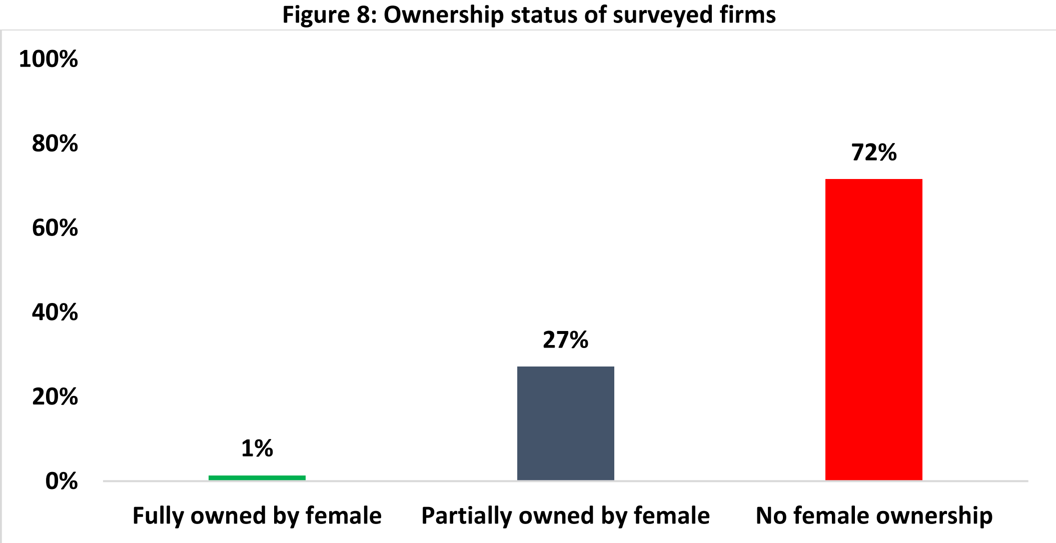


Source: Authors' calculation based on SANEM BCI (seventh round) survey

Ownership types of firms

27% of the surveyed firms are partially owned by a female while only 1% of the firms are fully owned by a female (Figure 8). Around 72% of surveyed firms have no female share of ownership.

Figure 8: Ownership status of surveyed firms

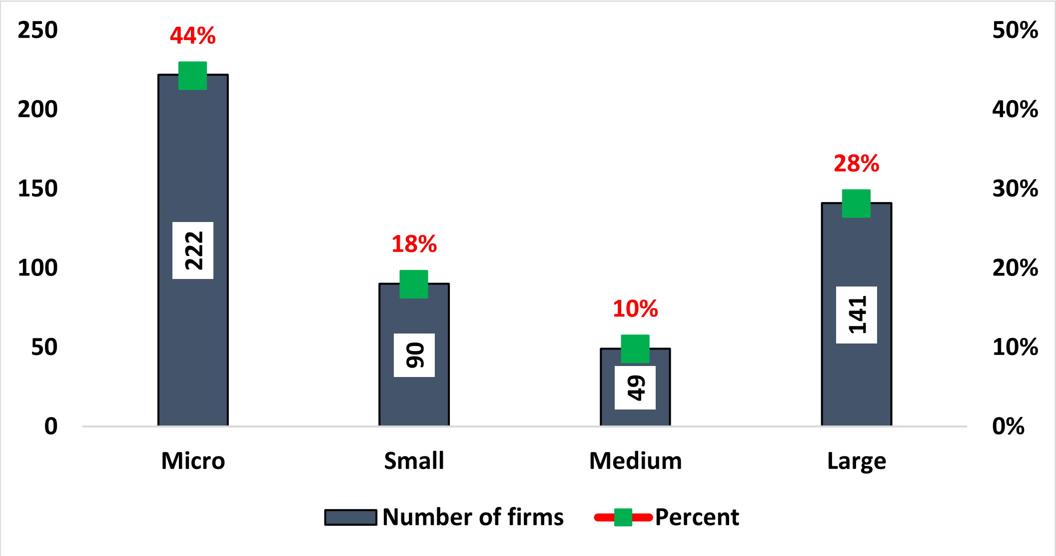


Source: Authors' calculation based on SANEM BCI (seventh round) survey

Surveyed firm sizes

Of the 502 surveyed firms, 44% are micro firms, 18% are small, 10% are medium and the rest of the firms are large, almost 28% (Figure 9).

Figure 9: Firm size

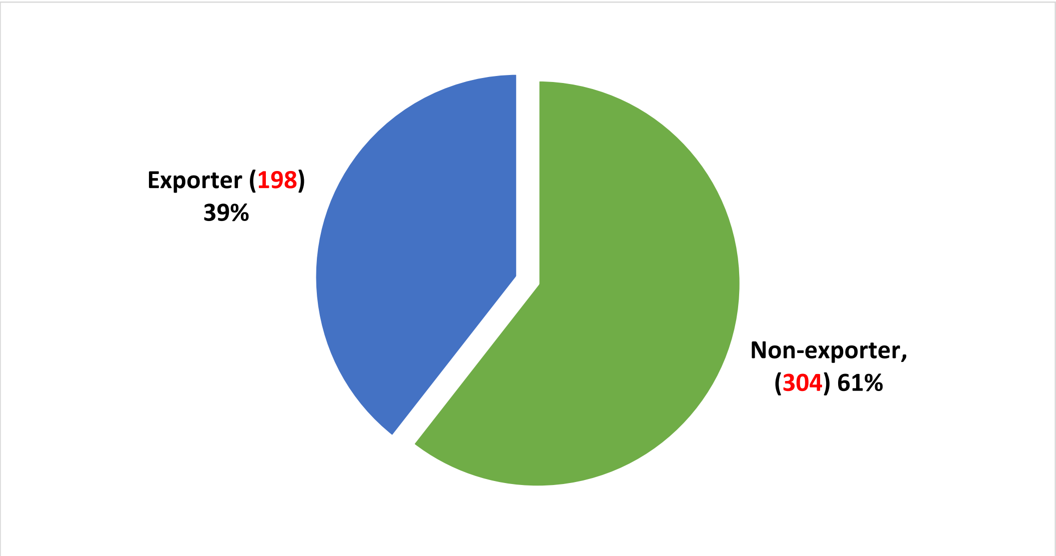


Source: Authors' calculation based on SANEM BCI (seventh round) survey

Export status of surveyed firms

Only 39% of the surveyed firms are engaged in exporting (partially or fully), while 61% do not export at all and supply only to the domestic market (Figure 10).

Figure 10: Export status of surveyed firms



Source: Authors' calculation based on SANEM BCI (seventh round) survey

Section IV: Trends of 'Business Status' and 'Business Confidence'

The Present Business Status Index (PBSI) is an indicator of business sentiment regarding present business conditions. And the Business Confidence Index (BCI) shows business expectations in the economy. This study constructs two sets of Present Business Status Index (PBSI) for each round of the BCI survey. For the first round of the BCI survey, the PBSIs were PBSI in April-June 2020 compared to the previous quarter (January to March 2020) and PBSI in April to June 2020 compared to last year (April-June 2019). For the second round of the survey, the PBSIs were PBSI in July-September 2020 compared to the previous quarter (April-June 2020), and PBSI in July-September 2020 compared to the previous year (July-September 2019). For the fourth round, the PBSI in January-March 2021 compared to the previous quarter (October-December 2020), and the PBSI in January-March 2021 compared to the previous year (January-March 2020) were calculated. In the fifth round, the PBSIs were PBSI in April-June 2021 compared to the previous quarter (January-March 2021), and PBSI in April-June 2021 compared to the previous year (April-June 2020). For the sixth round, the PBSIs were PBSI in July-September 2021 compared to the previous quarter (April-June 2021) and PBSI in July-September 2021 compared to the same quarter of the previous year (July-September 2020). Similarly, for the seventh round of the survey, the study has constructed two sets of PBSI: (i) PBSI in October-December 2021 compared to the previous quarter (July-September 2021), and (ii) PBSI in October-December 2021 compared to the previous year (October-December 2020). Moreover, the study constructs Business Confidence Index (BCI) for the periods of July-September 2020, October-December 2020, January-March 2021, April-June 2021, July-September 2021, October-December 2021 and January-March 2022. The respective previous quarter for each of the BCI periods was used as the base period for making the expectation of the next period.

The calculated index value ranges from 0 to 100. The closer the score to 100, the better the business confidence or the present business status of the businesses in the country and vice versa (Figure 11). An index value of 50 would indicate 'no change' in the business confidence or business status compared to the reference period. A score higher than 50 would indicate an improvement in business confidence or business status, while a score of less than 50 would indicate an erosion of business confidence or business status.

Figure 11: Interpretation of indices scores

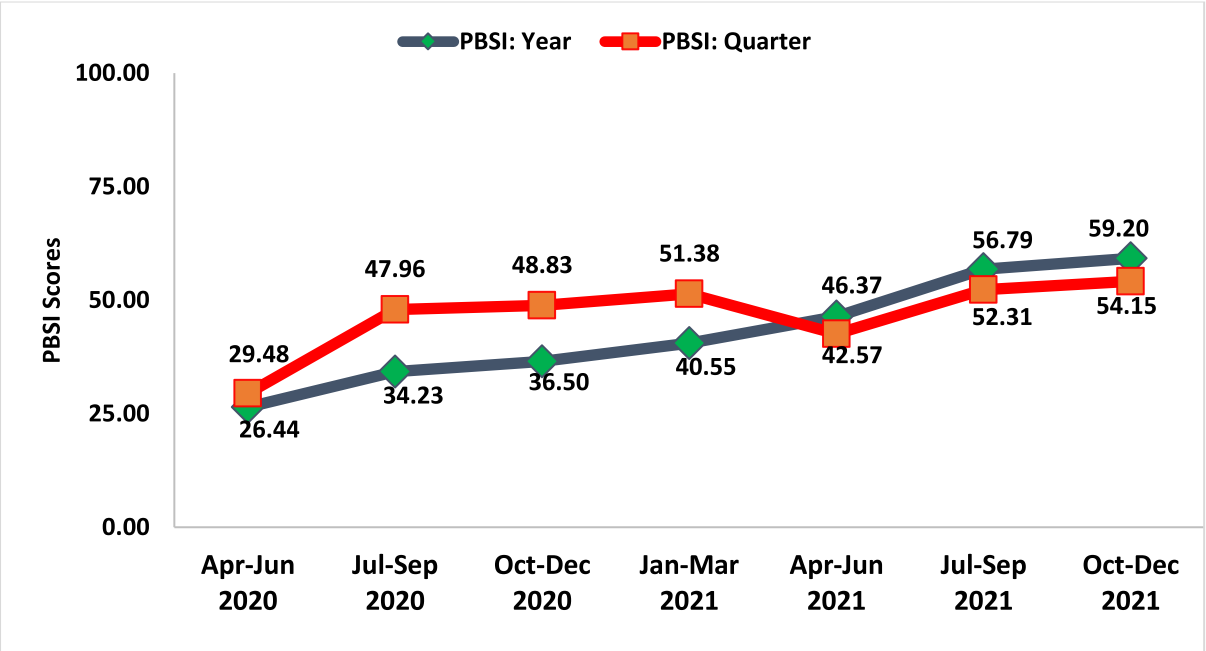
Source: Authors' assessment based on SANEM BCI (quarterly) survey

Present Business Status Index (PBSI)

The PBSI (year) and PBSI (quarter), both indicate a gradual recovery in the economy and business activities. PBSI (year) approached the mark of 59.20 in the October-December 2021 quarter, depicting a sustained recovery process, as evident in the upward trend since the April-June quarter of 2020 (Figure 12). With PBSI (year) improving gradually over the quarters, it can be inferred that businesses have been able to successfully resume their activities, despite the shocks induced by the COVID-19 pandemic. On the other hand, a quarter-to-quarter comparison of PBSI (year) also shows that there has been a significant improvement in each quarter, in comparison with the previous year.

On the other hand, the PBSI (quarter) exhibits an uneven trend, while registering comparative progress between April 2020 and December 2021. The PBSI (quarter) score in the October-December quarter of 2021 was found to be 54.15, the highest recorded since the beginning of the survey (Figure 12). More importantly, since April 2021, the trend in PBSI (quarter) has been almost parallel with the trend in PBSI (year). The PBSI (quarter) registered significant improvement between July-September and October-December of 2021, rising to 54.15 from 52.31. The previous quarters saw a staggering 10-point increase, between April-June and July-September quarters. However, the trend in PBSI (quarter) had previously experienced a downturn, falling to 42.57 in April-June 2021 from 51.38 in January-March 2021.

Figure 12: Trends of Present Business Status Index (PBSI)

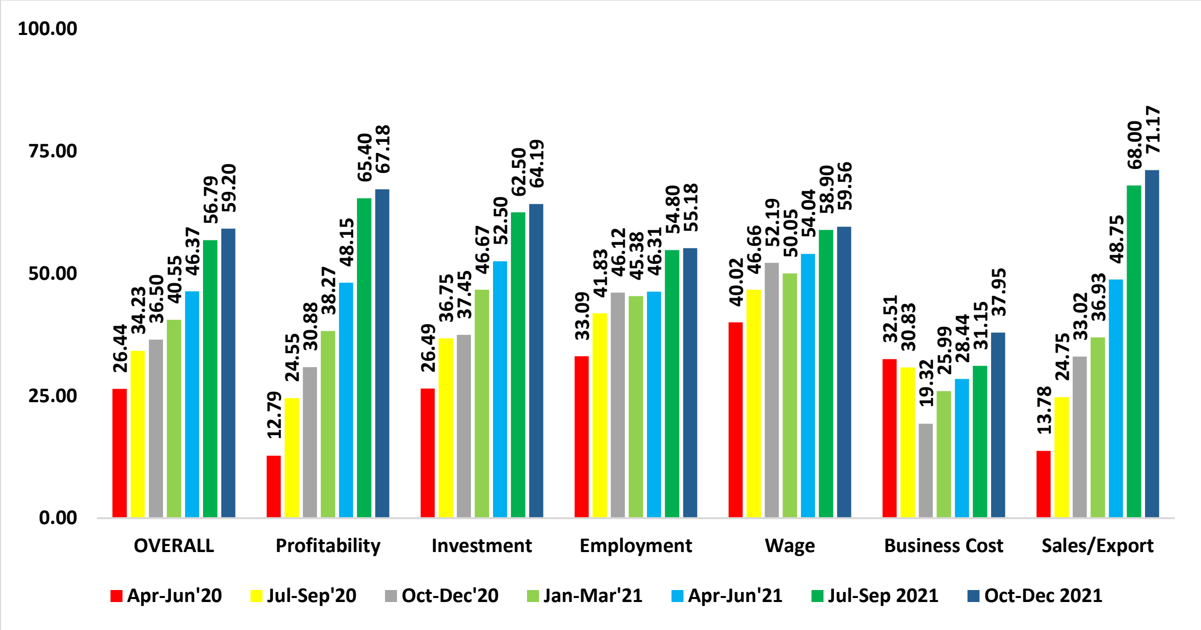


Source: Authors' calculation based on SANEM BCI (quarterly) survey

Present Business Status Index (PBSI) by indicator

A breakdown of the PBSI (year), shows that businesses have been improving across all indicators (Figure 13). With a steady increase over all the quarters in question, there has been significant improvement across all indicators, particularly in the July-September and October-December quarters of 2021. The highest score has been found to be attributed to sales/export, at 71.17, in October-December 2021, rising from 68.00 in July-September 2021. Although there has been significant improvement, the lowest score has been attained by business cost, which rose to 37.95 in October-December 2021, from 31.15 in July-September 2021. Scores in all other indicators were above 50, at the time of the survey, indicating sustained economic recovery and favourable business status.

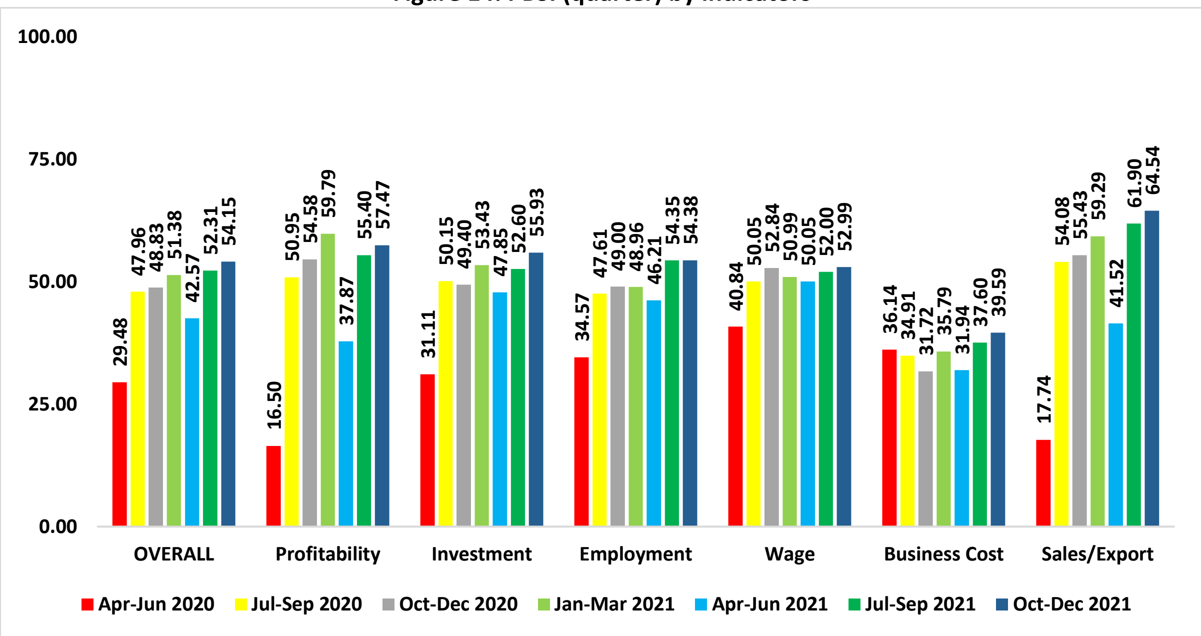
Figure 13: PBSI (year) by indicator



Source: Authors' calculation based on SANEM BCI (quarterly) survey

In the case of PBSI (quarter), the highest score has again been found in sales/export, which rose to 64.54 in October-December 2021, from 61.90 in July-September 2021 (Figure 14). In a similar vein, the business cost has been found to be the lowest scorer, with 39.59 in October-December 2021. Profitability had also risen to 57.47 in October-December 2021, from 55.40 in July-September 2021; however, it remained behind its highest score, 59.79 in January-March 2021. While all indicators registered scores above 50, notably, indicators had not improved as much as can be seen in PBSI (year), indicating a passive pace of progress.

Figure 14: PBSI (quarter) by indicators

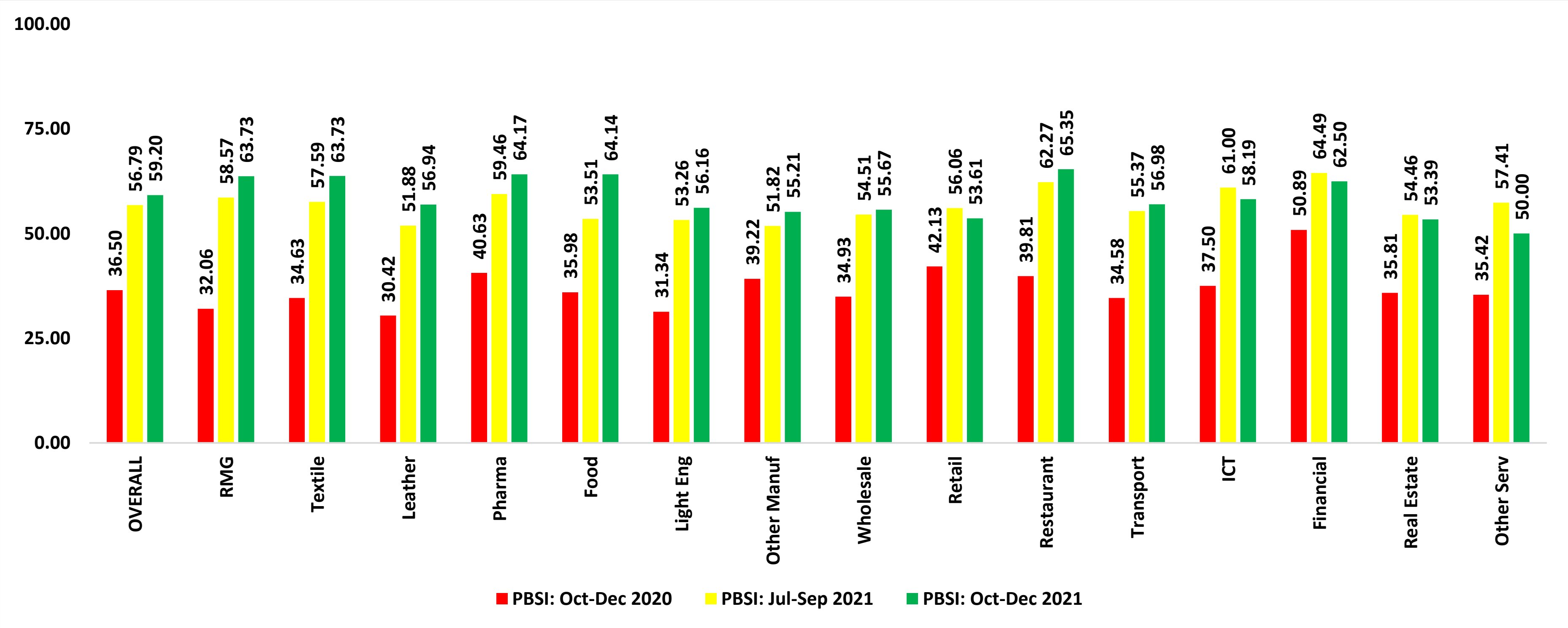


Source: Authors' calculation based on SANEM BCI (quarterly) survey

Present Business Status Index (PBSI) by sector

With most sectors registering advancement in PBSI (year), there are five exceptions, namely, retail, ICT, financial, real estate, and other services (Figure 15). In other services, there has been a concerning decline, from 57.41 in July-September 2021, to 50.00 in October-December 2021. However, even with five sectors declining in terms of PBSI (year), there are no sectors with a PBSI (year) score of less than 50, which again suggests that the momentum is reflected in the scores of July-September 2021, had continued.

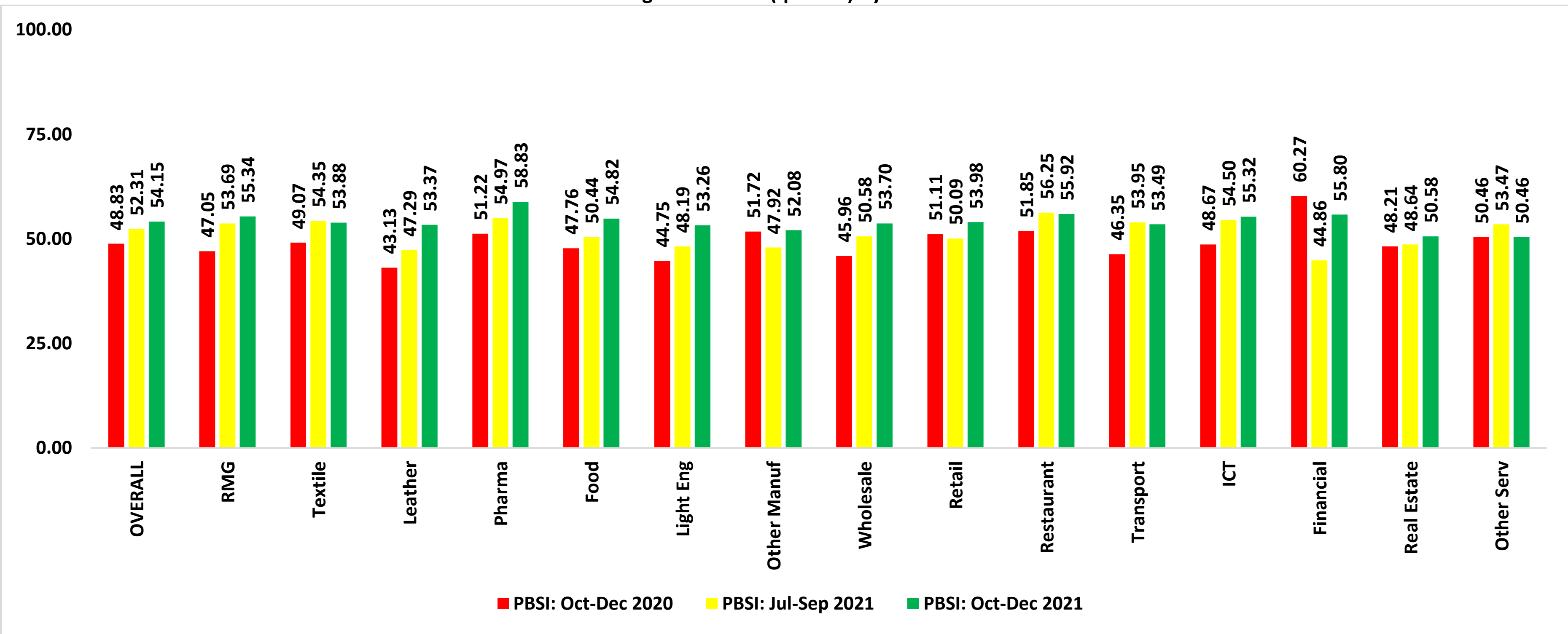
Figure 15: PBSI (year) by sector



Source: Authors' calculation based on SANEM BCI (quarterly) survey

Sector-wise PBSI (quarter) corroborates the sound status of the business, with no sector registering below 50 (which had been the case in October-December 2020), as reflected in the sector-wise PBSI (year) (Figure 16). However, there has been a slight decline in PBSI (quarter) score in four sectors: textile, restaurant, transport, and other services. Here too, the highest decline has been observed in other services, declining to 50.46 in October-December 2021, from 53.47 in July-September 2021. Quarter-to-quarter progression of businesses, therefore, had been mostly consistent.

Figure 16: PBSI (quarter) by sector

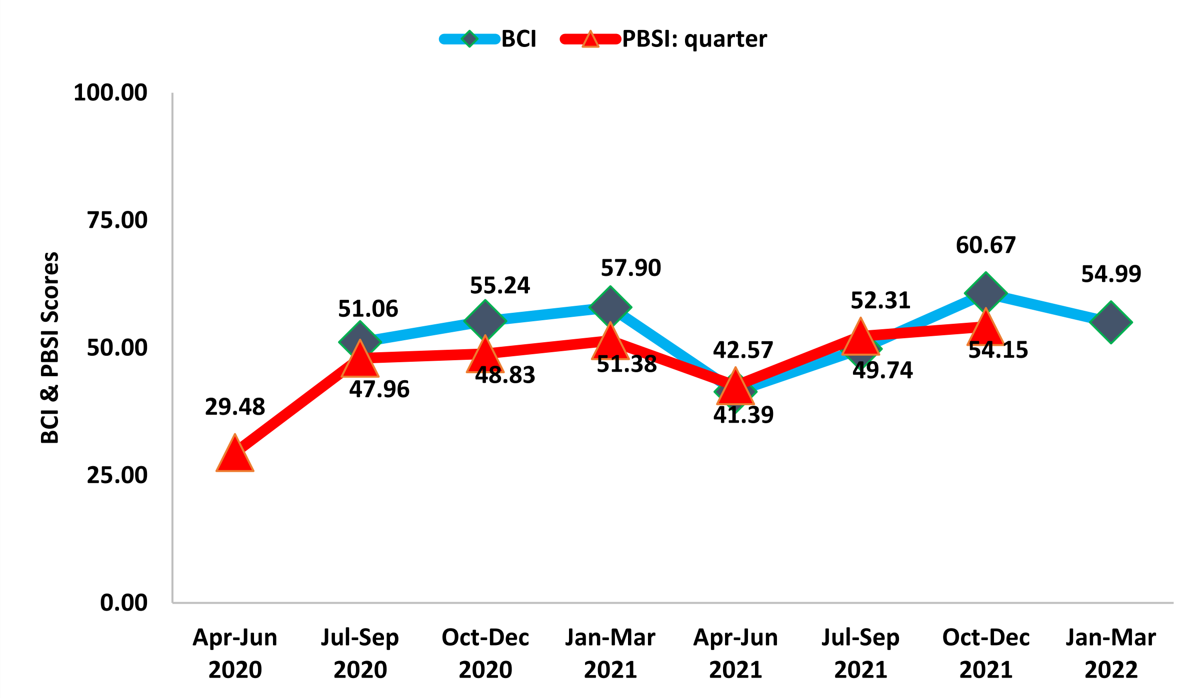


Source: Authors' calculation based on SANEM BCI (quarterly) survey

Business Confidence Index

The Business Confidence Index reflects the expectation of firm management on a number of indicators, for the upcoming quarter. The seventh round of the survey inquired into the firm management's expectations for the quarter of January-March 2022. It was observed that BCI for January-March 2022 was considerably lower than the previous quarter of October-December 2021, falling to 54.99 from 60.67 (Figure 17). The sharp decline in BCI, approximately six points, implies a pessimistic outlook, for January-March 2022 on the part of the management bodies of surveyed firms. Opposing PBSI (quarter) to the projected BCI, as estimated in all seven rounds, it can be observed that the direction and orientation of PBSI (quarter) and BCI are relatively identical (Figure 17). The PBSI (quarter), between the July-September and October-December 2021 quarters, exhibited an increasingly decreasing trend line. Reflecting the trend in PBSI (quarter), the BCI trend line also featured a downward slope between the July-September and October-December 2021 quarters.

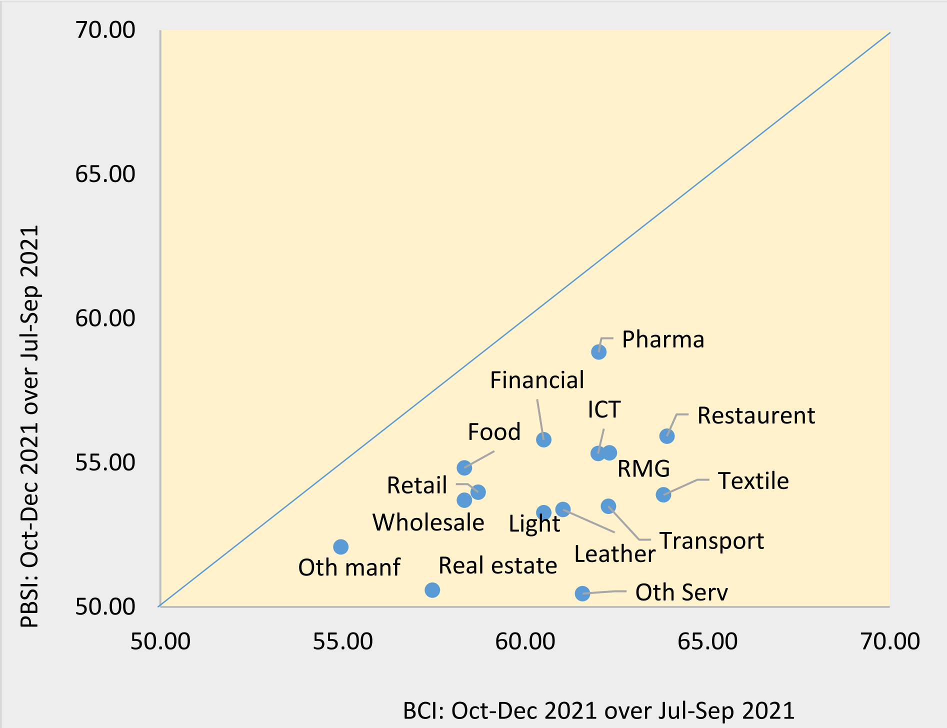
Figure 17: Trends of BCI and PBSI (quarter)



Source: Authors' calculation based on SANEM BCI (quarterly) survey

From Figure 17, it can be observed that there is a clear mismatch between the expectations of business confidence and the realized business scenario faced by the industries. To understand the gap across the sectors, a comparison was made between the PBSI (quarter) in October-December 2021 and the BCI in October-December 2021 (Figure 18). The 45-degree line in figure 18 was taken to measure the differences. The firms' score on the line indicates that their expectation and reality are equal. The closer a firm is to the 45-degree line, the lesser the deviation between expectations and reality. Figure 18 shows that every firm had a score that was below the 45-degree line, indicating that they expected more of October to December 2021 than they actually got.

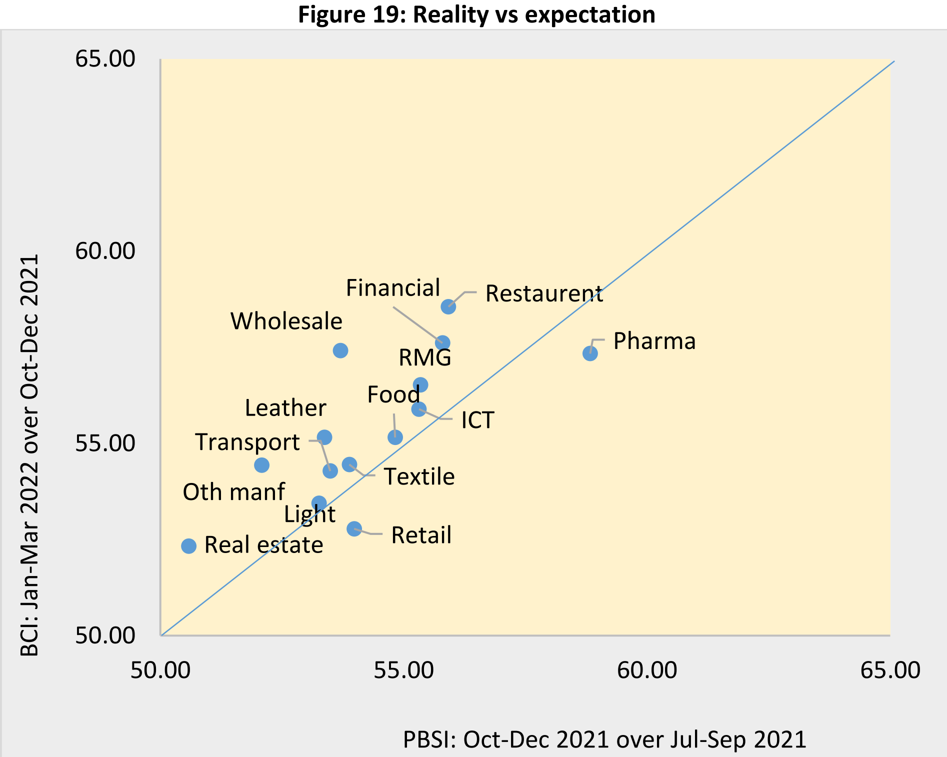
Figure 18: Expectation vs reality



Source: Authors' calculation based on SANEM BCI (sixth & seventh round) survey

In the horizontal axis of figure 19, the realized business status (PBSI) has been observed for October-December 2021. The vertical axis of the graph shows the BCI score for the period of January-March 2022. Figure 19 demonstrates that the expectations of most businesses for the January–March 2022 quarter are higher than the reality they saw in October–December 2021. Only pharmaceutical and retail businesses have expectations that are lower than what they actually experienced.

Figure 19: Reality vs expectation

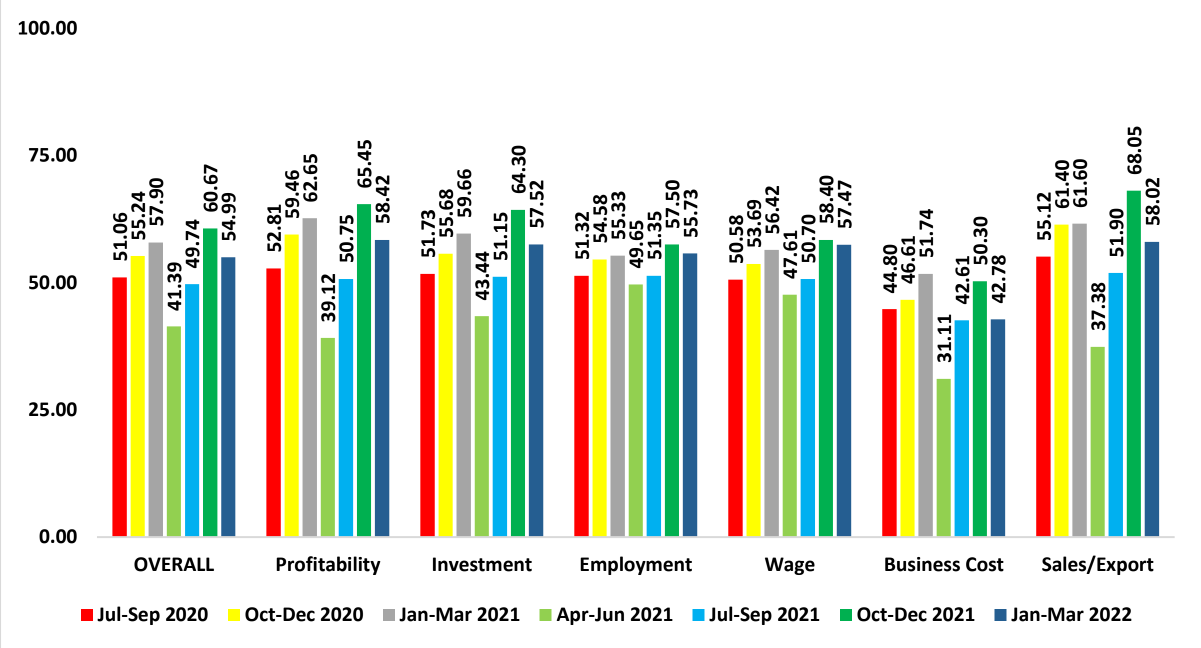


Source: Authors' calculation based on SANEM BCI (sixth & seventh round) survey

Business Confidence Index (BCI) by indicator

The BCIs of all sub-indicators have risen significantly for the January-March 2022 quarter but less compared to the October-December 2021 quarter (Figure 20). Profitability holds (58.42), closely followed by sales/export (58.02). Similar to previous quarters, the business cost has the lowest BCI (42.78). It seems that businesses are slowly regaining the confidence they had for the January-March 2021 quarter, as scores have reached and/or exceeded similar levels. Almost all indicators have a score above 50 in January-March 2022 quarter.

Figure 20: Business Confidence Index (BCI) by indicator

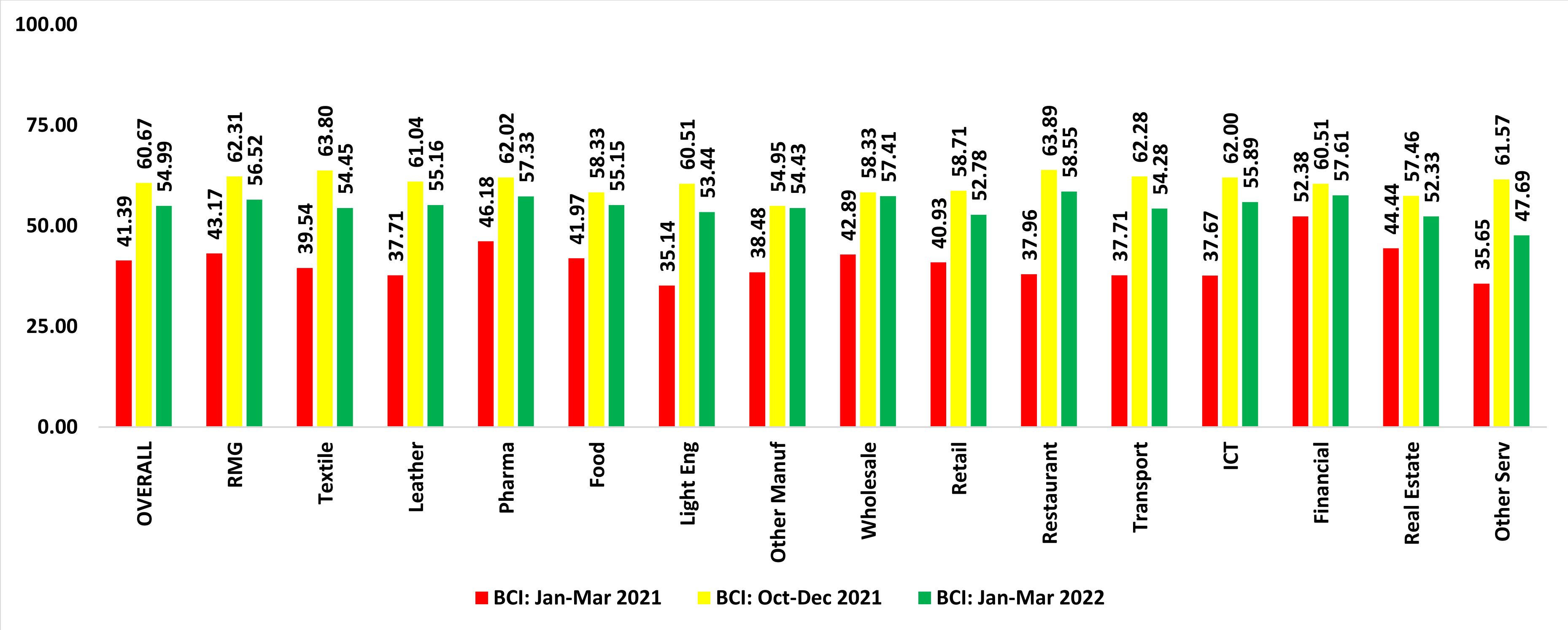


Source: Authors' calculation based on SANEM BCI (quarterly) survey

Business Confidence Index (BCI) by sector

BCI scores have decreased for all sectors in the January-March 2022 quarter compared to October-December 2021 quarter (Figure 21). The highest score is in the restaurant sector (58.55), and all sectors have scores above 50 except for other sectors (47.69), unlike the previous quarter. This is a very good sign and implies that these sectors are more confident regarding their future compared to January-March 2021 quarter.

Figure 21: Business Confidence Index (BCI) by sector



Source: Authors' calculation based on SANEM BCI (quarterly) survey

PBSIs and BCI by major indicators

In the seventh round of the BCI survey, it is observed that the PBSI (year) varies with firm size. While the PBSI (year) score for the micro and small firms is 56.76, the score for the medium and large firms is 61.90 and 63.68 respectively. Both the PBSI (quarter) and BCI scores for micro- and small- and medium-sized businesses are nearly equal. However, large enterprises' PBSI (quarter) and BCI scores are higher than those of the other firms.

When looking at location, it is observed that both PBSI (year) and PBSI (quarter) score for Dhaka firms is higher than the outside of the Dhaka firms. In contrast, the BCI score for Dhaka firms is found to be lower for Dhaka firms compared to the outside Dhaka firms.

In the case of the export status of the firms, exporters are in a better situation than non-exporters. For instance, the PBSI (year) score is 62.42 for exporters and 57.11 for non-exporters. The exporter's PBSI (quarter) score is 54.95, whereas the score for the non-exporter is 53.63. Similarly, the BCI score for the exporters is 55.85 and 54.43 for the non-exporters.

Table 8: PBSIs and BCI score by major indicators

Indicators	**PBSI (Y)**	**PBSI (Q)**	**BCI**
Firm size			
Micro and Small	56.76	59.78	54.18
Medium	61.90	60.87	54.76
Large	63.68	62.70	56.86
Location			
Dhaka	61.88	54.71	54.69
Outside-Dhaka	57.44	53.78	55.19
Export status			
Exporter	62.42	54.95	55.85
Non-exporter	57.11	53.63	54.43

Source: Authors' calculation based on SANEM BCI (seventh) survey

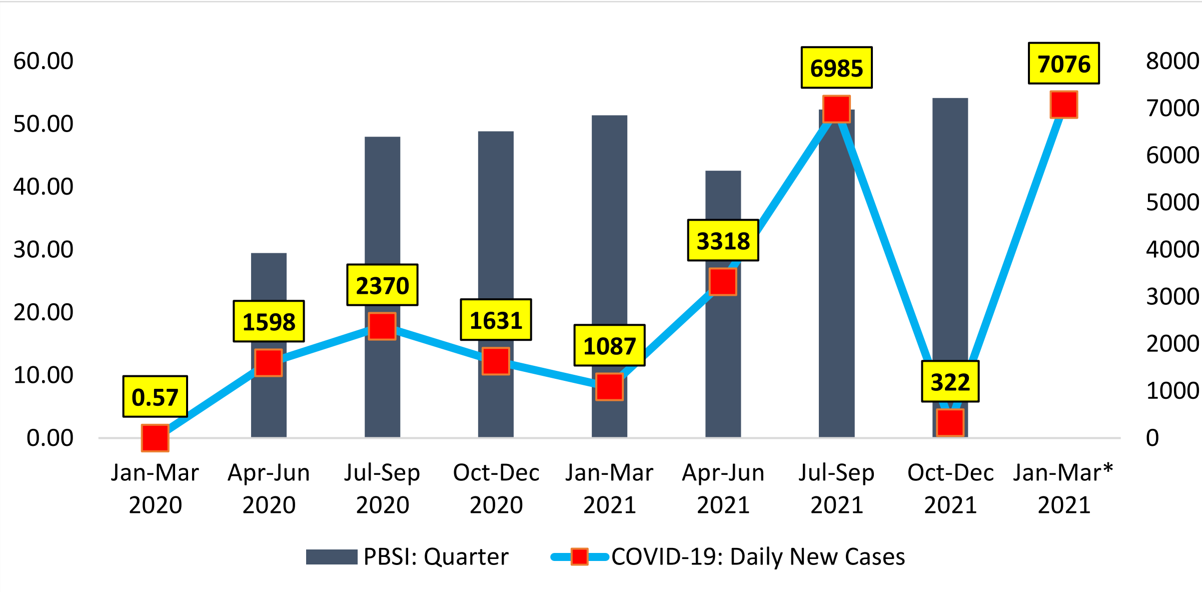
Section V: 'Business Status' and 'Business Confidence' with COVID-19 Scenarios

From April 2020 to January 2021, the BCI survey was conducted over seven quarters. Throughout the quarters, several waves with multiple variants of COVID-19 hit the economy. In comparison to other variants of COVID-19, Omicron had higher transmissibility which could potentially increase the death rates (Islam, 2022; Daria et al., 2022; Islam & Hossain, 2022). As the variant had a very high risk of infection, it fueled new concerns about the economy's capacity to rebound from the pandemic (Alam, 2022). In order to address the impact of the COVID-19 variants and in particular the Omicron variant, the seventh round of the survey looked into variables such as the daily new COVID-19 cases, COVID-19 positivity rate, daily new COVID-19 death cases, Stringency Index etc., along with the PBSI and the BCI. The trend analysis of PBSI, BCI and COVID-19 related variables is essential to understanding the extent to which the various waves of COVID-19 affected the economy. Moreover, the analysis would help to assess the impact of COVID-19 on each quarter of the economy and how the business activities and future business expectations in each quarter react to the waves of the COVID-19 pandemic.

PBSI and BCI with new COVID-19 cases

The daily new COVID-19 cases and the PBSI might be positively correlated (Figure 22). As new cases kept rising on a daily basis, the Government of Bangladesh (GoB) imposed increasingly stringent measures such as lockdowns, restrictions on mobility etc. which worsened the business situation. The worsening business situation is reflected in the declining PBSI. For example, the number of new daily COVID-19 cases initially increased between April-June 2020 and January-March 2021, resulting in a decrease in PBSI. The second wave of COVID-19 hit in April-June 2021 and persisted until July-September 2021, resulting in an increase in daily new cases and a decrease in PBSI.

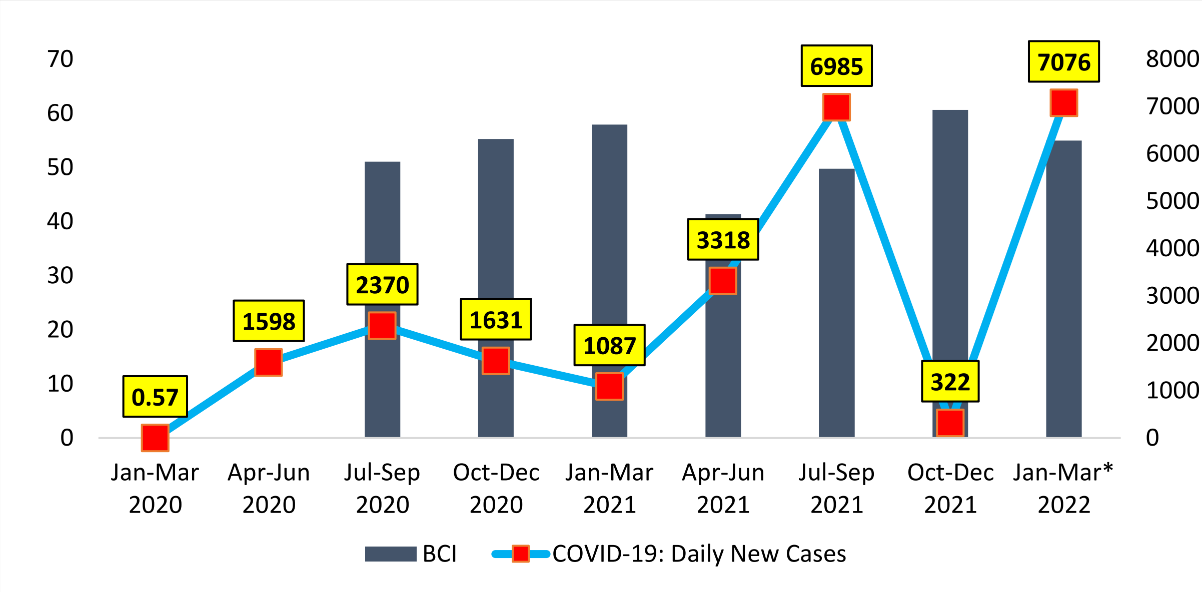
Figure 22: PBSI (quarter) vs daily new COVID-19 cases



Source: New Daily COVID-19 Cases: World Health Organization, COVID-19 Global Table Data; PBSI: Authors' calculation based on SANEM BCI (quarterly) survey

Business personnel decide their upcoming activities based on the currently observed business environment. If they expect the economy to be impacted by a new COVID-19 wave, they will curtail their commercial operations. That is, following the rise in new daily COVID-19 cases, the BCI score might fall. In the April-June quarter of 2021, the second wave hit the economy, causing daily new cases to rise and BCI to fall. As the economy was once again impacted by the third wave in the January-March quarter of 2022, daily new cases increased in the January-March quarter of 2022, which might have caused the BCI to fall in the April-June quarter of 2022.

Figure 23: BCI vs daily new COVID-19 cases

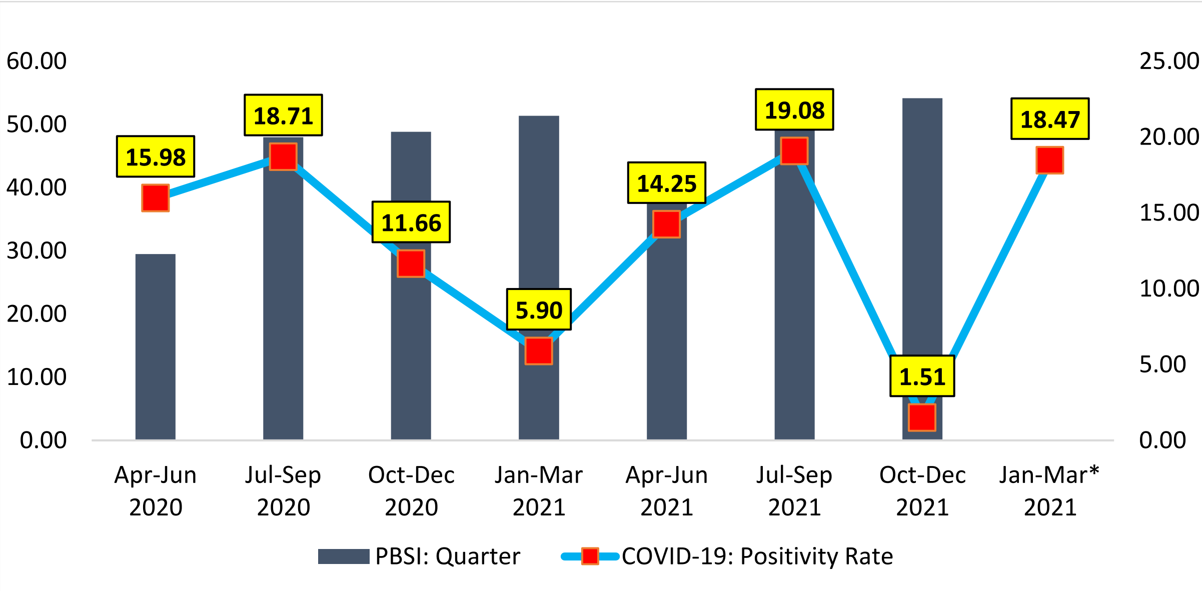


Source: New Daily COVID-19 Cases: World Health Organization, COVID-19 Global Table Data; BCI: Authors' calculation based on SANEM BCI (quarterly) survey

PBSI and BCI with COVID-19 positivity rate

Instead of the absolute number of daily new COVID-19 cases, the COVID-19 positivity rate might be a crucial factor in understanding the association between business performance and COVID-19 scenarios (Figure 24).

Figure 24: PBSI (quarter) vs COVID-19 positivity rate

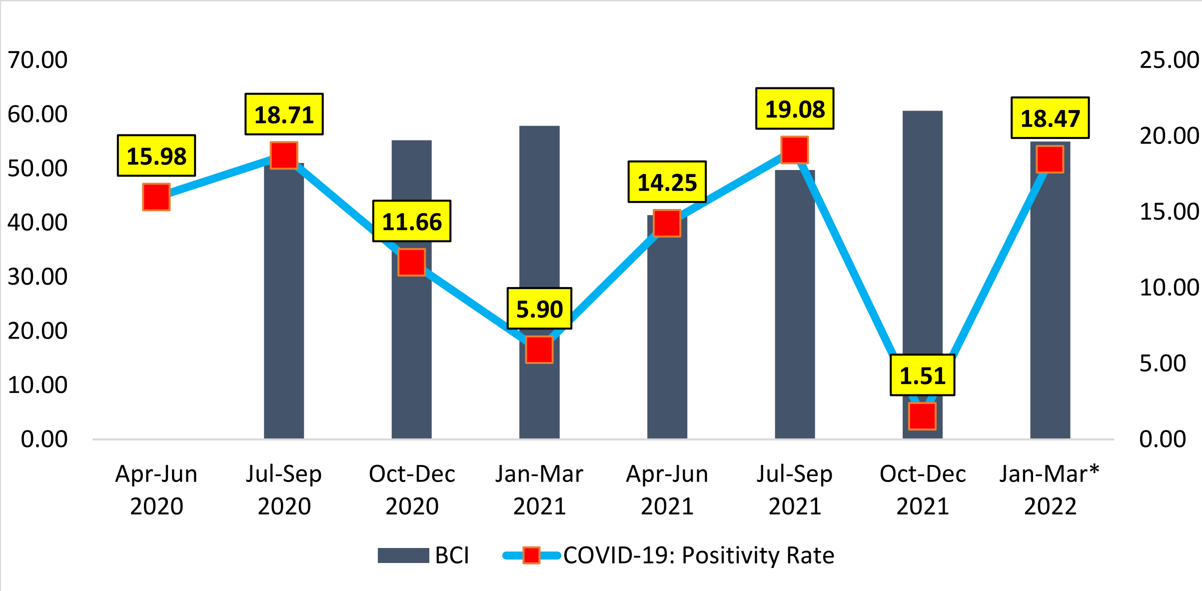


Source: COVID-19 Positivity Rate: Health Emergency Operations Center (HEOC) & Control Room, Institute of Epidemiology, Disease Control and Research (IEDCR); PBSI: Authors' calculation based on SANEM BCI (quarterly) survey

There might be an inverse relationship between the COVID-19 positivity rate and the business scenario. As the positivity rate decreases, the government withdraws restrictive measures such as lockdowns, limitations on mobility etc. which improves the existing business environment. For instance, as the positivity rate declined from July-September 2020 quarter to January-March 2021 quarter, the economy started to rebound, thus PBSI improved. On the other hand, the second wave of COVID-19 hit in April-June 2021 and lasted until July-September 2021, resulting in an increase in the positivity rate and a decline in PBSI.

There might also be an association between the COVID-19 positivity rate and BCI. Depicted in Figure 25, as the COVID positivity rate fells, the economy began to recover from July-September 2020 to January-March 2021, and the BCI improved. The second wave caused the positivity rate to rise and thereby affected the economy from January-March 2021 to July-September 2021 and BCI to decline. However, the positivity rate surged in the January-March 2022 quarter and the economy was once again exaggerated by the third wave, which might force the BCI to decline in the upcoming quarter.

Figure 25: BCI vs COVID-19 positivity rate



Source: COVID-19 Positivity Rate: Health Emergency Operations Center (HEOC) & Control Room, Institute of Epidemiology, Disease Control and Research (IEDCR); BCI: Authors' calculation based on SANEM BCI (quarterly) survey

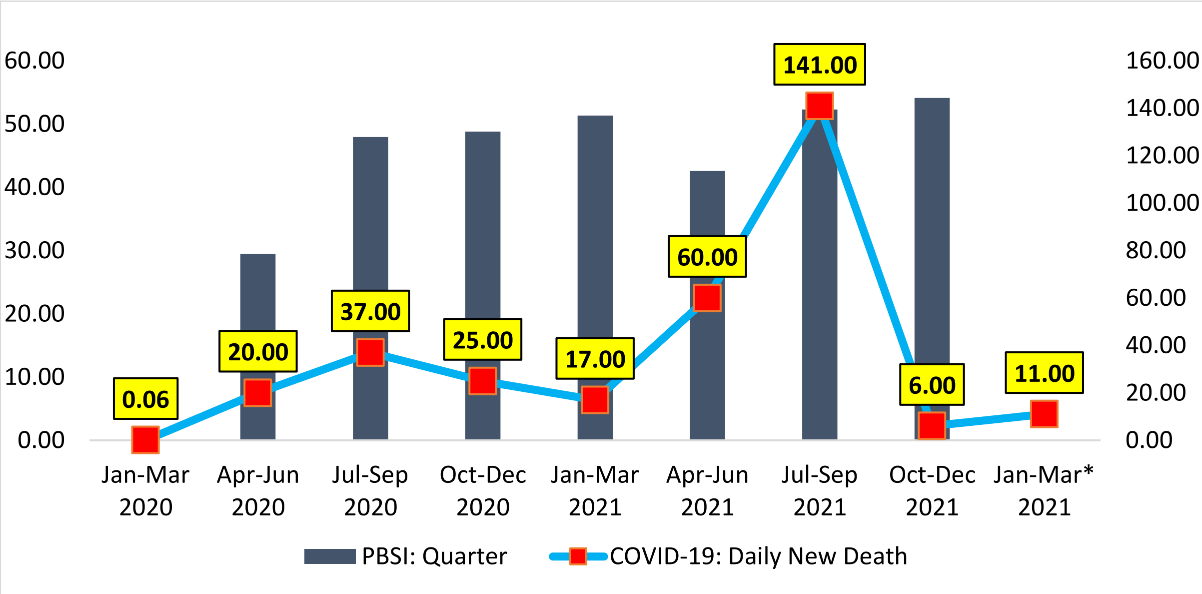
PBSI and BCI with daily new COVID-19 death cases

The new COVID-19 wave raised the risk of infection, and as a result, increased the daily number of COVID-19 related deaths. There might be a correlation between the daily number of COVID-19 deaths and the state of the business. As the daily new death rate fells, the government removed restrictive measures like lockdowns, gathering limits, and other restrictions, which improved the current business situation, as illustrated in Figure 26. As the daily new COVID-19 death fells from July-September 2020 quarter to the January-March 2021, the economy began to recover, and the PBSI improved. The second wave of COVID-19, on the other hand, began in April-June 2021 and lasted until July-September 2021, with an increase in daily new death rates and a decrease in PBSI.

Similarly, there might be a relation between the daily new COVID-19 death cases and BCI (Figure 27). When the daily new death cases declined between July-September 2020 and January-March 2021, the economy started to recover and thereby the PBSI improved. From January-March 2021 to July-

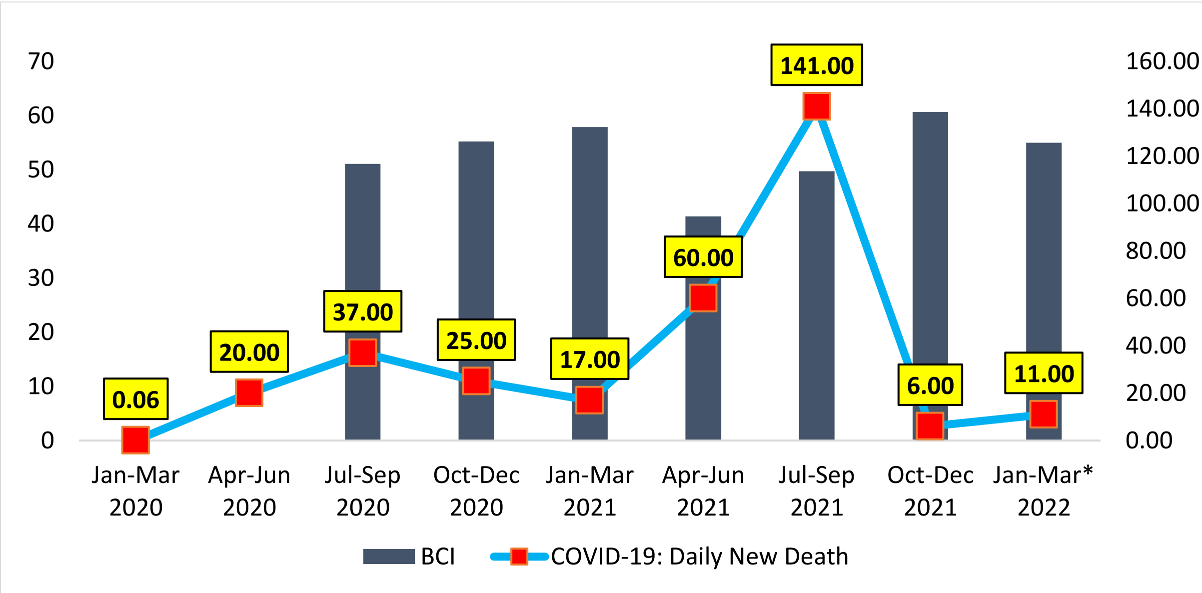
September 2021, the economy was impacted by the second wave, which caused the daily new death to rise and the BCI to fall. However, as the economy was once again harmed by the third weave in the January-March 2022 quarter, the daily new death soared, which might cause the BCI to fall in the upcoming quarter.

Figure 26: PBSI (quarter) vs daily new COVID-19 death cases



Source: Daily New COVID-19 Death Cases: World Health Organization, COVID-19 Global Table Data; PBSI: Authors' calculation based on SANEM BCI (quarterly) survey

Figure 27: BCI vs daily new COVID-19 death cases



Source: Daily New COVID-19 Death Cases: World Health Organization, COVID-19 Global Table Data; BCI: Authors' calculation based on SANEM BCI (quarterly) survey

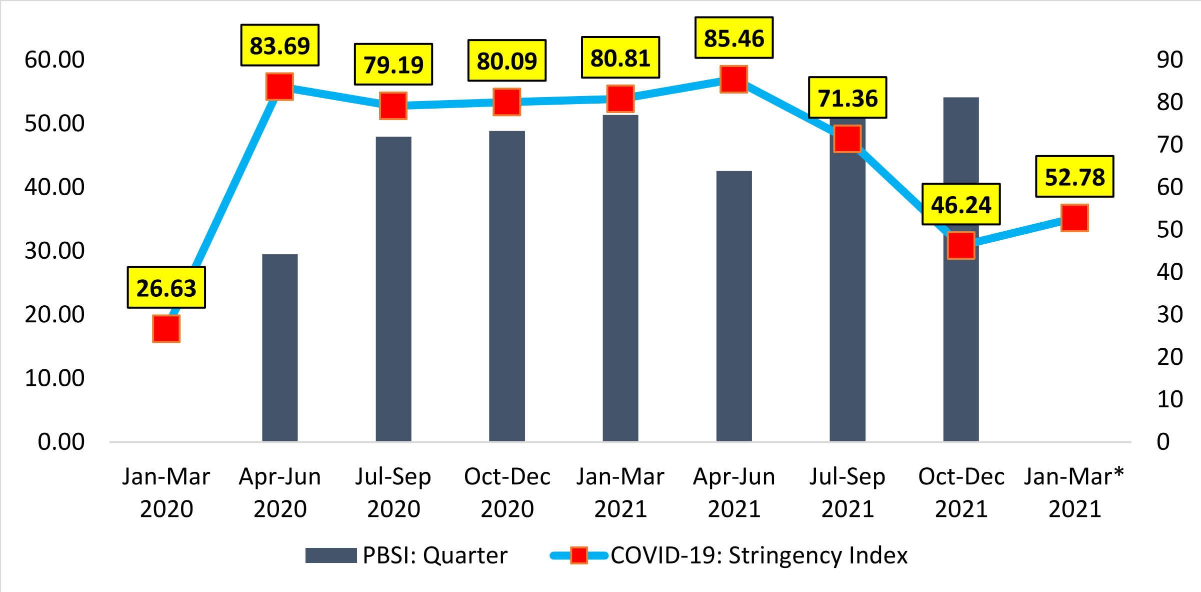
PBSI and BCI with Stringency Index

The Oxford COVID-19 Government Response Tracker (OxCGRT) compiles systematic data on policy responses taken by countries to combat COVID-19[1]. The Stringency Index (SI) is one of the measures

[1] https://www.bsg.ox.ac.uk/research/research-projects/covid-19-government-response-tracker

of policy reactions. The higher the SI value is, the greater the stringent measures are. The association between SI and PBSI can be seen in Figure 28. The SI value was quite high from April-June 2020 to January-March 2021. Between April-June 2021, the PBSI score was quite low when the SI reached a high score. From April-June 2021 to October-December 2021, the SI score started to fall and the PBSI began to improve.

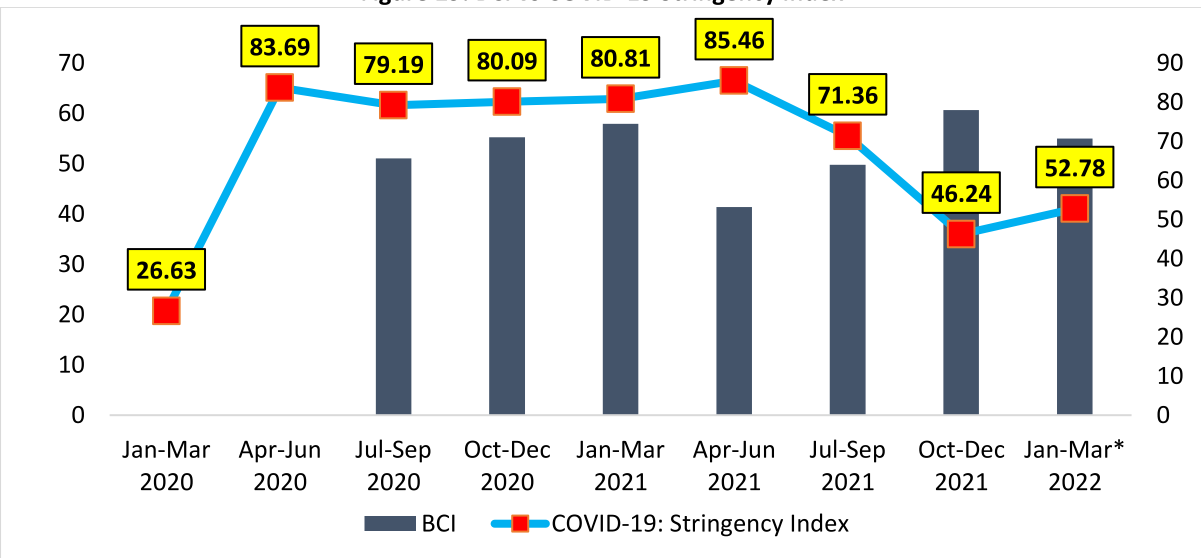
Figure 28: PBSI (quarter) vs COVID-19 Stringency Index



Source: COVID-19 Stringency Index: Oxford COVID-19 Response Tracker, Blavatnik School of Government, University of Oxford; PBSI: Authors' calculation based on SANEM BCI (quarterly) survey

As with the PBSI and SI relationship, a similar relationship between the BCI and SI can be observed. From April-June 2020 to January-March 2021, the stringency index was fairly high, and it can be observed that the PBSI was also quite high. However, as the SI value started to go down from April-June 2021 to October-December 2021, the BCI began to improve during this time period.

Figure 29: BCI vs COVID-19 Stringency Index



Source: COVID-19 Stringency Index: Oxford COVID-19 Response Tracker, Blavatnik School of Government, University of Oxford; BCI: Authors' calculation based on SANEM BCI (quarterly) survey

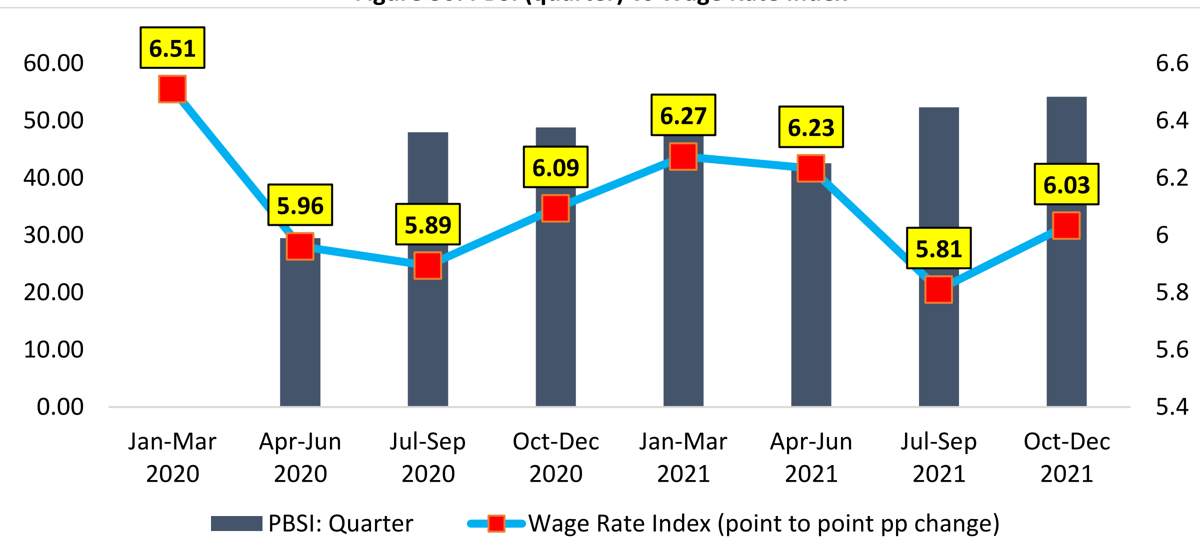
Section VI: 'Business Status' and 'Business Confidence' with a macroeconomic perspective

To determine whether the micro picture can truly capture the macro perspective of the economy, this section compares the PBSIs and BCI indices with the key macroeconomic variables over the quarter. Since the microeconomic variables focus on the behaviour of individual economic agents such as households, workers and businesses, PBSIs and BCI in this study indicate the business condition of the economy which are the micro-level variables, explaining the status and expectations of the business executives. To understand the macroeconomic perspective, this study includes macroeconomic variables such as Wage Rate Index (WRI), inflation rate, remittance inflow, Foreign Direct Investment (FDI), export, import and domestic private sector credit growth. Since the macroeconomic situation is the aggregate of the microeconomic situation, this two are not mutually exclusive but rather complementary.

PBSI and BCI with Wage Rate Index (WRI)

The study observed a positive association between the PBSI and WRI (Figure 30), showing that the PBSI declines when the WRI falls and the PBSI improves when the WRI increases. The study also notices that the PBSI trends are congruent with the wage patterns, with both PBSI and WRI steadily increasing from July-September 2020 to January-March 2021. In contrast, the WRI started to fall from January-March 2021 to July-September 2021 followed by the third wave of the pandemic, and thereby the PBSI began to fall.

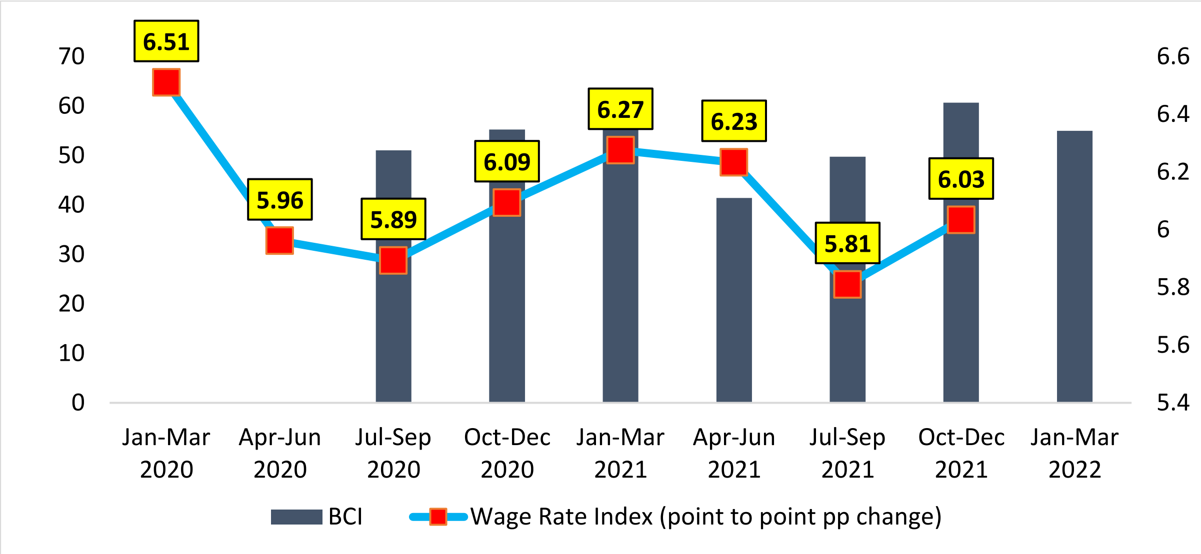
Figure 30: PBSI (quarter) vs Wage Rate Index



Source: Wage Rate Index (WRI): Bangladesh Bureau of Statistics (BBS); PBSI: Authors' calculation based on SANEM BCI (quarterly) survey

The study also finds a positive association between BCI and WRI. As depicted in Figure 31, the BCI was juxtaposed with the WRI for the duration of the surveyed quarters. When the WRI was high, businessmen predict a positive business environment and a favourable market for their respective businesses in the coming quarter, this anticipation leads to an improvement in business and performance, resulting in greater BCI. The BCI increases as the WRI rises from the July-September 2020 quarter to the January-March quarter of 2021, and from the July-September 2021 quarter to the October-December 2021 quarter (Figure 31). The BCI, on the other hand, fell as the WRI fell in the April-June 2021 quarter.

Figure 31: BCI vs Wage Rate Index

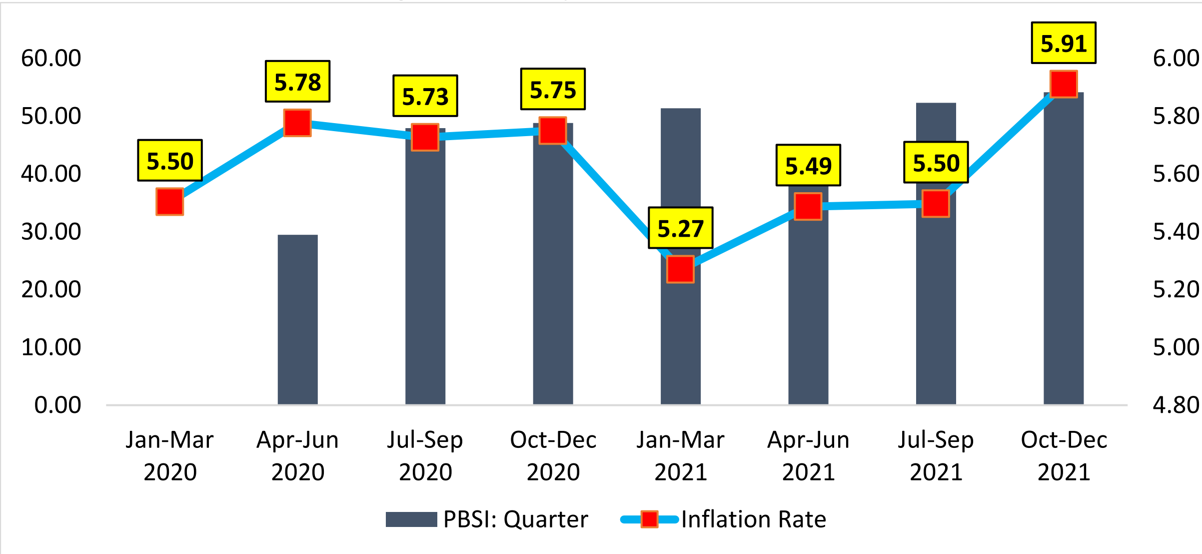


Source: Wage Rate Index (WRI): Bangladesh Bureau of Statistics (BBS); BCI: Authors' calculation based on SANEM BCI (quarterly) survey

PBSI and BCI with inflation rate

The WRI has a direct impact on the overall price level of the economy. The rise in the nominal wage level increases aggregate demand in the economy, which drives the price level higher. Hence, the relationship between inflation and the BCI and PBSI follows the same pattern as the WRI. It is observed that the PBSI trends are congruent with inflation patterns, with both PBSI and inflation rate remaining unchanged from April-June 2020 to October-December 2020; while the inflation rate began to rise from January-March 2021 to October-December 2021, then the PBSI began to rise in a similar pattern.

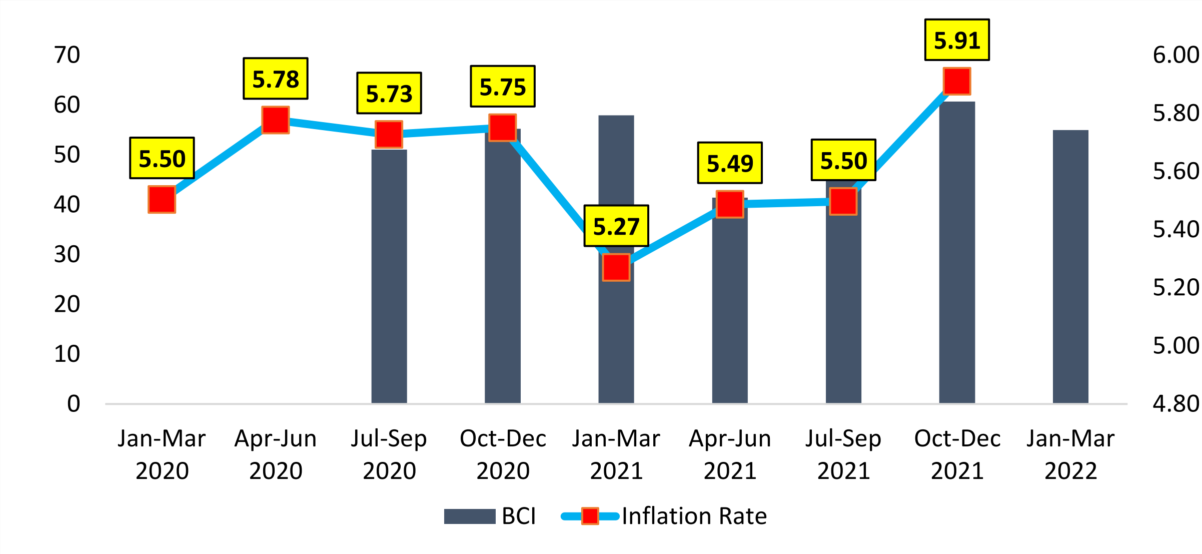
Figure 32: PBSI (quarter) vs inflation rate



Source: Inflation rate: Bangladesh Bureau of Statistics (BBS); PBSI: Authors' calculation based on SANEM BCI (quarterly) survey

The expectation of a future price increase causes the economy's price level to rise. Similarly, the expectation of future business performance might influence inflation, which is based on whether business transactions and business operations improve or fall in future. This has connected the business and inflation expectations. Figure 33 depicts the above phenomenon, in which the BCI and inflation rate remained unchanged from July-September 2020 to October-December 2020, whereas the BCI began to rise from January-March 2021 to October-December 2021, and the inflation rate followed suit.

Figure 33: BCI vs inflation rate

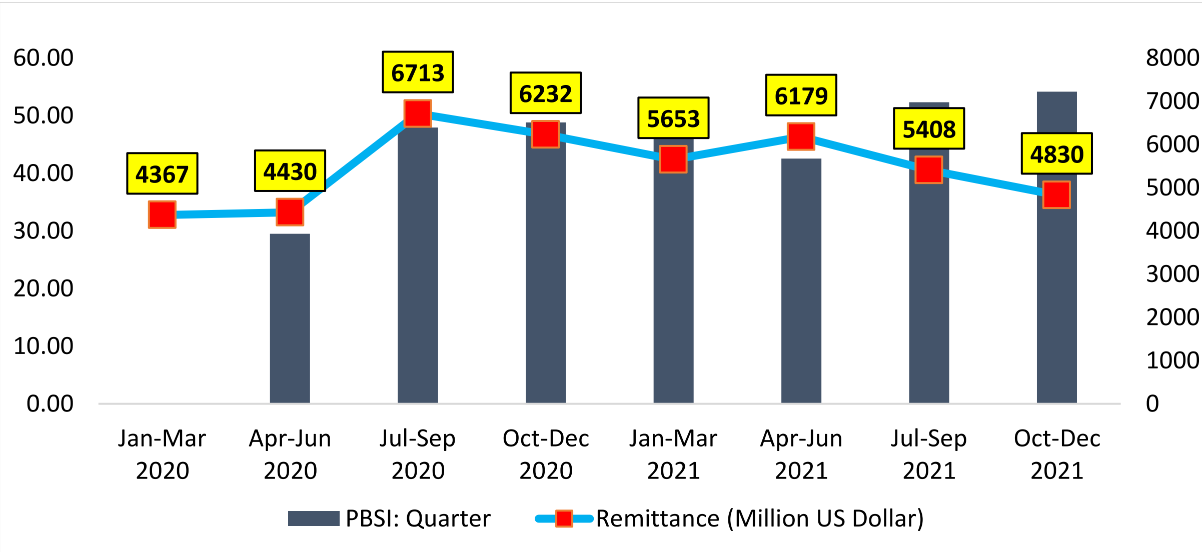


Source: Inflation rate: Bangladesh Bureau of Statistics (BBS); PBSI and BCI: Authors' calculation based on SANEM BCI (quarterly) survey

PBSI and BCI with remittance

The relationship between remittance inflow and PBSI is depicted in Figure 34. There might not be any association between the two. There were some ups and downs of the PBSI over the quarters. This is primarily because of the different waves of the pandemic. A new wave of the pandemic adversely affected PBSI. However, the remittance inflow shows a declining trend over the quarters from July-September 2021.

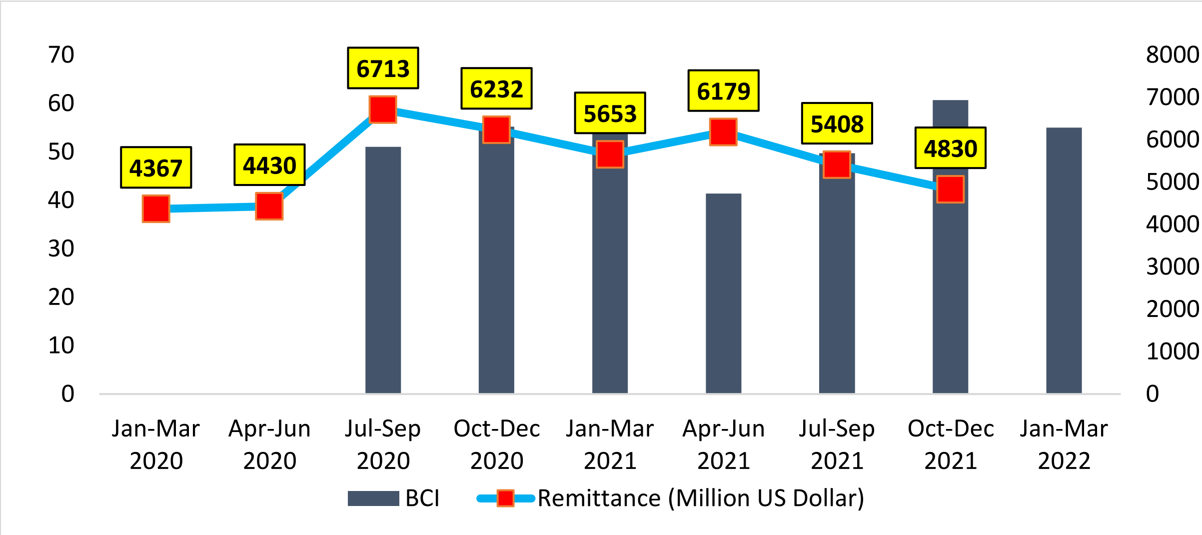
Figure 34: PBSI (quarter) vs remittance



Source: Wage Earners Remittance Inflow: Bangladesh Bank (BB); PBSI and BCI: Authors' calculation based on SANEM BCI (quarterly) survey

No association between remittance inflow and future expectations about business conditions has been observed, as demonstrated in Figure 35. Like the PBSI, BCI follows the ups and downs based on the waves of the pandemic. On other hand, remittance inflows had a negative trend over the quarters from the July-September 2021.

Figure 35: BCI vs remittance

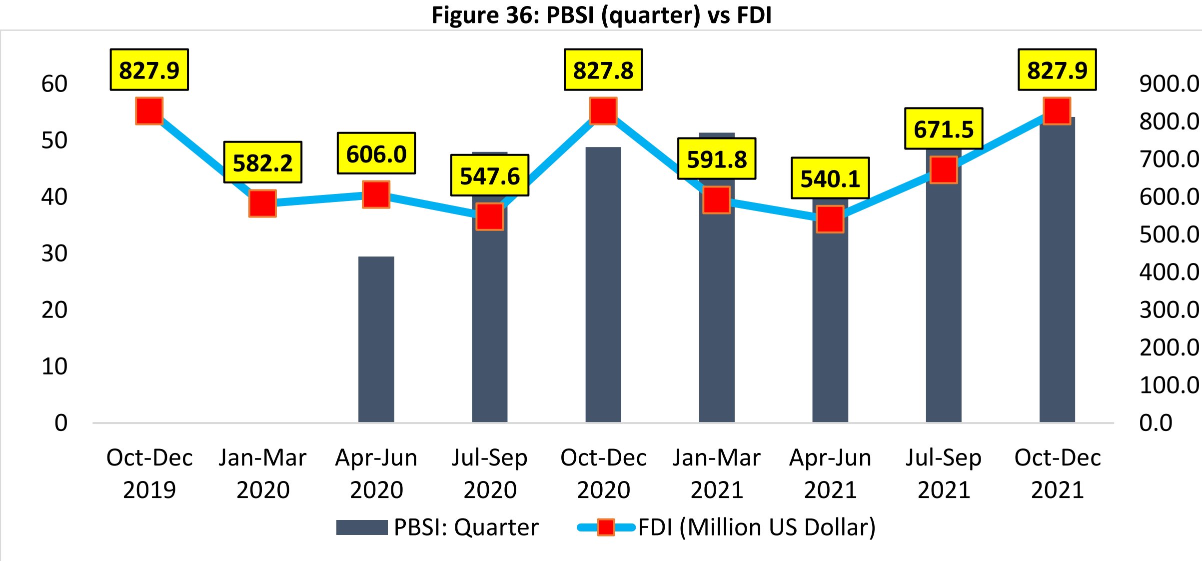


Sources: Wage Earners Remittance Inflow: Bangladesh Bank (BB); BCI: Authors' calculation based on SANEM BCI (quarterly) survey

PBSI and BCI with Foreign Direct Investment (FDI)

A good business environment attracts FDI, and investors perceive portability as a benefit of doing business there. Figure 36 depicts the relationship between the PBSI and FDI, demonstrating that as the PBSI began to improve from October-December 2020 quarter to April-June 2021 quarter, FDI inflow increased in the same quarter. However, as the PBSI began to fall from April-June 2020 quarter to the following quarter, the FDI followed suit and fell for all following quarters. The decline of FDI from the October-December 2020 quarter to the April-June 2021 quarter, followed by a rise from the April-June 2021 quarter to the October-December 2021 quarter is evident with a "U" shaped recovery for the FDI.

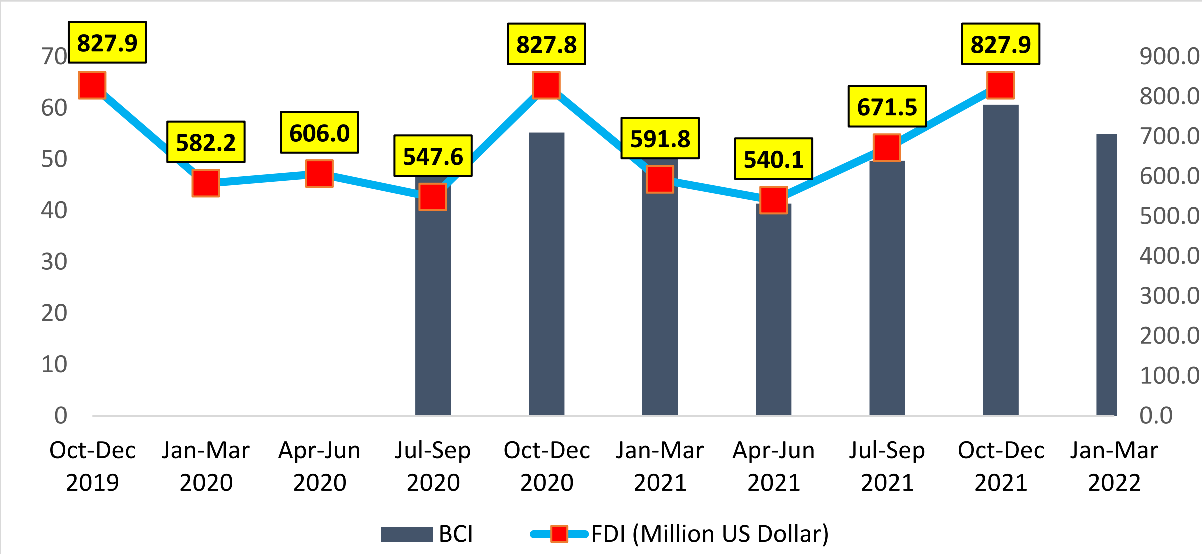
Figure 36: PBSI (quarter) vs FDI



Source: Foreign Direct Investment and External Debt: Bangladesh Bank (BB); PBSI: Authors' calculation based on SANEM BCI (quarterly) survey

The "U" shape recovery has also been noticed in the case of FDI inflow and the BCI. As the new COVID-19 wave hit the economy, it lowered a firm's business expectations, reducing overall future business activity and, as a result, reducing FDI inflow. A similar result occurred in the quarters between October-December 2020 and April-June 2021. However, as the economy began to recover from the downturn, firms' expectations for their business activities and operations climbed, creating a business-friendly environment and increasing FDI influx. Figure 37 depicts the recovery period from April-June 2021 to October-December 2021.

Figure 37: BCI vs FDI

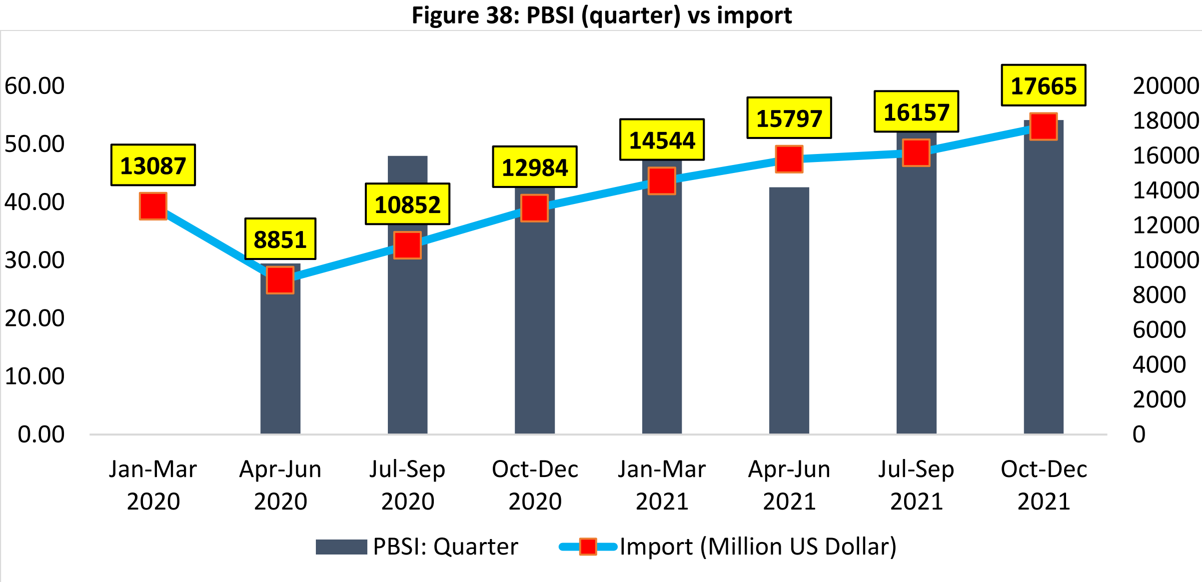


Source: Foreign Direct Investment and External Debt: Bangladesh Bank (BB); BCI: Authors' calculation based on SANEM BCI (quarterly) survey

PBSI and BCI with import

Figure 38 shows the relationship between the PBSI and import. In April-June 2020, the import fell drastically because of restrictions on international flights and shipments.

Figure 38: PBSI (quarter) vs import

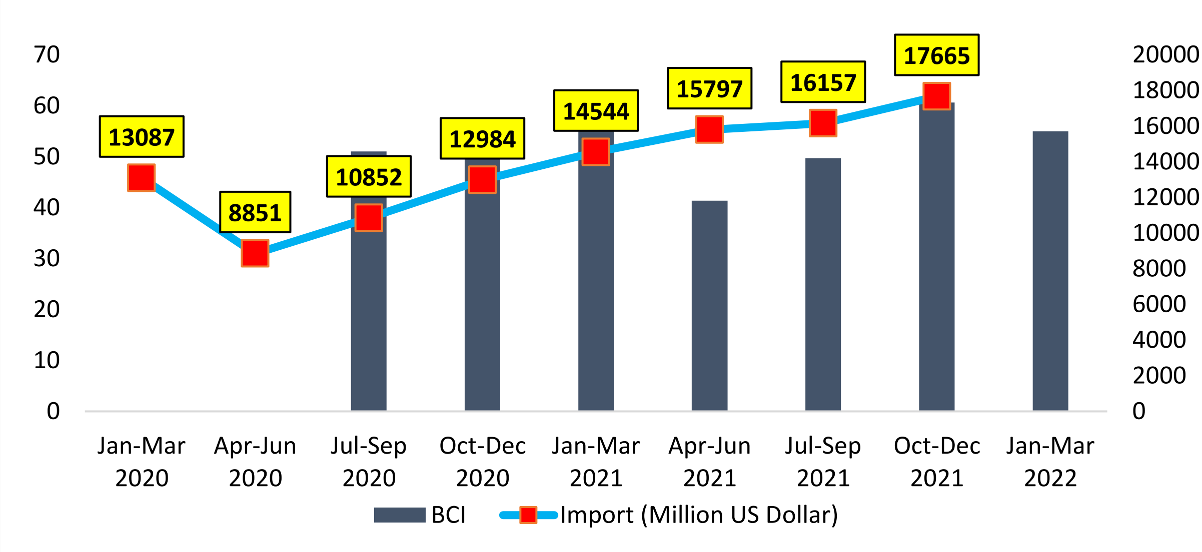


Source: Quarterly Review on Import Payments, Bangladesh Bank (BB); PBSI: Authors' calculation based on SANEM BCI (quarterly) survey

However, the PBSI tended to rise from April-June 2020 quarters, when imports started to rise as well. PBSI and import trends remained consistent until the last quarter of the survey, October-December 2021.

The association between the BCI and import was comparable to that of the PBSI and import, with differences for only two quarters. Inconsistency between the trend of the BCI and imports could be observed in the quarters of April-June 2021 and July-September 2020 (Figure 39).

Figure 39: BCI vs import

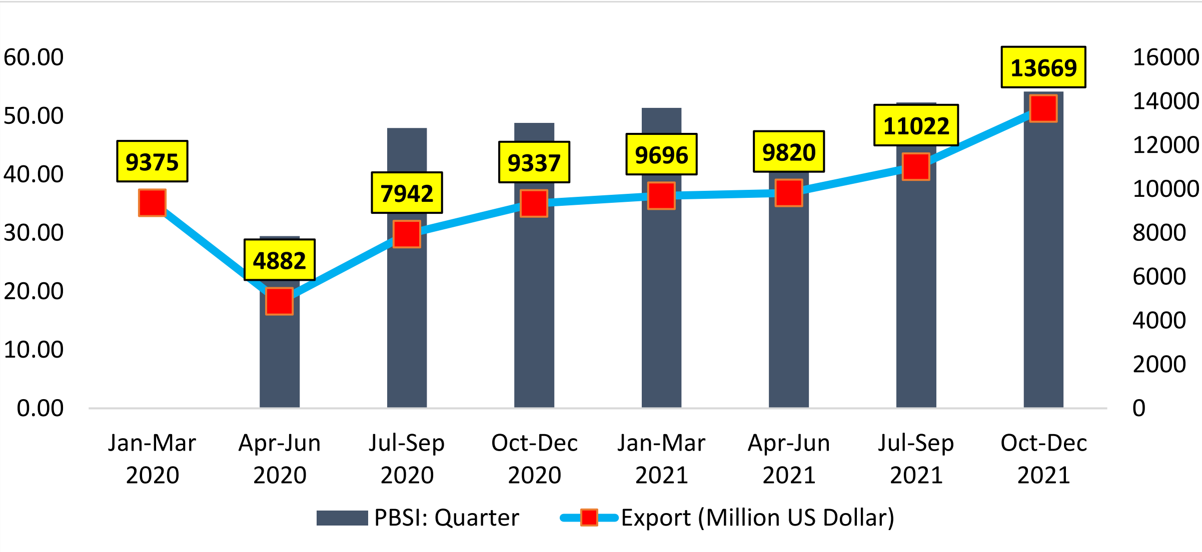


Data Source: Quarterly Review on Import Payments, Bangladesh Bank (BB); BCI: Authors' calculation based on SANEM BCI (quarterly) survey

PBSI and BCI with export

As domestic exporters faced upward demand from the world market from July-September 2020 quarter, the economy started to recover from the COVID-19 pandemic, showing an increase in PBSI.

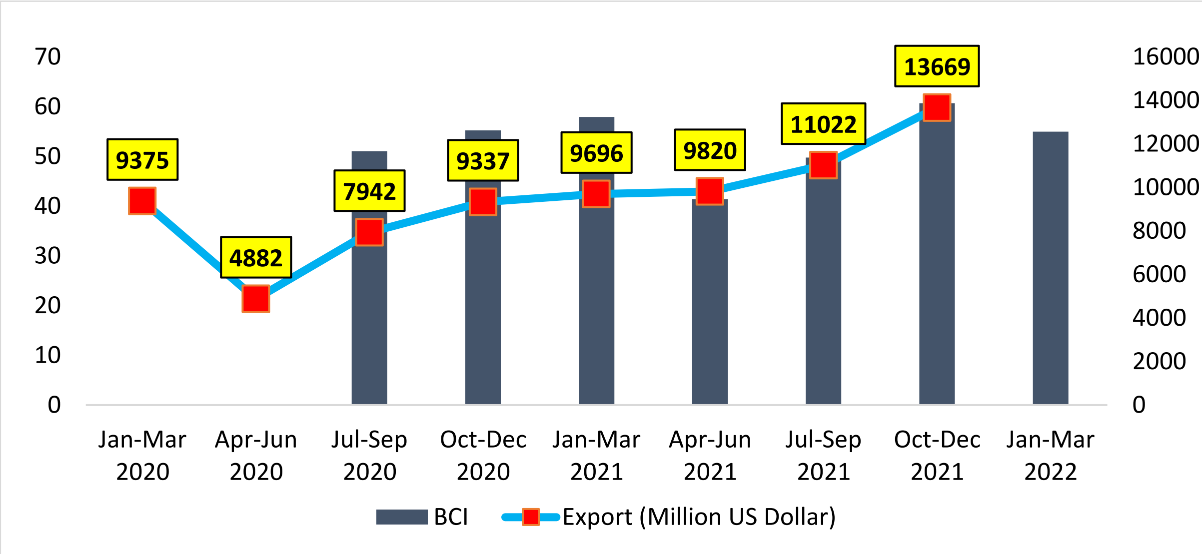
Figure 40: PBSI (quarter) vs export



Source: Export: Export Promotion Bureau (EPB), Bangladesh; PBSI: Authors' calculation based on SANEM BCI (quarterly) survey

The association between the BCI and export has been demonstrated in Figure 41. The BCI and exports follow a similar trend, indicating that as the exports tended to rise from July-September 2020, the BCI did as well. Until the survey's last quarter, October-December 2021, the trending patterns between the BCI and export remained consistent.

Figure 41: BCI vs export

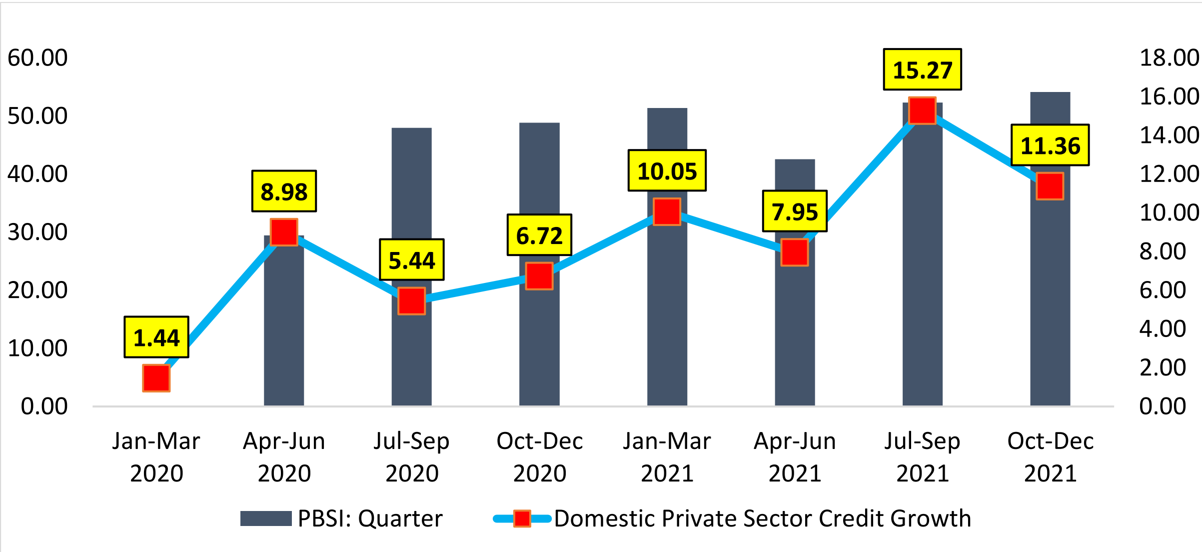


Source: Export: Export Promotion Bureau (EPB), Bangladesh; BCI: Authors' calculation based on SANEM BCI (quarterly) survey

PBSI and BCI with domestic private sector credit growth

Figure 42 shows the trends of private sector credit growth and the PBSI. The domestic private sector credit growth (DPSCG) was extremely low in January-March 2020, the outbreaking month of COVID-19. However, from the July-September 2020 quarter, the DPSCG in the following quarters improved a lot. The PBSI follows the path of the DPSCG-as the DPSCG increases, the PBSI increases.

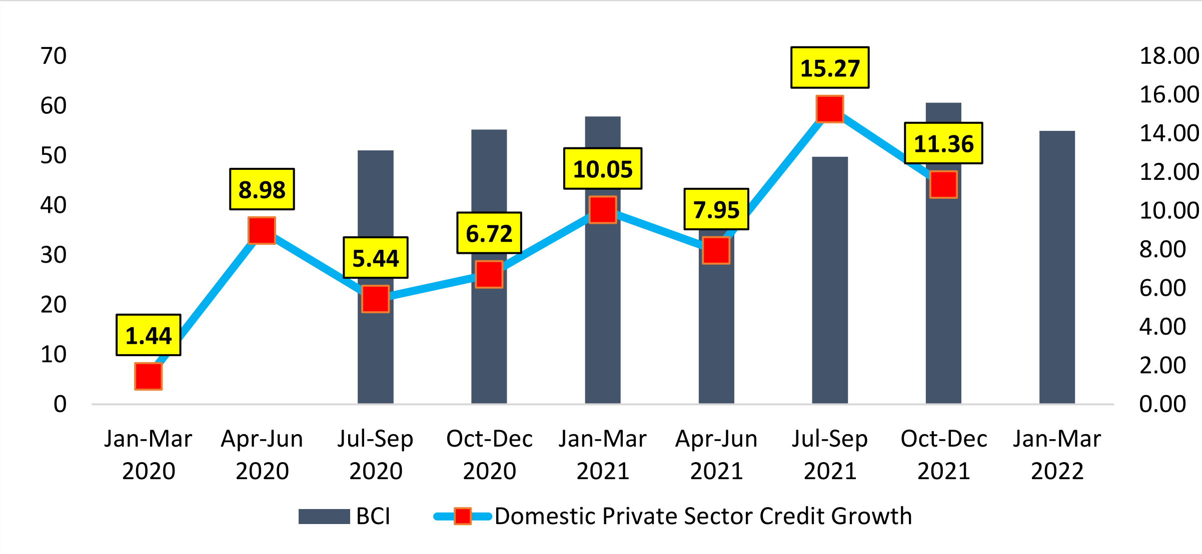
Figure 42: PBSI (quarter) vs domestic private sector credit growth



Source: Domestic Private Sector Credit, Bangladesh Bank (BB); PBSI: Authors' calculation based on SANEM BCI (quarterly) survey

The study also observed a positive association between BCI and DPSCG. From July-September 2020, the DPSCG showed a positive trend in the following quarters-for instance, the DPSCG was 5.44% in July-September 2020 and it was 11.36% in October-December 2021. The BCI follows the trends of DPSCG-as the DPSCG rate rises, the BCI increases accordingly.

Figure 43: BCI vs domestic private sector credit growth



Source: Domestic Private Sector Credit, Bangladesh Bank (BB); BCI: Authors' calculation based on SANEM BCI (quarterly) survey

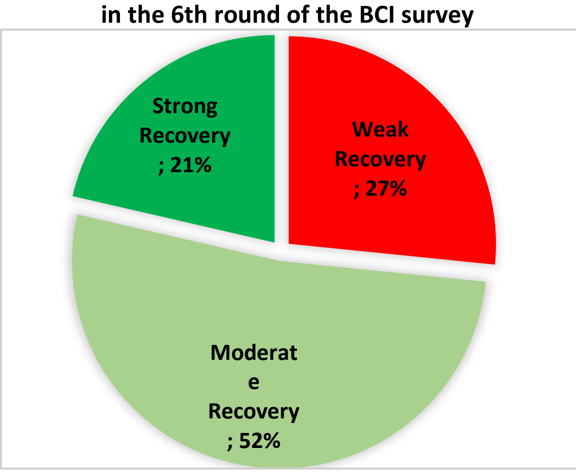
Section VII: Perception Towards Economic Recovery

While the GoB achieved a growth of 7.25% in the previous fiscal year, it has set a target of 7.5% GDP growth in FY2022-23 (BBS, 2022). According to forecasts from the World Bank (WB) and the Asian Development Bank (ADB), Bangladesh's GDP will increase by 6.7% and 7.1%, respectively, in FY2022-23 (Daily Star, 2022). FY2021-22 was a challenging year as the country was recovering from the devastating effects of the pandemic and at the same time dealing with the new COVID-19 variants. Since the last quarter of FY2021-22, Bangladesh has been facing several challenges including the increase in fuel and food prices, inflation and economic instability-- which are expected to continue in the next fiscal year. The increase in fuel prices might bring some extra pressure on foreign exchange markets and thereby on reserves. With all these challenges, the economic recovery from COVID-19 might be slowed down. Given the circumstances, it is crucial to understand what the nation's business personnel are thinking about the future recovery which is key for the revival of businesses. This section details the firms' perception regarding the overall economic recovery of the country as well as to what extent businesses actually recovered.

Firms' perception towards economic recovery

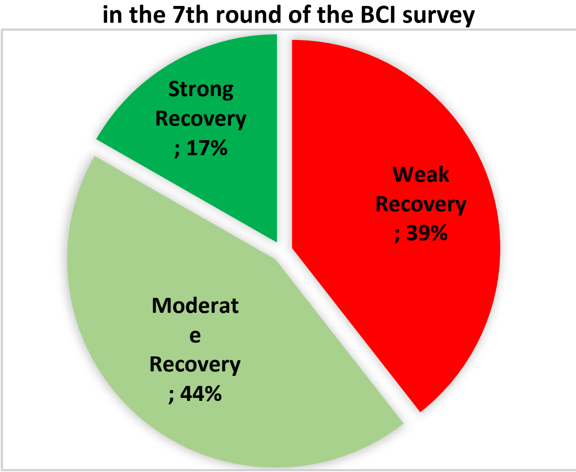
The firms that participated in the seventh round of the survey were asked about their expectation of economic recovery based on the current situation. The respondents were given three options to choose from: strong, moderate and weak recovery. In comparison to the previous round's survey response, it is observed that firms were somewhat pessimistic in this round (seventh) round of the survey. In contrast to the sixth round, firms' expectations regarding strong and moderate recovery in the seventh round had decreased. (Figure 44 and Figure 45). The percentage of firms expecting weak recovery had increased to 39% in the seventh round from 27% in the sixth round.

Figure 44: Perception towards economic recovery in the 6th round of the BCI survey



Source: Authors' estimation based on SANEM BCI (sixth round) survey

Figure 45: Perception towards economic recovery in the 7th round of the BCI survey

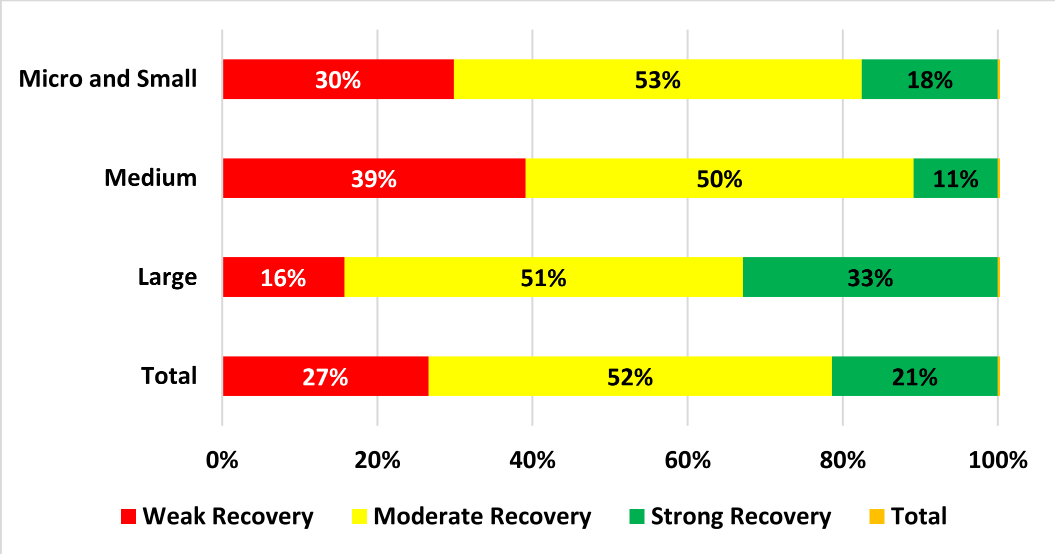


Source: Authors' estimation based on SANEM BCI (seventh round) survey

Firms' perception towards economic recovery by firm size

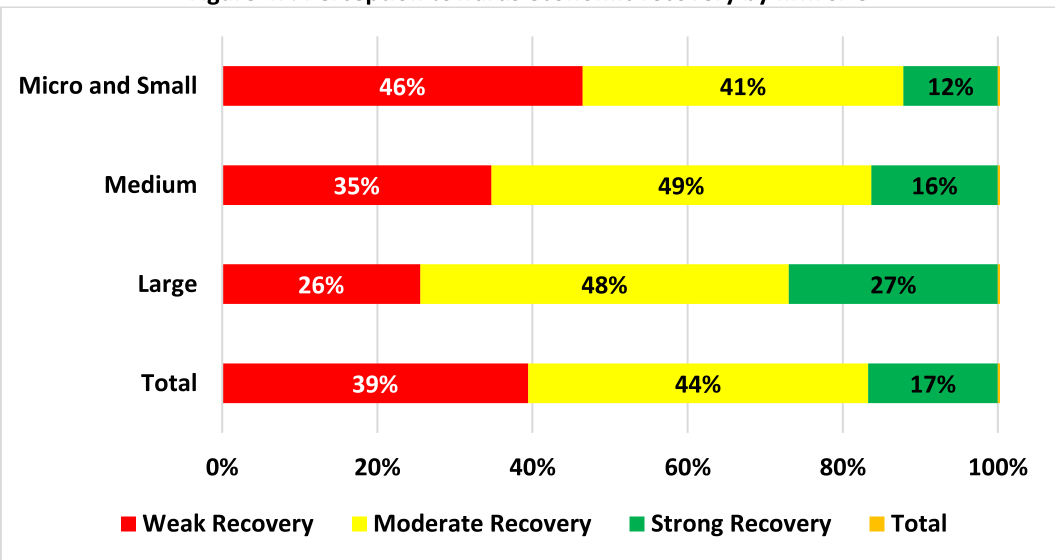
The aforementioned pessimism of firms is observed even when looking at their responses in terms of firm size (Figure 46 and Figure 47). Across all firm sizes, most firms now anticipate weak to moderate recovery. The majority of the micro and small firms expect a weak recovery and a very small minority expect a strong recovery, with the rest expecting a moderate recovery. Across the three categories, large firms constitute the highest portion of firms expecting a strong recovery. However, the percentage of large firms expecting strong recovery decreased from 33% in the sixth round to 27% in the seventh round. Also, as a total, only 17% of the surveyed firms expected a strong recovery in the latest round of the survey, in contrast to 21% in the previous round.

Figure 46: Perception towards economic recovery by firm size



Source: Authors' estimation based on SANEM BCI (sixth round) survey

Figure 47: Perception towards economic recovery by firm size

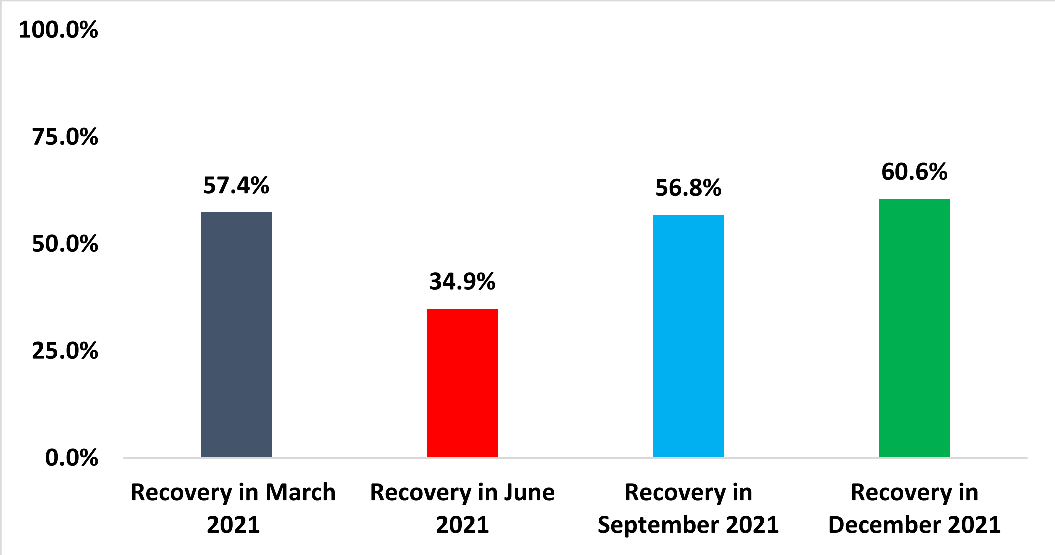


Source: Authors' estimation based on SANEM BCI (seventh round) survey

Business recovery

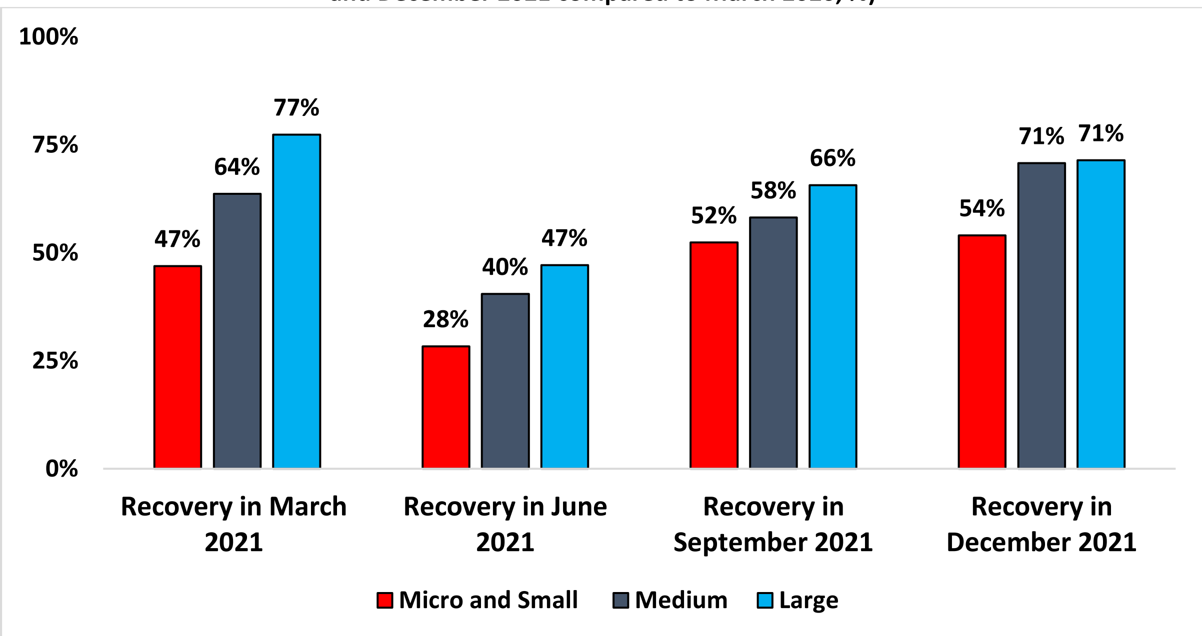
The seventh round observed the self-recovery of firms and compared them to their pre-pandemic state (Figure 48). After a significant recovery in September 2021, from 34.9% to 56.8%, the percentage of recovery continued to grow, reaching 60.6% in December 2021 (Figure 48). While the sustenance of recovery was also evident in the seventh round, it appeared that the extent of the improvement was considerably lesser in contrast to the previous quarter, increasing by only 2, 3 and 5 percentage points respectively for small, medium and large firms (Figure 49).

Figure 48: Business recovery (to what extent have firms been able to recover their business since March 2020?)



Source: Authors' estimation based on SANEM BCI (seventh round) survey

Figure 49: Business recovery by firm size (magnitude of recovery in March 2021, June 2021, September 2021 and December 2021 compared to March 2020, %)

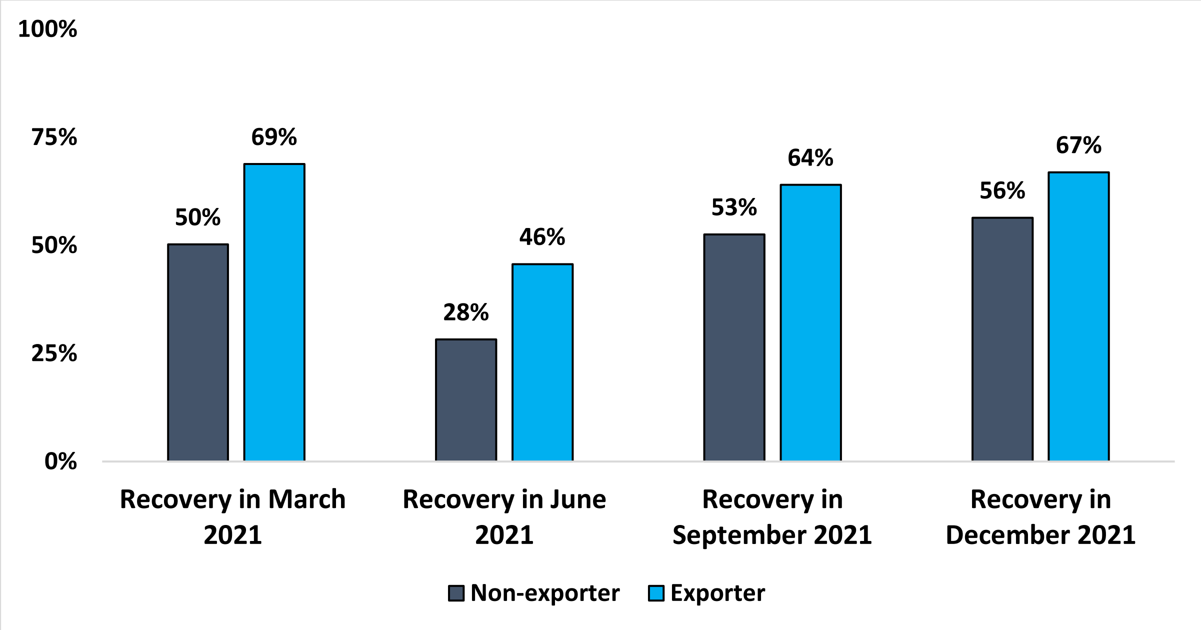


Source: Authors' estimation based on SANEM BCI (seventh round) survey

Business recovery by export status

It is evident that exporter firms are ahead in comparison to non-exporter firms in terms of business recovery (Figure 50). In the seventh round, the level of recovery for the exporter is 67% which is higher than it (64%) was in September 2021. Non-exporter firms also recovered by a small degree, standing at 56% in December 2021 from 53% in September 2021.

Figure 50: Business recovery by export status (magnitude of recovery in March 2021, June 2021, September 2021 and December 2021 compared to March 2020, %)

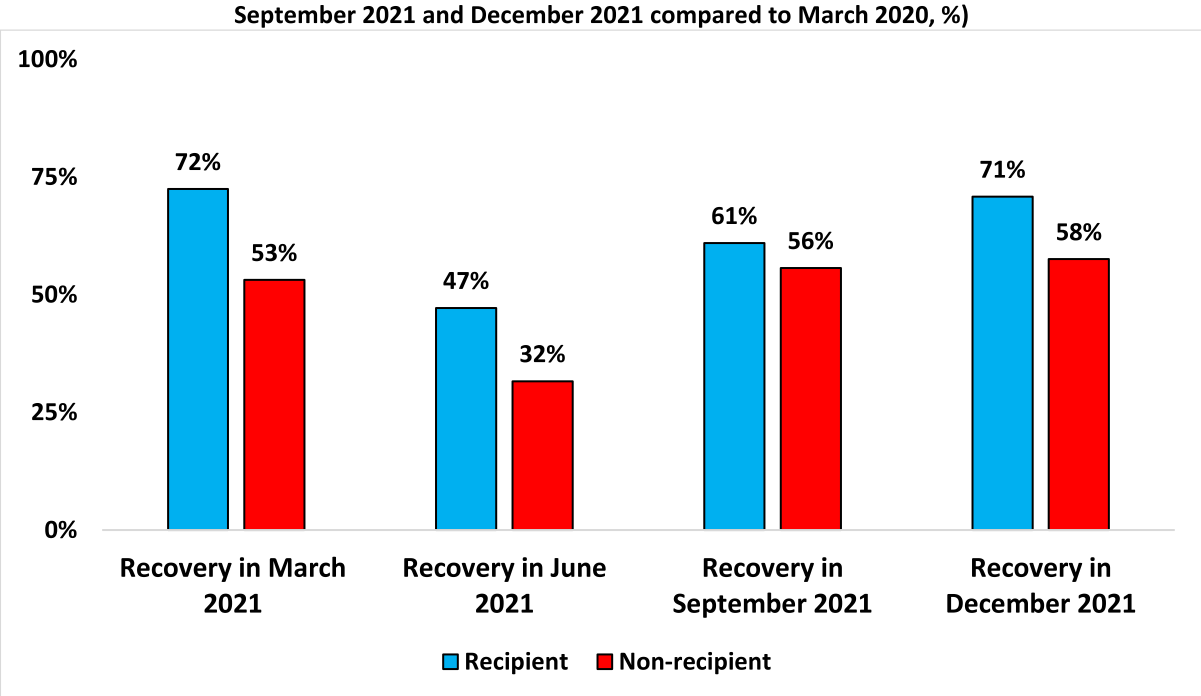


Source: Authors' estimation based on SANEM BCI (seventh round) survey

Business recovery by stimulus recipient

The stimulus packages announced by the GoB provided an impetus to the recovery process of firms (Figure 51). In the sixth round, the recipient and non-recipient firms had little difference in terms of business recovery but in the seventh round, the difference is quite stark at 13 percentage points. The level of recovery for recipient firms was 71% and for non-recipient firms, it was 58% in December 2021.

Figure 51: Business recovery by stimulus receipt (magnitude of recovery in March 2021, June 2021, September 2021 and December 2021 compared to March 2020, %)



Source: Authors' estimation based on SANEM BCI (seventh round) survey

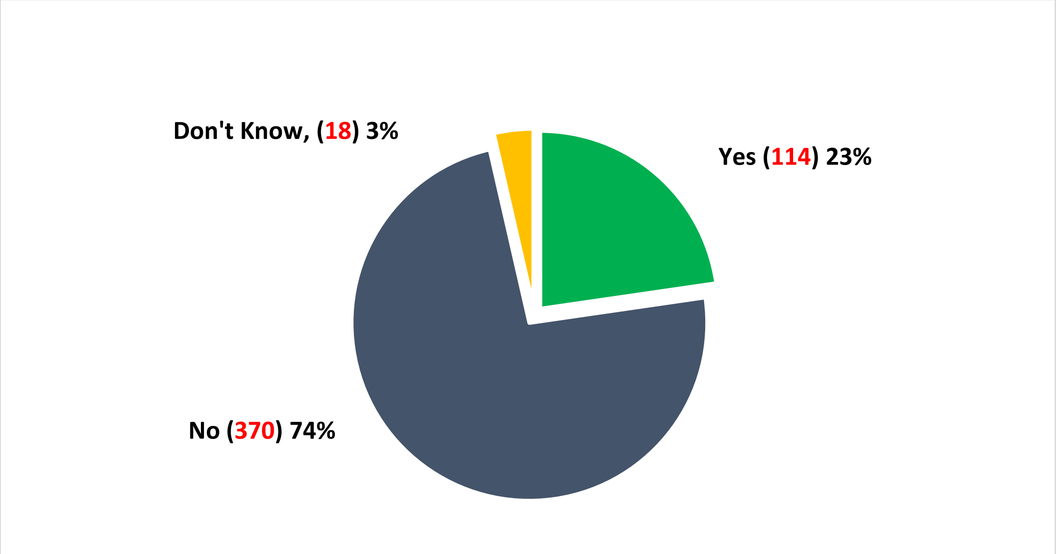
Section VIII: Government Support & Stimulus Packages

To counter the economic impacts of the COVID-19 pandemic, the Government of Bangladesh (GoB) announced the first set of stimulus packages in March 2020. As of January 2022, the GoB announced a total of 28 support measures, including both liquidity support and fiscal stimulus. These programs amounted to a total of Tk. 1.25 trillion, almost 4.58% of the country's GDP. Fiscal stimulus, such as cash transfers and tax cuts, can stimulate demand by incentivizing household and firm expenditure. This section presents firms' evaluation of the accessibility and efficacy of stimulus packages and looks into the factors which determined the recipient status.

Status on stimulus packages

The study inquired whether their firms received the stimulus package or not, in order to figure out what percentage of surveyed firms received the incentive packages. Only 23% of the firms were able to avail themselves of the announced stimulus programs (Figure 52). An overwhelming majority of 74% of respondents said they didn't get any kind of stimulus package, and 3% said they didn't know anything about it.

Figure 52: Whether firms availed of stimulus packages



Source: Authors' estimation based on SANEM BCI (seventh round) survey

In the manufacturing sector, 60% RMG firms received stimulus packages, the highest in comparison to other industries. In the case of leather and tannery, pharmaceuticals, food processing, electronic and light engineering, and other manufacturing firms, the share of recipients stood respectively at 23.81%, 24%, 23.68%, 13.04%, and 12.50%. The total share of firms which did not receive any stimulus package stood at 59.52%.

Table 9: Distribution of the availing stimulus package by firms in the manufacturing sector

Manufacturing sector	*Number of the firms*				*Percentage*			
	Yes	*No*	*Don't know*	*Total*	*Yes*	*No*	*Don't know*	*Total*
RMG	51	32	2	85	60.00	37.65	2.35	100.00
Textile	17	26	1	44	38.64	59.09	2.27	100.00
Leather & Tannery	5	14	2	21	23.81	66.67	9.52	100.00
Pharmaceuticals & Chemicals	6	16	3	25	24.00	64.00	12.00	100.00
Food Processing	9	29	0	38	23.68	76.32	0.00	100.00
Electronics and Light Engineering	3	19	1	23	13.04	82.61	4.35	100.00
Other Manufacturing	2	14	0	16	12.50	87.50	0.00	100.00
Total	93	150	9	252	36.90	59.52	3.57	100.00

Source: Authors' estimation based on SANEM BCI (seventh round) survey

The study also sought to determine which industries in the service sector benefited from the government's announced stimulus packages. The share of recipients in the service sector was starkly lower than the manufacturing sector, at only 8.40%. The highest share of recipients was in the financial sector (21.74%), followed by wholesale and retailer—both at 11.11%. Notably, no restaurants reported receiving any stimulus packages.

Table 10: Distribution of the availing stimulus package by firms in the service sector

Service sector	*Number of firms*				*Percentage*			
	Yes	*No*	*Don't know*	*Total*	*Yes*	*No*	*Don't know*	*Total*
Wholesale	4	30	2	36	11.11	83.33	5.56	100.00
Retailer	5	40	0	45	11.11	88.89	0.00	100.00
Restaurant	0	19	0	19	0.00	100.00	0.00	100.00
Transport	2	35	0	37	5.41	94.59	0.00	100.00
ICT	1	26	2	29	3.45	89.66	6.90	100.00
Financial Sector	5	16	2	23	21.74	69.57	8.70	100.00
Real Estate	4	36	3	43	9.30	83.72	6.98	100.00
Other services	0	18	0	18	0.00	100.00	0.00	100.00
Total	21	220	9	250	8.40	88.00	3.60	100.00

Source: Authors' estimation based on SANEM BCI (seventh round) survey

While the survey was conducted in eight districts, the proportion of surveyed firms in Dhaka and Chittagong is high, as most of the industry is concentrated in these two particular districts. The study also looked into the distribution of stimulus packages across the firms in these districts. Out of 502 firms surveyed across Bangladesh, 114 firms took advantage of the stimulus package (22.71%), 370 firms did not, and 19 firms said they were uninformed of any stimulus packages announced by the government. Of the 200 businesses surveyed in Dhaka, 31.50% received stimulus packages. Only 6.45% of the 31 firms surveyed in the Barishal district took advantage of the stimulus packages.

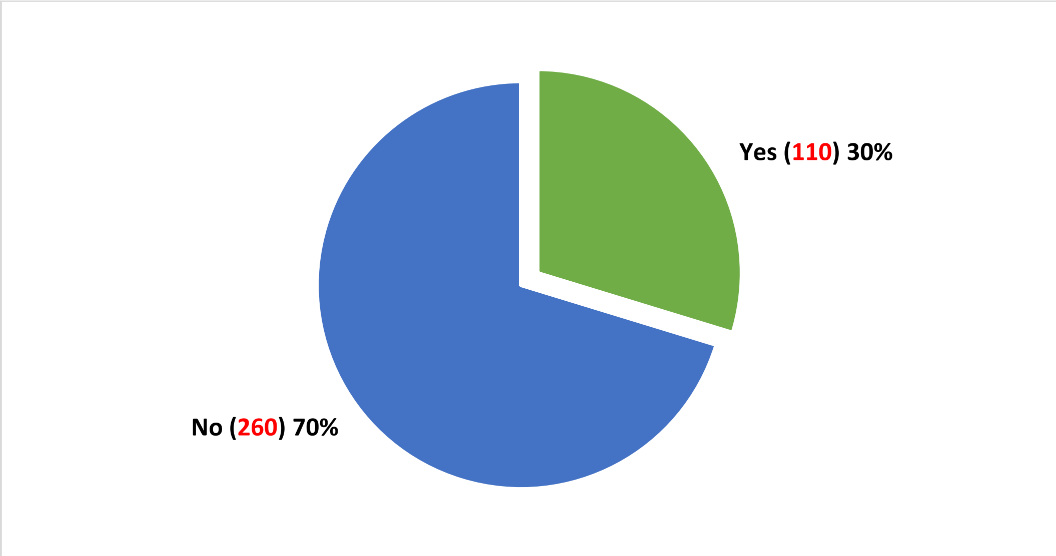
Table 11: Distribution of the availing stimulus package by firms across divisions

Division	*Number of firms*				*Percentage*			
	Yes	*No*	*Don't know*	*Total*	*Yes*	*No*	*Don't know*	*Total*
Dhaka	63	127	10	200	31.50	63.50	5.00	100.00
Chittagong	23	57	2	82	28.05	69.51	2.44	100.00
Barisal	2	29	0	31	6.45	93.55	0.00	100.00
Khulna	6	30	1	37	16.22	81.08	2.70	100.00
Mymensingh	7	31	1	39	17.95	79.49	2.56	100.00
Rajshahi	8	34	1	43	18.60	79.07	2.33	100.00
Rangpur	3	29	1	33	9.09	87.88	3.03	100.00
Sylhet	2	33	2	37	5.41	89.19	5.41	100.00
Total	114	370	18	502	22.71	73.71	3.59	100.00

Source: Authors' estimation based on SANEM BCI (seventh round) survey

The research looked at how many businesses that did not receive stimulus packages in the previous round tried to avail of them during the seventh round (Figure 53). Only 30% of the firms that didn't receive any kind of stimulus packages in the sixth round attempted to avail of stimulus packages, while 70% didn't try so.

Figure 53: Whether non-recipient firms tried to avail of stimulus packages

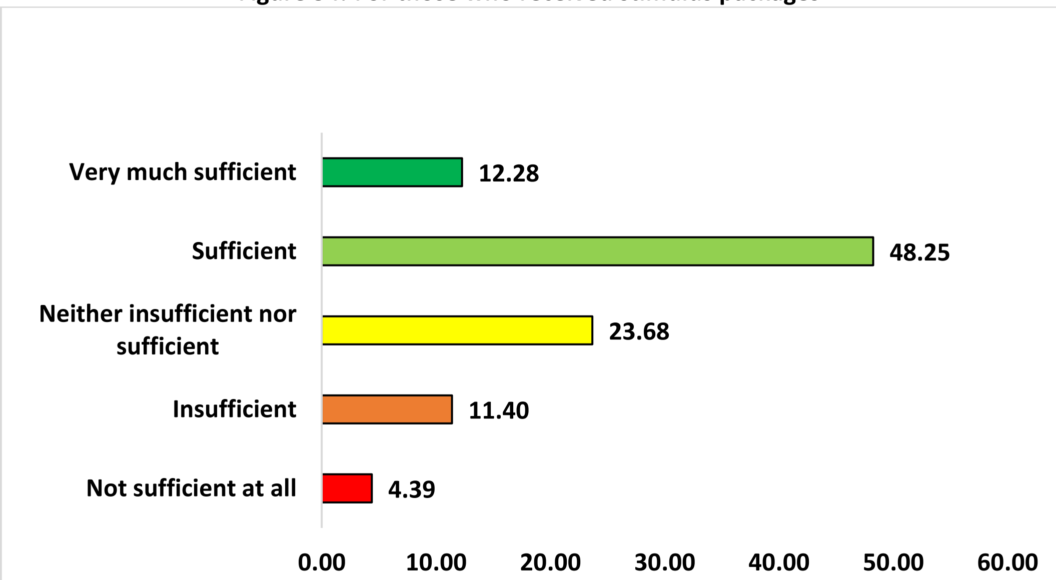


Source: Authors' estimation based on SANEM BCI (seventh round) survey

Sufficiency of stimulus packages

The survey also inquired whether recipients found stimulus packages sufficient or not. It was found that 12.28% of firms believed the government stimulus package fund is very sufficient, 48.25% agreed that the fund is sufficient, while 11.40% and 4.39% of firms respectively viewed the fund to be insufficient and not sufficient at all (Figure 54). The remaining companies (23.68%) made an ambiguous conclusion that the availed fund was neither sufficient nor insufficient.

Figure 54: For those who received stimulus packages

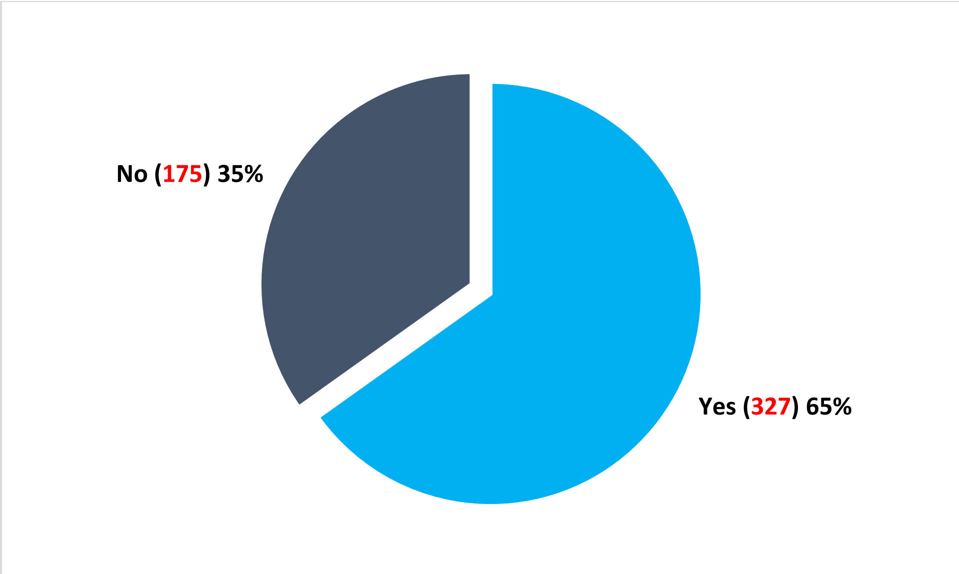


Source: Authors' estimation based on SANEM BCI (seventh round) survey

Overall requirement of government supports

It was found that 65% of firms felt they require further funds, while 35% said they do not require any additional government support (Figure 55). Based on the responses, the necessity of stimulus packages or other government supports for the firms' recovery becomes evident.

Figure 55: Overall requirement of the government supports

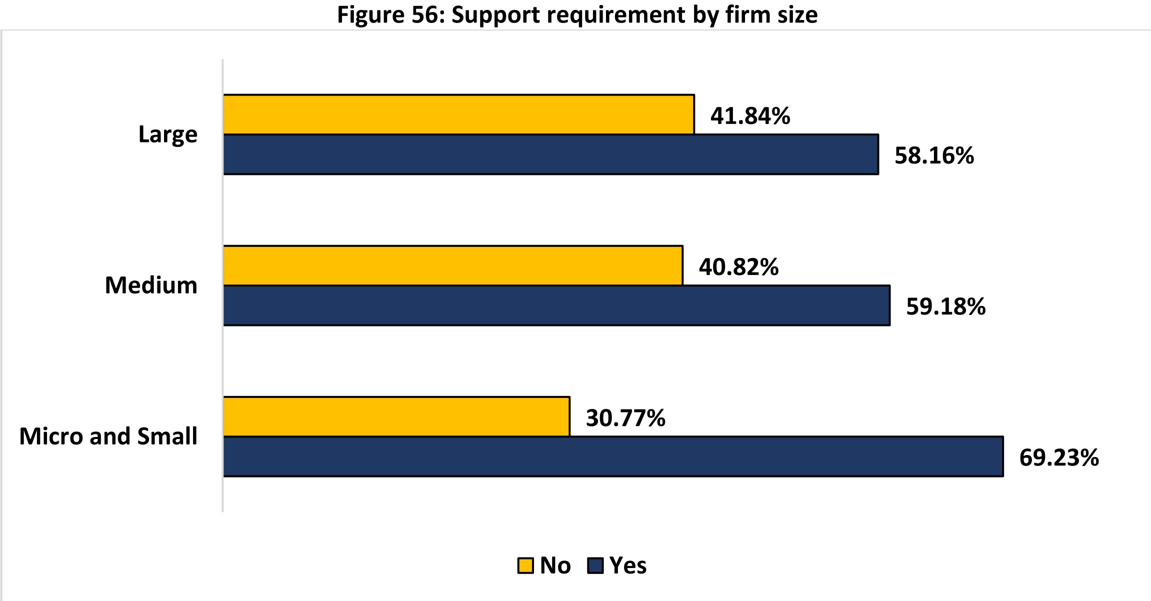


Source: Authors' estimation based on SANEM BCI (seventh round) survey

Overall requirement of government supports by firm size

In the case of micro and small firms, 69.23% of those surveyed stated they needed greater government assistance, while 30.77% replied they didn't (Figure 56). However, it is quite different in the case of large and medium firms with those stating they need support to be respectively at 58.16% and 59.18%.

Figure 56: Support requirement by firm size

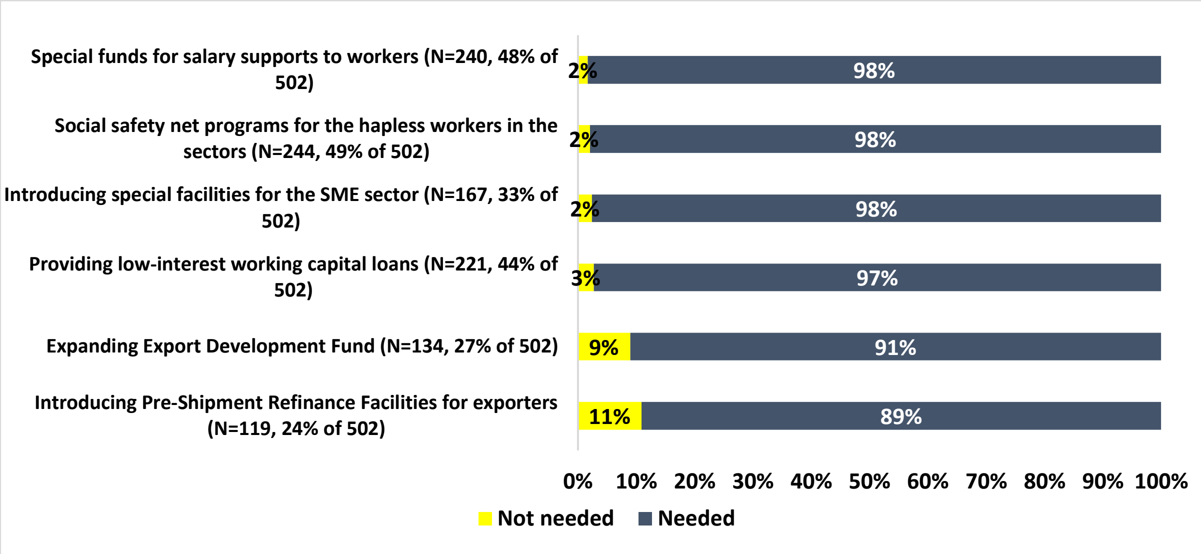


Source: Authors' estimation based on SANEM BCI (seventh round) survey

Required more government supports

The study looked into the additional government support required for the firms. Specific funds for salary assistance to workers, funds as a safety net program for helpless workers, special facilities for the SMEs sector and providing low-interest working capital loans to firms are major supports among others that firms want for the future as well. Almost all of the firms stated that they require extra government assistance in providing financial assistance to their employees. 98% of firms said the GoB should continue the special facilities for the SME sector.

Figure 57: Government supports required



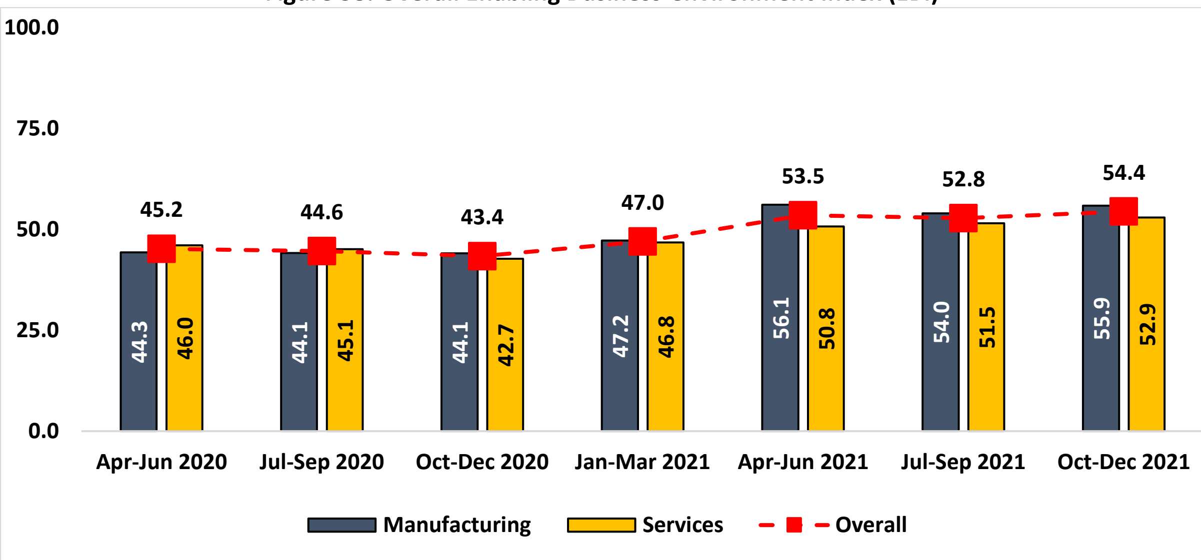
Source: Authors' estimation based on SANEM BCI (seventh round) survey

Section IX: Enabling Business-environment Index (EBI)

To get a better grasp on how the pandemic affected the general economic outlook, the study asked the surveyed firms to share their thoughts on each of the ten variables (such as electricity, corruption, and so on) included in the methodology section. "On a scale of 0 to 100, how favourable are the following indications for your overall company success at the moment?" the firms were asked. The options included—highly unfavourable, slightly unfavourable, moderately unfavourable, neither unfavourable nor favourable, slightly favourable, moderately favourable, and extremely favourable. In this case, zero denotes a highly unfavourable scenario, whereas 100 denotes a very favourable situation. Following that, the study categorized the seven responses into five groups: extremely unfavourable, unfavourable, neither unfavourable nor favourable, favourable, and extremely favourable.

Overall, EBI scores for the seven rounds are 45.2, 44.6, 43.4, 47.0, 53.5, 52.8, and 54.4, respectively (Figure 58). While the score had declined from 44.61 in the July-September 2020 quarter to 43.49 in the October-December 2020 quarter, it had rebounded to 47.00 in the January-March 2021 quarter, indicating an improved business environment. EBI improved more in the April-June 2021 quarter but then fell significantly in the July-September 2021 quarter. However, in the months of October - December of 2021, the indicator surged to 54.4. Overall business conditions are gradually and sustainably improving as observed in the last three rounds.

Figure 58: Overall Enabling Business-environment Index (EBI)

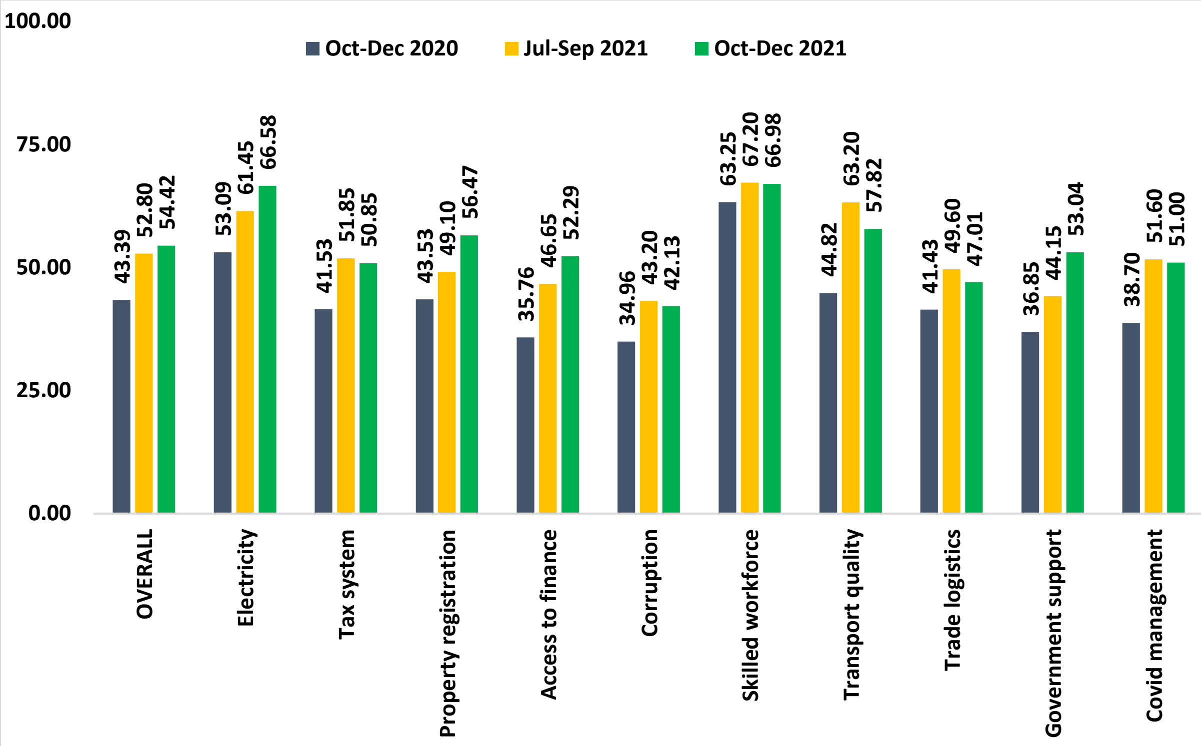


Source: Authors' calculation based on SANEM BCI (seventh round) survey

EBI by indicators

In the October-December 2021 quarter, the EBI scores of the majority of the components dropped (Figure 59). Only Electricity supply (66.58), Property registration (56.47), Access to finance (52.29) and Government support (53.04) have seen a rise in EBI scores out of ten indicators. The Skilled workforce has the highest EBI score of 66.98, despite a little fall in this round. Corruption, on the other hand, has dropped to a new low of 42.13, marking the lowest EBI score for the July-September 2021 period.

Figure 59: EBI by indicator

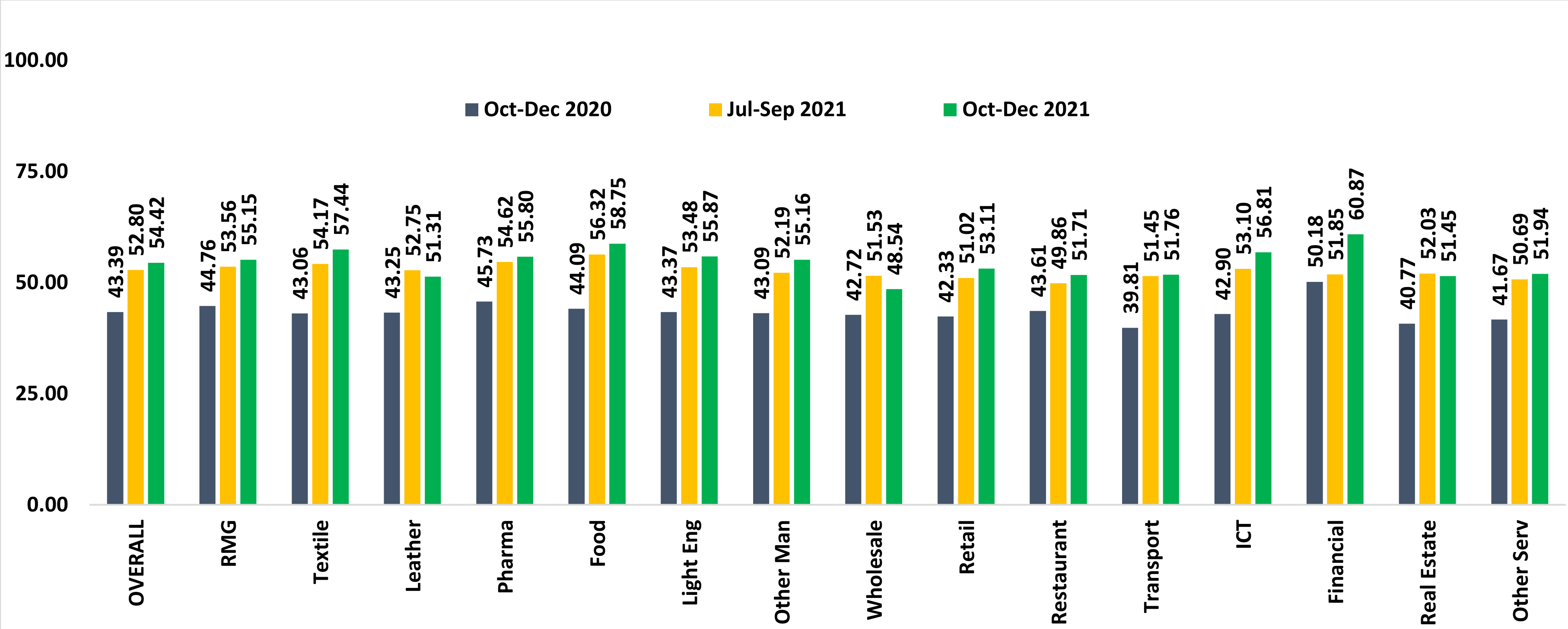


Source: Authors' calculation based on SANEM BCI (seventh round) survey

EBI by sector

Sectors with EBI scores higher than the total EBI score of 54.42 have a more favourable business climate than those with lower EBI scores. More than half of the categories fall short of the overall average, despite the fact that the majority of them are at or near the 50-point mark or even higher in some cases (Figure 60). Financial Services (56.32) has the highest EBI score in this round, despite a decline from the previous round. On the other hand, Wholesale has the lowest EBI score, dropping from 51.53 to 48.54 points over the course of the study period under consideration.

Figure 60: EBI by sector

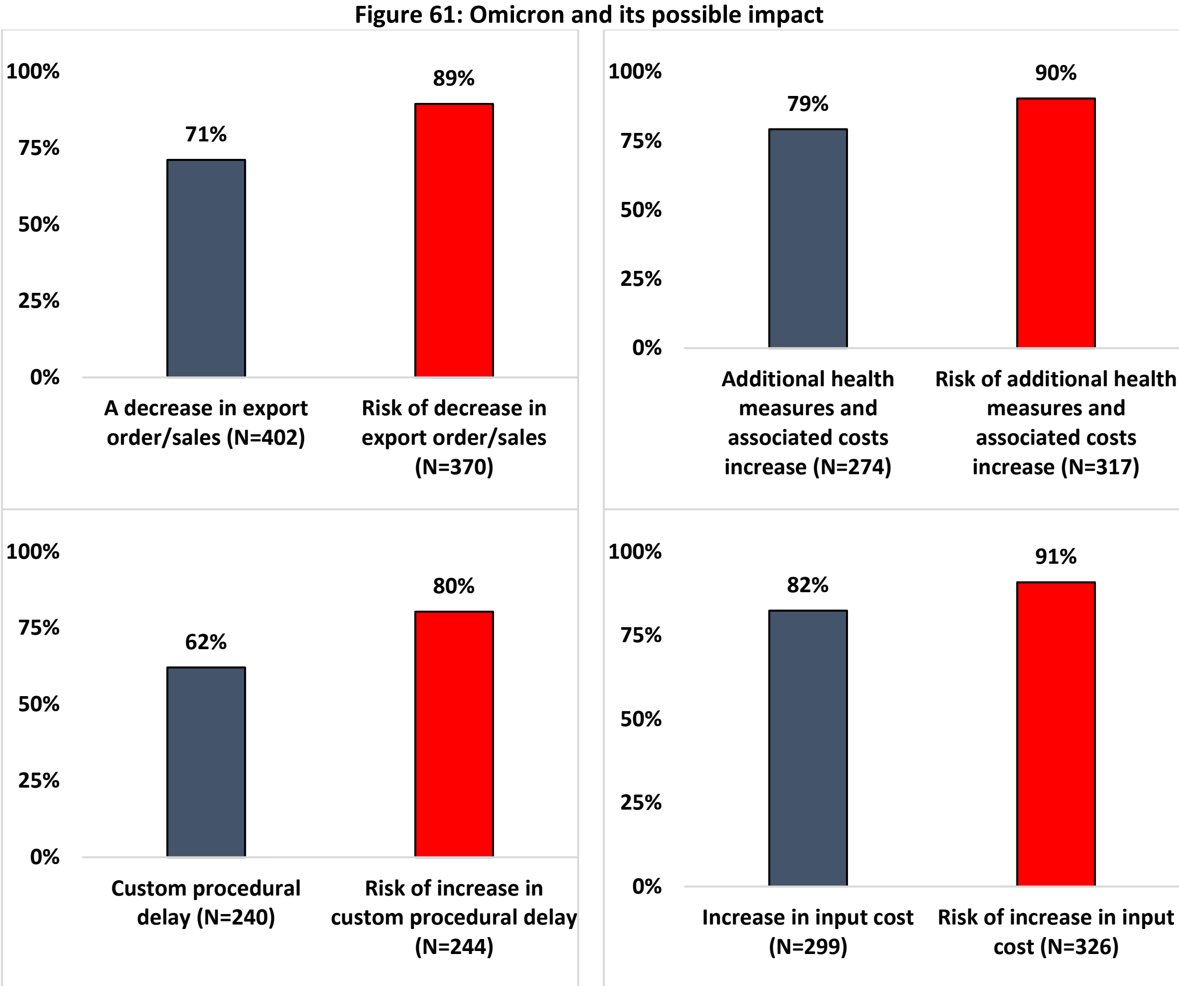


Source: Authors' calculation based on SANEM BCI (seventh round) survey

Omicron and its possible impact

To get a clear picture of the impact of the third wave of COVID-19 or Omicron on respondent's businesses, the study asked the surveyed firms for their response on some indicators (export order, health associated cost, customs procedural delay, input cost, transportation cost, etc.) to measure the significance. The number of respondents facing a decrease in export order/sales was 71%, whereas firms facing additional health measures associated with cost, custom procedural delay, and increase in input cost are 79%, 62%, and 82% respectively. But they were expecting far worse scenarios than the current scenarios-89% of respondents were expecting a risk of decreasing sales orders, 90% of respondents stated that they were at risk of increasing associated health costs, 80% of respondents said they were at risk of customs procedural delay and 91% respondent stated that they were in risk of increase of input cost.

Figure 61: Omicron and its possible impact

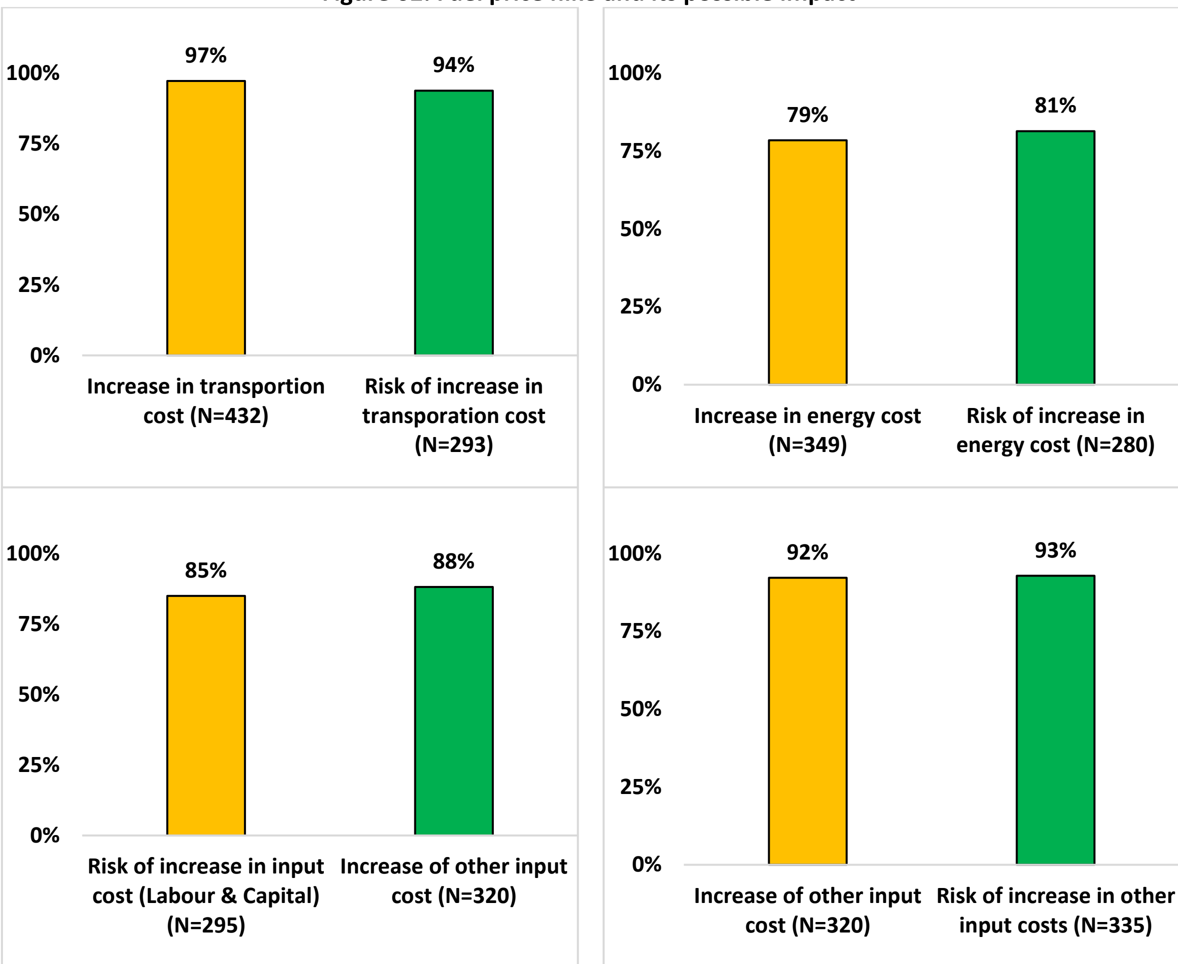


Source: Authors' calculation based on SANEM BCI (seventh round) survey

Fuel price hike and its possible impact

The study evaluated the impact of the rise in fuel prices on businesses. The surveyed firms were asked about the impact of fuel price increases on transportation costs, energy costs, labour and capital cost, input cost, etc.) Among the respondents, 97% were facing the possible impact of an increase in transportation cost whereas 79%, 85%, and 92% respectively were facing an increase in energy cost, risk of increase in input cost and other costs. In the case of firm owners' expectations in these variables, 94% of respondents expressed anticipation of an increase in transportation cost whereas 81%, 88%, and 93% of respondents respectively were expecting an increase in energy cost, labour and capital cost, and other input costs.

Figure 62: Fuel price hike and its possible impact



Source: Authors' calculation based on SANEM BCI (seventh round) survey

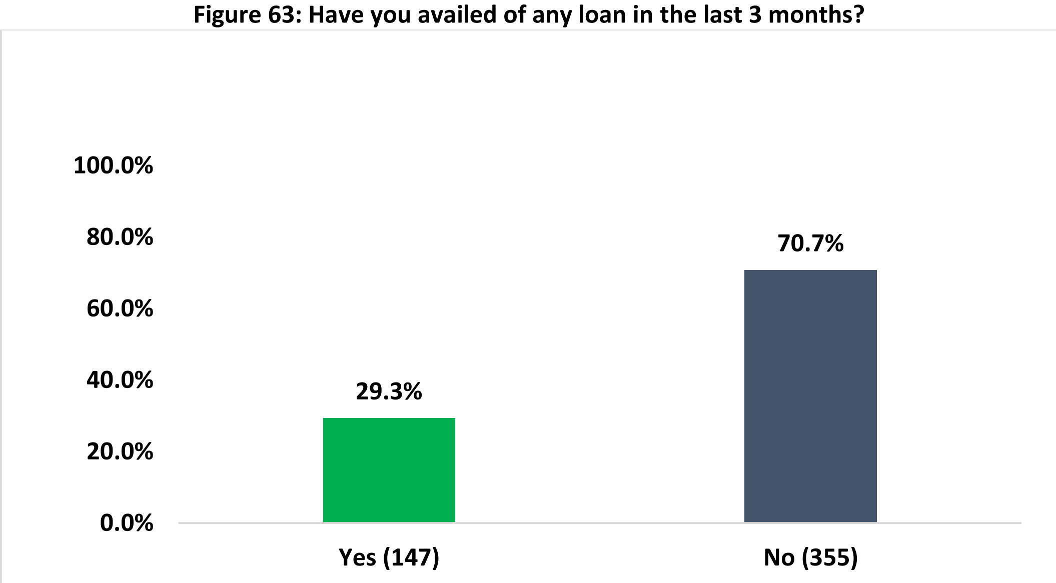
Section X: Financing

As the COVID-19 situation deteriorated, governments and businesses all over the world increased borrowing to cushion against external shocks in relation to financing (Jose et al., 2020; Ejiogu et al., 2020; Jomo & Chowdhury, 2020; Elkhashen et al., 2020). Businesses had to rely on debt and loans to survive the pandemic while governments developed a number of support programs to stabilise the economy (OECD, 2021). During the COVID-19 pandemic, the GoB also devised a number of funding options for all the businesses in the economy. The financing strategies undertaken by GoB are being implemented through private and public banks and other government and non-government agencies. Apart from government support measures, banks and other nonbank financial institutions are providing loans to businesses as per their own rules and policies. This section explains whether businesses availed of any loan in the last three months, the sources of loans and the difficulties businesses encountered when trying to get loans from both government assistance programs and other sources.

Availed of any loan

When asked if businesses had taken any loans in the last three months, 70.7% of the respondents stated that they did not (355 firms out of 502) (Figure 63). However, around 29.3% of firms (147 firms out of 502) took loans.

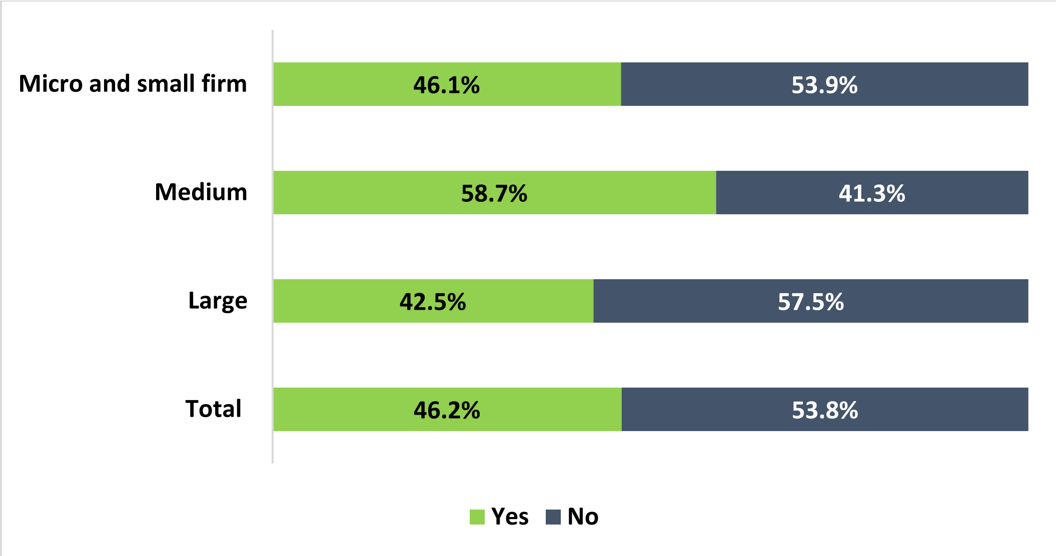
Figure 63: Have you availed of any loan in the last 3 months?



Source: Authors' estimation based on SANEM BCI (seventh round) survey

In the case of both micro & small and large firms, the proportion of firms that opted to take loans is lower than those that did not (Figure 64). Interestingly, the opposite is the case for medium-sized firms. A total of 58.7% of medium-sized businesses took loans, while the remaining 41.3% did not.

Figure 64: Availed of any loan in last 3 months by firm size

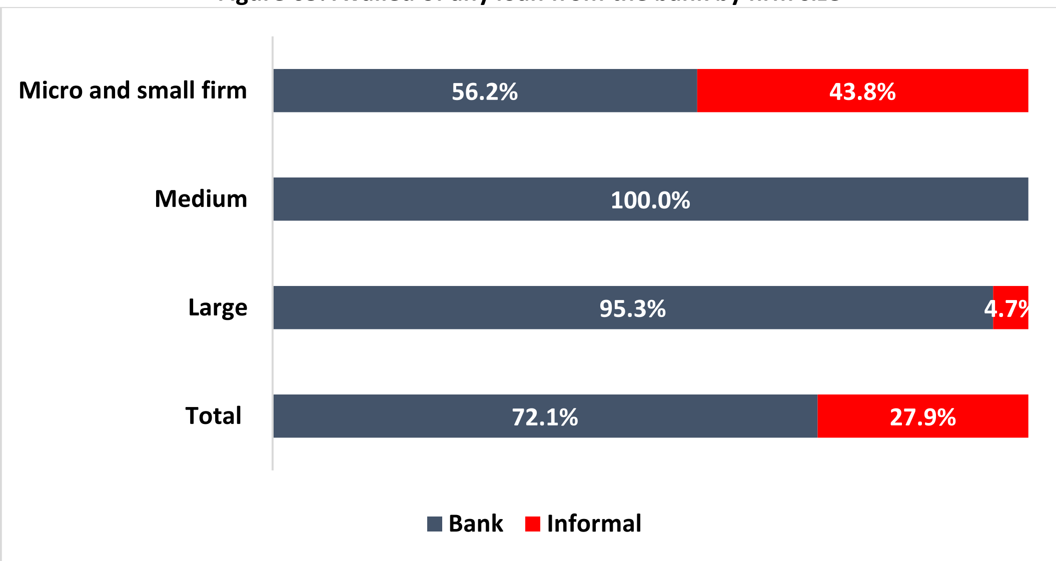


Source: Authors' estimation based on SANEM BCI (seventh round) survey

Sources of loan

The majority of the medium and large firms that availed of loans took from the formal channel (e.g. banks) (Figure 65). In contrast, while the majority of micro and small firms availed of loans from banks (56.2%), some did opt for informal sources – likely due to their firm size and the restrictions in terms of bank loan eligibility.

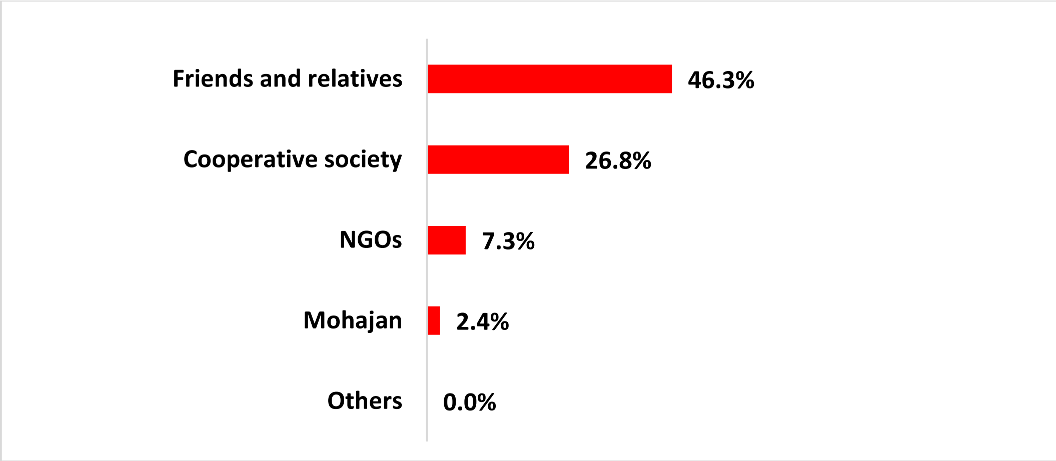
Figure 65: Availed of any loan from the bank by firm size



Source: Authors' estimation based on SANEM BCI (seventh round) survey

Most of the informal loans availed were from friends and family (46.3%) (Figure 66), followed by cooperative society (26.8%) and NGOs (7.3%). Only a very small proportion of firms got loans from Mohajan (2.4%).

Figure 66: Informal sources of loan

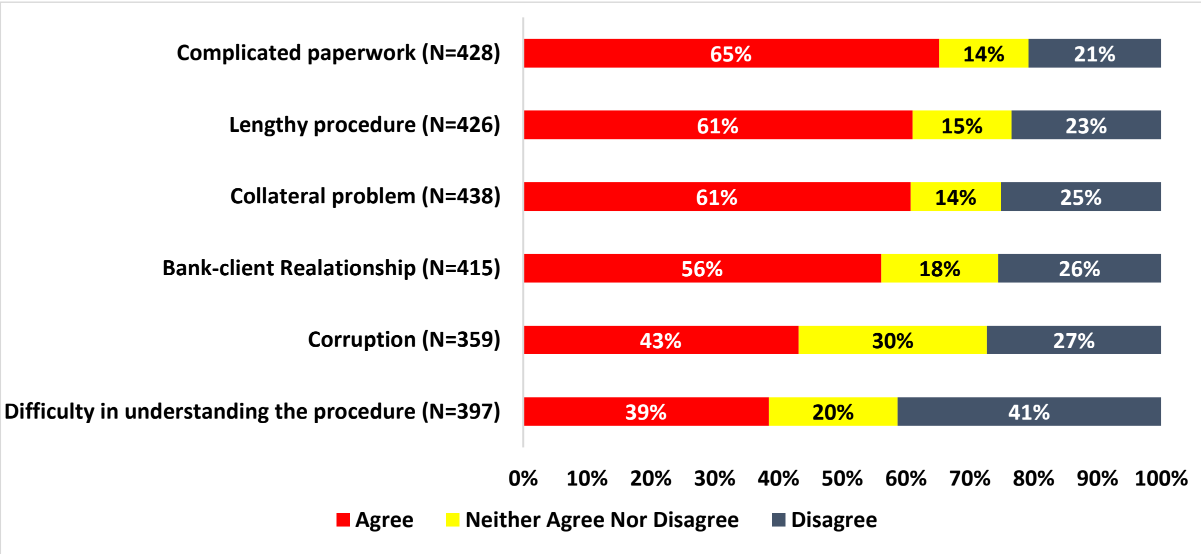


Source: Authors' estimation based on SANEM BCI (seventh round) survey

Major problems in availing of any loan from a bank or non-bank financial institution

Respondents who availed of loans were asked what problems they had faced during the process (Figure 67). The most pressing concerns were complicated paperwork (65% of 428 firms), lengthy procedures (61% of 426 firms) and collateral problems (61% of 438 firms). Other problems included the relationship between the bank and their clients (56% of 415 firms), corruption (43% of 359 firms) and difficulties in understanding the procedure itself (39% of 397 firms).

Figure 67: Major problems in availing of any loan from the bank or non-bank financial institution



Source: Authors' estimation based on SANEM BCI (seventh round) survey

Section XI: Conclusion and Policy Recommendations

The seventh round of the BCI survey commenced in January 2022—at a time when the country had entered a new phase of the COVID-19 pandemic. As the new Omicron variant of the coronavirus threatened a higher level of transmission of infection and consequently a much greater health crisis in comparison with the earlier phases of the pandemic, both businesses and households had to adopt a cautious approach. The situation was further complicated by heightened inflationary pressure, fuel price hikes and declining remittance flow. However, the rapid progress in the vaccination programme hinted at the opportunity for conditional development of the overall economy. While the possibility of more stringent health policies in response to the Omicron variant loomed largely, there were also valid reasons to expect a gradual development owing to the successful take-off of the vaccination program. It is in these circumstances that between January 3 and January 24, the seventh round of the survey was conducted.

This study surveyed 502 businesses nationwide (252 manufacturing firms and 250 services sector firms). Seven subsectors in the manufacturing industry and eight subsectors in the services industry were determined using the most recent National Accounts Statistics for Bangladesh. The study examines RMG, Textile, Pharmaceutical and Chemical, Leather & Tannery, Light Engineering, Food Processing, and other industries in the manufacturing sector. The services sector includes wholesale, retail, restaurants, transportation, ICT and telecommunication, the financial sector, real estate, and other services. The percentage of GDP that each sub-sector contributed to determining how many businesses needed to be surveyed for that sub-sector.

Based on the survey responses, this study constructs four indices, namely – (i) Present Business Status Index (PBSI) in October-December 2021 compared to July-September 2021, (ii) Present Business Status Index (PBSI) in October-December 2021 compared to October-December 2020, and (iii) Business Confidence Index (BCI) for January-March 2021 compared to October-December 2021, & (iv) Enabling Business-environment Index (EBI) in October-December 2021. The indices are first prepared at the firm level and later aggregated to the sub-sectoral and sectoral levels incorporating appropriate weights.

From the results of the seven rounds of surveys, it becomes apparent that over the quarters, there has been a gradual recovery in business activities. PBSI (year) approached the mark of 60 in the October-December 2021 quarter from 56.79 in the earlier quarter, indicating a continuation of improvement. The improvement is also visible in all sub-indicators. However, a considerable improvement has been observed in the profitability and sales or export order sub-indicators. Similar to PBSI (year), PBSI (quarter) showed an improvement in business activities in October-December 2021 quarter compared to July-September 2021 quarter.

Faster recovery has been observed in RMG, Textile, Restaurant, Food Processing, and Pharmaceuticals sectors when compared year-on-year. However, overall business confidence in January-March 2022 faced a decline in comparison to the October-December 2021 quarter. The decline is visible across all sub-components of BCI. Most of the sectors expressed lesser confidence for the following quarter, reflecting their growing concern about the advent of Omicron.

A gap between firms' expectations and reality was observed. Firms were unable to meet the expectations in the October-December 2021 quarter. Firms, in the following quarter, however, were attempting to revise their expectations based on the contemporaneous reality.

The trend of COVID-19 confirmed new cases, positivity rate, death cases and stringency measures have an effect on both business status and business confidence. However, over time and through experience, businesses developed their own perceptions of the severity of COVID-19 waves which impact their future outlook.

The macroeconomic trends that the study investigated are clearly reflected in the micro images. Wage Rate Index, inflation rate, FDI, export, import, and domestic private sector credit growth, for example, were more or less consistent with the businesses' status and confidence over the quarters.

It was found that 17% of respondents in the seventh round of the survey (January 2022) observed that Bangladesh was on a path of strong recovery, while it was 21% in the earlier round. Similarly, their views on moderate recovery had fallen to 44% in this round from 52% in the previous round. Despite fuel price hikes and the threat of the new wave of COVID-19, the business recovery rate increased to 60.6% in December 2021 which is higher than that of September 2021 (56.8%) and even higher than the earlier record of 57.4% registered in March 2021.

Consecutive waves of COVID-19, increase in input price, supply chain disruption, and decline in sales of export orders among others were mentioned by the firms as major difficulties in the recovery phase. While 74% of the firms did not receive any stimulus package, only 23% received any stimulus package. Around 40% of the firms availing of the stimulus package found it to be insufficient.

Among the surveyed firms, 65% said that further government support was required. The required support includes providing low-interest working capital loans, introducing pre-shipment refinance facilities for exporters and social safety net programs for hapless workers.

After a dip in the July-September 2021 quarter, the overall EBI improved and was at that time the highest in the seven rounds of the survey. Despite the overall improvement in EBI, there has been some decline in the tax system, corruption, skilled workforce, transport quality, trade logistics and COVID management sub-indicators. EBI has fallen across the leather, wholesale and real estate sectors.

In relation to the impact of Omicron, 71% of firms reported a decrease in export orders/sales followed by 79% of firms reporting additional health measures and an increase in associated costs and 82% of firms reported an increase in input costs. Omicron also increased the risk of a decrease in export as reported by 89% of firms, the risk of additional health measures and associated cost increase as reported by 90% of firms and the risk of an increase in input cost, as reported by 91% of firms.

The impact of the fuel price hike was also significant. 97% of firms reported an increase in transportation cost and 79% of firms reported an increase in energy cost. It has also heightened the risk of an increase in transportation cost as reported by 94% of firms and the risk of an increase in energy cost, as reported by 81% of firms.

29.3% of the surveyed firms availed of any loan in the last three months (October-December 2021). The majority of the medium and large firms took loans from formal sources (e.g banks and non-bank financial institutions). However, micro and small firms took loans from both formal and informal channels. Informal sources of loans were from friends and family, cooperative society, NGOs and Mohajon. Similar to the last quarter before the seventh round, it was found that completed paperwork, collateral problem, lengthy procedure, bank-client relationship etc. remain major problems for the firms to avail of any loan from the banks.

The report advises that the following sets of policy suggestions be enacted with priority considering the survey results and analysis:

Covid management

- ***Development of sector-specific protocol:*** The government should involve the major stakeholders—especially the private sector—representatives from various economic disciplines, sector specialists, and public health experts to design sector-specific and area-specific COVID management strategies. For creating such sector-specific and area-specific protocols, policymakers should take into account the global experience.

- ***Acceleration of vaccination program:*** Rural and slum dwellers in the nation have a high prevalence of vaccine reluctance and refusal. This is a result of low levels of literacy and faith in the healthcare system, and a lack of confidence in health safety regulations. Therefore, more clinics in remote and semi-rural regions can be opened to guarantee that immunization is accessible to a larger population. Additionally, in rural areas, health professionals and respected community leaders can inspire and inform residents about the necessity and significance of vaccination. In addition, the public should continue to receive vaccinations without charge in the future.

- ***Considering pragmatic stringent policies:*** A lower spread of COVID-19 infection rate is related to strict government policies, and in particular, strict containment and restriction policies, including decreasing the number of working days or allowing a restricted number of employees in regular intervals, gathering restrictions, ensuring social distancing in public transportation, stay-at-home orders, restrictions on internal movement for unnecessary reasons, and international travel control as well as quarantine enforcement on the returnee. Two strategies that stand out and consistently inhibit the spread of COVID-19 are restrictions on international travel and social distancing in public transportation. One week after implementation, the containment and restriction policies have a stronger slowing effect on the spread of COVID-19 that is compatible with the progression of the incubation period and SARS-CoV-2 transmission pattern. For this, the delaying impact is more pronounced in nations with rigid cultures and dense populations.

Government support and the stimulus packages

- ***Faster disbursement of the stimulus packages:*** A multi-stakeholder task force should be established to oversee the implementation of the COVID-19 liquidity support packages and assess their efficacy. This task force should include representatives from various ministries, the central bank, commercial banks, trade associations, civil society, non-governmental organizations, and academics. Furthermore, the government's COVID-19 liquidity support to low-income professionals, farmers, and small companies should be hastened immediately by clearing the checks from the banks faster.

- ***Easier access to stimulus packages:*** The government could lower the requirements and decrease the number of documents required to access the stimulus packages. Collateral requirements shouldn't be considered the staggering barrier in order to avail of the fund since SMEs and female entrepreneurs struggled in managing the fund due to the collateral problem. Therefore, the government should make flexible collateral requirements. Moreover, an awareness program to provide information about the stimulus packages is required to spread among small and medium enterprise (SMEs) entrepreneurs and rural businesses. This will make accessing the stimulus package easier.

- ***Focusing on specific requirements of firms:*** Over half of the nation's GDP comes from the services sector. However, manufacturing companies did obtain the majority of the incentive packages compared to those in the services sector. The services sector suffers the most during the pandemic because people are unable to relocate and continue their job, whereas manufacturing companies like RMG continue to operate because to direct government regulations and supports, protocol safeguards, and other measures. Therefore, the government should foster a climate that allows all businesses, regardless of industry or size, to gain support from the government.

SMEs focus

- ***A proper assessment of the impact of the stimulus package:*** Three elements are crucial when implementing stimulus programs during economic crises: timeliness, targeting, and an exit strategy. Within this paradigm, the government of Bangladesh's stimulus packages can be evaluated. The government has set timelines for the stimulus packages for each sector. This facility must be time bound because bank loans make up the majority of the stimulus. Further, the selection criteria of the beneficiary of the cash transfer should be revised thoroughly to avoid mistargeting. Lastly, the first stimulus package's success and usefulness can serve as a useful lesson for the second.

- ***Facilitation of further credit and easy access to finance*****:** The ease of obtaining credit is one of the key markers of "ease in business". As Bangladesh is a nation that depends on private sector investment for growth that is sustainable, making the loan application procedure simpler is essential for further growth. The majority of new jobs are being created by micro, small, and medium-sized enterprises (MSMEs). Therefore, enhancing MSMEs access to financing is a task central to the nation's economic and financial development. However, the established and powerful business group are historically benefited from such government-announced stimulus packages. Given this imperfection in the market, state policy is essential for fostering an atmosphere for ensuring the MSME's friendly loan disbursement.

- ***Supply-side support to rescue institutional deficiency:*** The supply chain has been disrupted by many nationwide lockdowns that have slowed or temporarily stopped the flow of raw materials and finished items. It caused disruptions in the nation's manufacturing and service sectors. Greater efficiency, efficient management, technological upgradation and reskilling of the supply chain labour force are required to reduce the effects of the interruption in the supply chain.

- ***Promoting and extensive implementation of the Credit Guarantee Schemes (CGS) by the Bangladesh Bank:*** While one-time seminars or workshops are helpful for introducing the new facility, financial institutions (FIs) should receive frequent communications from various levels such as Chief Executive Officer (CEO), manager, etc., to maintain their confidence in the CGS facility. The same is true for the cottage, micro, and small enterprises (CMSEs) which are the program's target market in Bangladesh. The government should think about establishing, revising, and actively implementing financial literacy programs across the nation that will encourage more CMSEs to become formalized in order to make sure that these CMSEs may get support from CGS as soon as possible. The government might think about passing a secured transaction law, as some African nations have previously done (as well as certain Latin American and Southeast Asian nations). This will make it possible to create a registry for collateral that will allow FIs to register their claims on assets given up as collateral by borrowers.

Fuel price hike

- ***Relaxed taxation on import of oil:*** The oil market has grown unstable in the face of rising worldwide prices. Millers and merchants take this opportunity and deliveries slowly and stockpile the oil expecting that the oil price will subsequently be increased. For containment of the oil price hike, the government has to ensure a market threat by providing information in the market that the supply of oil is enough to meet the demand. Moreover, the indirect tax on oil needs to be reduced to ensure that people can purchase it at a lower cost.

- ***Strategic, dynamic and forward-looking fuel price policy:*** 97% of firms reported that they experienced an increase in transportation cost due to fuel price hikes followed by 79% of firms that reported an increase in energy cost. The fuel price hike also increased the risk of an increase in transportation cost as reported by 94% of firms and the risk of an increase in energy cost, as reported by 81% of firms. In order to adopt a strategic, dynamic, and forward-looking fuel-price policy, the taxes on imported oil should be lowered.

Remittances

- ***Need assessment of the falling trend of remittances:*** The main source of foreign financial transfers to low- and middle-income (LMIC) nations like Bangladesh has been remittance. The remittance is counter-cyclical; as the economy begins to recover from the pandemic-induced recession, the remittance inflow is going to be downward. The high remittance payment through the informal channel restricts the larger flow in the formal channel. Thus, the government should take initiatives to reduce the price of the remittance gap between the formal and informal channels- for this, the exchange rate should be flexible and the market should determine the exchange rate.

- ***Extended support to aspirant immigrants:*** To make the process of finding work abroad very transparent, prospective migrants should be offered simple, affordable loans to ease their financial strain. Further, extensive mass media campaigns to inform foreign job seekers of the precise employment authorities and the total cost required to move abroad should be launched.

- ***Facilitation of training on skills demanded in destination countries:*** An application may be asked to complete a self-assessment form by an employment counsellor who has been appointed by an employment services provider to profile and identify the talents for which the applicant seeks to be certified. An assessment centre or training company that performs assessments in many industries might oversee the recognition process. These evaluation centres may occasionally be industry-specific, concentrating on particular sectors like construction or tourism. Finally, it's critical to educate migrant workers about the terms of a fair contract that will govern their employment while in the destination nation.

- ***Diplomatic efforts with labour-receiving countries on employment, salary, and work environment:*** Successful migration management is essential to achieving effective migrant rights protection. A suitable follow-up mechanism must be included with such a migration management system in order to support government and social partner initiatives in putting these principles into practice. To improve and increase support for governments, employers' organizations, and workers' unions in implementing these principles at the national level in a variety of areas, including; (i) developing alternatives to gaining employment in the home country; (ii) building efficient labour migration mechanisms; (iii) optimizing migration's positive impact on development; (iv) use of international standards in the treatment of migrant labour; (v) migrant workers and their families social protection; (vi) fighting discrimination and xenophobia; (vii) helping immigrant employees integrate socially and economically; (viii) addressing the issues faced by migrant employees who are not in legal status.

Inflation

- ***Balanced coordination between fiscal and monetary policy:*** Monetary policy is the primary tool for bringing inflation under control. In particular, raising interest rates reduces demand and aids in doing so. Other measures that can be taken to lower inflation include tight fiscal policy (increased taxes), supply-side measures, wage controls, exchange rate appreciation, and control over the money supply.

- ***Effective monetary policy:*** The worldwide best practice to contain inflation is to reduce demand. For this, monetary policy to reduce demand is used. The monetary tool to control inflation is to increase the interest rate. However, the deposit rate (6%) and lending rate (9%) capped for a long time in Bangladesh do not allow the use of the proper monetary transmission mechanism to control inflation. Therefore, the deposit and lending rate cap should be lifted. Deposit and lending rates should be determined by the market, not the central bank's interference.

- ***Effective measures for adaptive price expectation which be counter inflationary:*** The point for controlling inflation is also controlling the price expectation of the rational economic agents. The expectation of future price rises not only increases the price of the future but also increases the price in the current time. If consumers expect a price increase in the future, they will panic buying at the present time. On the other hand, if business people believe that there will be a price increase in the future, they reduce the supply and store the items in order to sell them at a high price in the future. Therefore, panic buying and curtailing supply further increase the price today. In this case, controlling price expectation, the government should foresee such a situation and stock up on the essential commodities to give the threat to the market, and the government should provide symmetric information about the demand and supply in the market.

- ***Containing excessive market power:*** Some necessary items such as soybean is controlled by the same few importers. They largely use market power to dictate the price. Hence, the spaces where such market power can be exercised cannot be large. If there is any such exercise of market power, it is the responsibility of the Competition Commission of Bangladesh to detect and act on it.

- ***Blended coordination between fiscal and monetary policy:*** In this case, some areas should be taken into account-

    iv. Gradual adjustment of the oil, and fertilizers price- No need to increase the price of the essential a huge amount at a time.
    v. Controlling import demand (luxury goods) and cutting unnecessary public expenditure to lessen pressure facing the economy as well as expand social safety net programmes to help poor and low-income households
    vi. Monitoring the exchange rate market- Bangladesh's bank should regularly monitor the foreign exchange market. Any artificial speculation could lead to high import costs, eventually leading the high price in the domestic market

FDI inflow

- ***SEZ-based approach:*** Foreign direct investment (FDI) is typically encouraged by and attracted to special economic zones (SEZs) due to their favourable economic conditions. By using tax incentives to entice foreign investment and spur technical innovation, special economic zones (SEZs) has to be well prepared to provide an impetus for foreign investors to invest in Bangladesh.

- ***Fixing the long-term supply-side bottlenecks:*** Foreign investor doesn't come to Bangladesh because starting a new business is costly and often it takes a longer time to complete administrative procedure due to the (red-taped) bureaucratic process. Bangladesh is ranked very poorly in the "ease of doing business", conducted by the world bank. The transportation sector, custom procedures and political rent-seeking hinder the smooth growth of the businesses. Therefore, such supply-side bottlenecks should be fixed and it is needed to be created a business-friendly atmosphere to increase the FDI inflow in Bangladesh. It takes a longer time to fix the supply-side bottlenecks, therefore, the government should make plans immediately in order to fix the supply-side bottlenecks.

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Questionnaire for the Business Confidence Index (BCI) Survey

The Global Economy is passing through an unprecedented crisis. Bangladesh is no different. The economic crisis fuelled by COVID-19 has been proven to be unpredictable and rapidly evolving. During such economic downturns, close monitoring of the private sector is warranted. This is primarily because, for any economy, private investment is one of the fundamental sources of economic expansion. Recovery from economic downturns caused by the pandemic would require a revamped rejuvenation of the private sector. Unless and otherwise, the business community in a country are assured of their returns, along with assurances of risk minimizations, no country can revive from economic recessions.

SANEM has taken the initiative to measure the condition of business confidence in Bangladesh quarterly. SANEM is a renowned Think Tank and Research Organisation based in Dhaka, Bangladesh.

Meanwhile, SANEM has successfully conducted six rounds of the business confidence survey in July 2020, October 2020, January 2021, April 2021, July 2021 and October 2021 respectively. Based on the survey responses, six consecutive workshops were arranged in August 2020, November 2020, February 2021, May 2021, August 2021, and November 2021 and the findings of the surveys were communicated to renowned economists and policymakers in the country. We will now conduct the seventh round of the survey, which will begin on 3 January 2022, and will be completed by 24 January 2022. This round is also very crucial to compare the opinions of the business community with the previous rounds and to have their expectations in the next round.

As a business insider, once again your opinions have become extremely important during such crises. Your perceptions regarding the overall business scenario are extremely valuable in understanding what policy revisions are required, and where further policy deepening is essential.

It will take a maximum of 10-15 minutes to complete this survey. We are most grateful to you for making this time amidst your busy schedules. Your valuable insights are essential in this endeavour.

We assure you that your all responses, including your personal and firm details, will be kept strictly confidential. All your responses will only be used for research.

Section 1: General Information about the Firm

Q.1.1 Firm Information

Firm Name
Firm ID
Division Name
District Name

1.2 Type of Firm

Q.1.2 What is the type of this Firm?

1. Manufacturing (>> Q.1.3)
2. Services (>> Q.1.4)

Q.1.3 If manufacturing, please select the firm type from the options listed below.

1. RMG
2. Textile
3. Leather
4. Tannery
5. Pharmaceuticals
6. Food processing
7. Chemical and chemical products
8. Plastics, rubber and other non-metallic products
9. Light engineering
10. Electronics
11. Furniture
12. Heavy engineering (Cement, Steel)
13. Others

Please specify "Others" for question 1.3

Q.1.4 If service, please select the firm type from the options listed below.

1. Real estate
2. Wholesale
3. Retailers
4. Restaurants
5. Tourism and Hospitality
6. Transport
7. Financial sector
8. ICT and Telecommunication (excluding E-commerce)
9. E-commerce
10. Construction
11. Other

Please specify "Others" for question 1.4

1.5(a) Firm Contact Information

Mailing Address
Phone Number

Do you agree to start the interview now?

1. Yes (>> Respondent's Contact Details; Start the Interview)
2. No (>> 11; Thank the contact person and conclude the interview)

1.5 (b) Respondent's Contact Details

Respondent's Name
Respondent's gender
Respondent's designation in the Firm
Mobile Number of the respondent
Email Address
Number of years in Firm

1.6 Location of the firm

Q.1.6 Where is the firm located?

1. Export Processing Zone/Special Economic Zone
2. Industrial Park/ Industrial Area
3. Outside of the above-mentioned locations

1.7 Firm Ownership

Q.1.7 What is the type of ownership of the firm?

1. Government ownership
2. Domestic Private company
3. Public-Private joint ownership
4. Domestic-Foreign joint venture
5. Foreign Ownership

1.8 Female ownership in the firm

Q.1.8 Is this establishment owned by a female [partially/fully]?

1. Fully owned by a female
2. Partial female ownership
3. No female share or ownership

1.9 Year of Establishment

Q.1.9 In which year was the firm established?

Section-2: Financial Condition or Profitability

Respondents should choose the option that suits their perception best. Here, all the options are scaled between 0 and 100. Much worse is equivalent to 0; 'Worse' is 25; 'Same as before' is 50; 'Better' is 75; and 'Much better' is 100.

Q.2.1 How was your profit in October to December (2021) compared to July to September (2021)?

- Much worse [0]
- Worse [25]
- Same as before [50]
- Better [75]
- Much better [100]

Q.2.2 How was your profit in October to December (2021) compared to October to December (2020)?

- Much worse [0]
- Worse [25]
- Same as before [50]
- Better [75]
- Much better [100]

Q.2.3 Compared to October to December (2021), what is your expectation about profit in January to March (2022)?

- Much worse [0]
- Worse [25]
- Same as before [50]
- Better [75]
- Much better [100]

Section-3: Investment Situation

Respondents should choose the option that suits their perception best. Here, all the options are scaled between 0 and 100. Much worse is equivalent to 0; 'Worse' is 25; 'Same as before' is 50; 'Better' is 75; and 'Much better' is 100.

Q.3.1 How was your investment scenario in October to December (2021) compared to July to September (2021)?

- Much worse [0]
- Worse [25]
- Same as before [50]
- Better [75]
- Much better [100]

Q.3.2 How was your investment scenario in October to December (2021) compared to October to December (2020)?

- Much worse [0]
- Worse [25]
- Same as before [50]
- Better [75]
- Much better [100]

Q.3.3 Compared to October to December (2021), what is your expectation about investment scenario in January to March (2022)?

- Much worse [0]
- Worse [25]
- Same as before [50]
- Better [75]
- Much better [100]

Section-4: Employment Situation

Respondents should choose the option that suits their perception best. Here, all the options are scaled between 0 and 100. Much worse is equivalent to 0; 'Worse' is 25; 'Same as before' is 50; 'Better' is 75; and 'Much better' is 100.

Q.4.1 How many permanent employees do you have NOW (January 2022)? (Record in number)

Q.4.2 How many of the permanent employees are females (January 2022)? (Record in number)

Q.4.3 How was your overall employment in October to December (2021) compared to July to September (2021)?

- Much worse [0]
- Worse [25]
- Same as before [50]

- Better [75]
- Much better [100]

Q.4.4 How was your overall employment scenario in October to December (2021) compared to October to December (2020)?

- Much worse [0]
- Worse [25]
- Same as before [50]
- Better [75]
- Much better [100]

Q.4.5 Compared to October to December (2021), what is your expectation about employment scenario in January to March (2022)?

- Much worse [0]
- Worse [25]
- Same as before [50]
- Better [75]
- Much better [100]

Section-5: Wages Situation

Respondents should choose the option that suits their perception best. Here, all the options are scaled between 0 and 100. Much worse is equivalent to 0; 'Worse' is 25; 'Same as before' is 50; 'Better' is 75; and 'Much better' is 100.

Q.5.1 How was the salary/wages of the workers/employees in October to December (2021) in your organization compared to July to September (2021)?

- Much worse [0]
- Worse [25]
- Same as before [50]
- Better [75]
- Much better [100]

Q.5.2 How was the salary/wages of the workers/employees in your organization in October to December (2021) compared to October to December (2020)?

- Much worse [0]
- Worse [25]
- Same as before [50]
- Better [75]
- Much better [100]

Q.5.3 Compared to October to December (2021), what is your expectation about salary/wage scenario in January to March (2022)?

- Much worse [0]

- Worse [25]
- Same as before [50]
- Better [75]
- Much better [100]

Section-6: Business Costs

Respondents should choose the option that suits their perception best. Here, all the options are scaled between 0 and 100. Business cost 'Increased a lot' is equivalent to 0; 'Increased' is 25; 'Same as before' is 50; 'Decreased' is 75; and 'Decreased a lot' is 100.

Q.6.1 How was your overall business cost employees in October to December (2021) in your organization compared to July to September (2021)?

- Increased a lot [0]
- Increased [25]
- Same as before [50]
- Decreased [75]
- Decreased a lot [100]

Q.6.2 How was your overall business cost in October to December (2021) compared to October to December (2020)?

- Increased a lot [0]
- Increased [25]
- Same as before [50]
- Decreased [75]
- Decreased a lot [100]

Q.6.3 Compared to October to December (2021), what is your expectation about business cost scenario in January to March (2022)?

- Increase a lot [0]
- Increase [25]
- Same as before [50]
- Decrease [75]
- Decrease a lot [100]

Section-7: Sales or Exports

Respondents should choose the option that suits their perception best. Here, all the options are scaled between 0 and 100. Export/Sales order 'Decreased a lot' is equivalent to 0; 'Decreased' is 25; 'Same as before' is 50; 'Increased' is 75; and 'Increased a lot' is 100.

Q.7.1. What is the share of export in your total sales?

Q.7.2 How was your sales/export order in October to December (2021) in your organization compared to July to September (2021)?

- Decreased a lot [0]
- Decreased [25]
- Same as before [50]
- Increased [75]
- Increased a lot [100]

Q.7.3 How was your sales/export order in October to December (2021) compared to October to December (2020)?

- Decreased a lot [0]
- Decreased [25]
- Same as before [50]
- Increased [75]
- Increased a lot [100]

Q.7.4 Compared to October to December (2021), what is your expectation about sales/export order scenario in January to March (2022)?

- Decrease a lot [0]
- Decrease [25]
- Same as before [50]
- Increase [75]
- Increase a lot [100]

Section 8: Government Support & Stimulus Packages

Q.8.1 Have you availed of any of the announced incentive packages?

1. Yes (>>Q.8.3>>Q.8.4)
2. No (>>Q.8.2)
3. I do not know whether my company availed stimulus package or not (>>Q.8.4)

Q.8.2 Have you tried to avail any of the announced stimulus packages?

1. Yes (>>Q.8.4)
2. No (>>Q.8.4)

Q.8.3 In your opinion, how sufficient are the incentive packages your firm has received so far?

1. Not sufficient at all
2. Insufficient
3. Neither insufficient nor sufficient
4. Sufficient
5. Very much sufficient

Q.8.4 Do you think further government supports are needed for your industry?

1. Yes (>>Q.8.5)
2. No (>>next section)

Q.8.5 On a scale of 1 to 5, how much further support do you need for your firm?

Options	Not needed [1]	Somewhat needed [2]	Moderately needed [3]	Much needed [4]	Extremely needed [5]	Not Applicable
Providing low-interest working capital loans						
Special funds for salary support to workers						
Expanding Export Development Fund						
Introducing Pre-Shipment Refinance Facilities for Exporters						
Introducing Special Facilities for the SME sector						
Social safety net program for the hapless workers in the sectors						
Others (specify)						

Section 9: Business Environment

Q.9.1 On a scale of 1 to 6, at present how much favourable are the following indicators for your overall business performance (here, 1 represents extremely unfavourable to business, and 6 represents extremely favourable to business)

Indicators	Extremely unfavourable (1)	Moderately unfavourable (2)	Slightly unfavourable (3)	Slightly favourable (4)	Moderately favourable (5)	Extremely favourable (6)
Electricity (connection and quality)						
Overall Tax System						
Business or property Registration						
Access to finance						
Corruption						
Availability of skilled workers						
Transport quality						
Trade Logistics (Port and Customs)						
Overall government support for your industry						
Management of the COVID-19 crisis (health sector and economy)						

Q.9.2 Have you availed of a loan in the last 3 months?

1. Yes (>>Q.9.3)
2. No (>>Q.9.5)

Q.9.3 Have you availed it from a bank/non-bank financial institution?

1. Yes (>>Q.9.5)
2. No (>>Q.9.4>>Q.9.5)

Q.9.4 Specify from which sources if it is not from the bank/non-bank financial sector. [Multiple choices]

1. Friends and relatives
2. NGOs
3. Mohajon
4. Cooperative Society
5. Others (Please specify)

Q.9.5 What are the major problems in availing of a loan from a bank or non-bank financial institution?

Options	Strongly Disagree	Disagree	Neither Agree Nor disagree	Agree	Strongly Agree
Collateral problem					
Bank-client relationship					
Difficulty in understanding the procedure					
Lengthy procedure					
Complicated paperwork					
Corruption					
Others (Please specify)					

Q.9.6 What are the impacts or possible threats of the Omicron or the third wave of COVID-19 in your business?

Options	Strongly Disagree	Disagree	Neither Agree Nor disagree	Agree	Strongly Agree
A decrease in export order/sales					
Risk of a decrease in export order/sales					
Additional health measures and associated costs					
Risk of additional health measures and associated costs increase					
Custom procedural delay					
Risk of an increase in custom procedural delay					
Increase in input cost					
Risk of an increase in input cost					
Increase in transportation cost					

Risk of an increase in transportation cost					
Others (Please specify)					

Q.9.7 What are the impacts or possible threats of the recent fuel price hike on your business?

Options	Strongly Disagree	Disagree	Neither Agree Nor disagree	Agree	Strongly Agree
Increase in transportation cost					
Risk of an increase in transportation cost					
Increase in energy cost					
Risk of an increase in energy cost					
Increase in labour cost					
Risk of an increase in labour cost					
Increase in capital cost					
Risk of an increase in capital cost					
Increase in other input costs					
Risk of an increase in other input costs					
Others (Please specify)					

Section 10: Path to Economic Recovery

Q.10.1 Do you think Bangladesh is on the path to economic recovery?

1. Yes (>>Q.10.2)
2. No (>>Q.10.3)

Q.10.2 What kind of economic recovery are you observing?

1. Strong Recovery
2. Moderate Recovery
3. Weak Recovery

Q.10.3 Overall, compared to the pre-pandemic situation (March 2020), to what extent you have been able to recover your business in January 2022?

[Write in percentage %: 0% to any positive %]. If the business expands, it can be more than 100.

Q.10.4 What are the major difficulties for the recovery of your business? [Multiple choices]

1. Inadequate govt support including stimulus package
2. Unavailability of loan
3. Consecutive waves of COVID-19
4. Lockdown and other stringent measures
5. Decline in sales or export order

6. Fuel price hike
7. Omicron/third wave of COVID-19
8. Decline in product demand
9. Supply chain disruption
10. Increase in shipping and freight charge
11. Increase in input price
12. Others (Please specify)

Section-11: Interviewer Details

11.1 Enumerator Name
11.2 Enumerator's ID number
11.3 Enumerator’s Comment

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