

# Prepare for shocks to drive economic growth

*Says Rehman Sobhan at the Bangladesh Economic Conference 2020*

STAR BUSINESS REPORT

Bangladesh should build on its astounding economic and development achievements instead of being complacent if it has to weather off any sudden shocks, said a noted economist yesterday.

"There are obviously much to be proud of in the course of the country's near-half century journey," said Rehman Sobhan, chairman of the

Centre for Policy Dialogue (CPD), a think-tank. Bangladesh clocked in 8.15 per cent GDP growth in the last fiscal year, the highest in the Asia Pacific region.

There is diversification in the agriculture sector, in rural areas and in the industrial sector, good results in the development of infrastructure and most significantly improvement in the conditions of the lives of people.

Human development has been commendable,

Sobhan said, adding that in many areas the country has outperformed India and Pakistan.

"There are a variety of indices we have got to be much to be proud of. This is being recognised globally and we should also be very pleased about it. Now the country should look ahead instead of being self-congratulatory and it is more productive to see what can be achieved in the future, and not, in fact, rest on our laurels."

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CPD Chairman Rehman Sobhan speaks at a discussion styled "Bangladesh's economy: Envious Growth and Sustainable Development" at the Bangladesh Economic Conference 2020 at the Pan Pacific Sonargaon Dhaka yesterday. Finance Minister AHM Mustafa Kamal, third from right, and Salman F Rahman, second from right, adviser to the prime minister on private industry and investment, were present.

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# Outcry at interest rate capping

*Experts warn of declining financial stability*

STAR BUSINESS REPORT

Capping interest rates will hurt the profitability of the banking sector and create a difficult situation for people looking to make deposits, according to experts.

It will also create a financial stability risk in the banking sector, they said in the final session of a day-long event themed, 'Bangladesh Economic Conference'.

Bangla daily Bonik Barta and City Bank jointly organised the conference to mark the 100th birth centenary of the Father of the Nation, Sheikh Mujibur Rahman, and the golden jubilee of the country's independence at the Pan Pacific Sonargaon Hotel in Dhaka.

The final session was named, the 'Financial Sector: Economy of Loan and Interest'.

Capping interest rates at 9 per cent will be a big blow to profitability in the banking sector, said Zahid Hussain, former lead economist of the World Bank's Dhaka office.

Depositors will no longer submit their funds as banks will not pay out more than 6 per cent interest on fixed deposit products (FDRs).

The limit on interest will also create a moral hazard on lending as borrowers may feel that the risk of taking a loan is decreased as the rates will seem low, Hussain said.

"The government is facing an upward trend of deficit to manage its fiscal budget. This has forced it to borrow from banks by issuing T-bills and bonds," he added.

This has resulted in an increasing trend of interest rates on government tools.

The interest rate on the government tools has increased to 8-9 per cent, which does not match with the government's decision to bring down the lending rate to single digits, Hussain said.

Earlier on December 30 last year, the government announced capping of interest rates on deposits at 6 per cent and on loans at 9 per cent.

"Bangladesh's ease of doing business index is poor and the risk of both business and default risks are high here."

So, setting interest rate ceilings for both is not a solution to bringing down the lending rate, Hussain said, adding that this could possibly make the financial sector unstable.

Taka will lose its appeal if banks set a low interest rate on deposits, said Ahsan H Mansur, executive director of the Policy Research Institute.

"Shadow banking now prevails in almost every village of the country. Depositors may embrace such informal sector services to get better returns," he said.

The small and medium enterprise (SME) sector, which is a major driving force for the country's GDP growth, will be deprived of their desired financing.

"We are now trying to build an inclusive economy. But this will not be materialised by creating a bar on access to finance to the SME sector. We should rethink the whole process to implement the capping of interest rates."

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# Digital commerce fairs start tomorrow

STAR BUSINESS REPORT

The e-Commerce Association of Bangladesh (e-CAB) will hold a series of digital commerce fairs in eight divisions, starting with Jashore from tomorrow, in a bid to promote the country's electronic commerce sector.

Leading e-commerce companies are set to showcase their products and services. There will also be seminars on various issues faced by the e-commerce sector alongside concerts, said e-CAB General Secretary Abdul Wahed Tomal.

The event, which was established two years back and held annually, is organised by the e-CAB in association with Bangladesh Post Office and Tottho Apa, a project of Jatiyo Mohila Sangstha.

The next phase will take the event to Rajshahi on March 14, Rangpur on March 21, Mymensingh on March 28, Sylhet on April 4 and Barishal on April 11.

The final leg will see two-day programmes take place, beginning with Chattogram on April 18-19, while the fair will be concluded through the Dhaka phase on April 24-25.

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# Govt to launch Bangabandhu Innovation Grant for startups

STAR BUSINESS REPORT

The government is set to launch a grant programme for both local and international startups to mark the birth centenary of the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman, according to ICT State Minister Zunaid Ahmed Palak.

"We will give importance to homegrown solutions for local problems, while youths from abroad can also avail themselves of funds," said Palak while addressing a press conference at his office yesterday.

The startups can win endowments worth anywhere from Tk 50 lakh to Tk 1 crore under the programme styled Bangabandhu Innovation Grant, he added.

The ICT division has already prepared a draft guideline, which will be finalised by March 30. After that, applications will be accepted in April and the winners will be announced in January next year.

Participants from neighbouring countries are expected as the ICT division



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Zunaid Ahmed Palak, state minister for ICT, speaks at a press conference at his office in Dhaka yesterday.

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## A NERVY WEEK IN BOURSE

Dhaka bourse was on the slide last week thanks to fears of the impact of coronavirus on listed companies' earnings. A 2 per cent reduction in the Chinese supply of intermediate inputs due to coronavirus epidemic might lead to a loss of \$17 million in Bangladesh's exports, says Unctad. On the other hand, Bangladesh Bank asked banks to implement 9 per cent lending rate immediately, which may eat into banks' earnings.

DSEX fell to **4,384** points  
(down **96** points, or **2.1%**)

Average turnover fell to Tk **482.2cr**  
(down Tk **135.3cr**, or **21.9%**)

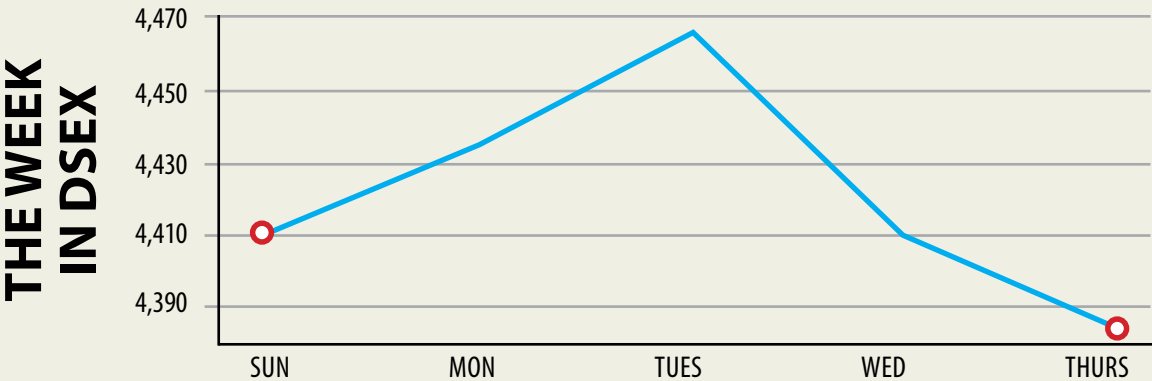


TOP FIVE GAINERS	
Company	Gain (in %)
Intech	31.8
Central Pharma	21
Khulna Printing & Packaging	19.6
Sea Pearl Beach Resort	19.3
Hakkani Pulp	19.1

TOP FIVE LOSERS	
Company	Loss (in %)
ILFSL	12.8
City General Insurance	12.1
Rangpur Dairy	11.7
Runner Auto	10.4
Aman Feed	10.0

TOP SECTORAL CONTRIBUTION	
Sector	Change in market cap (in %)
Jute	9.0
Services & Real Estate	6.3
Cement	4.1
Telecommunication	3.9
Paper & Printing	3.2

TOP TURNOVER	
Company	Average turnover
Monno Ceramic	Tk 121.2cr
VFS Thread	Tk 61.3cr
GBB Power	Tk 57.3cr
Far Chemical	Tk 51.2cr
Square Pharma	Tk 50.7cr



## NEXT STEP

## Making a DIFFERENCE

Bangladesh is rapidly moving towards middle income status by 2021. Our businesses definitely offer immense opportunities for the growing economy and this diversity needs a stage for the stories untold. See Bangladesh make its mark on the global map as Making a Difference brings you our proudest success stories from across the country.

## 2020: The year of making actual differences

*Last year was a year of milestones for women and gender equity - the narrative surrounding gender equality, a conversation seemingly as old as time itself, has taken centre stage in the global consciousness.*

While the world has opened up to more issues surrounding women and bringing in new eyes and a new generation of leaders and advocates to the fore, actual steps have yet to be taken. Women in Bangladesh are facing hardships, trying to establish their rights in families and society alike. Particularly in the workplace and of law, women face discrimination against their gender, wilful exclusion, biased injustice and have little to no influence in the decision making processes.

*Still can't grasp the image? Here are a few pointers.*

- If you're applying for a job and there's only one woman in your applicant batch, there's statistically no chance she'll get the job over the rest
- Men are promoted at 30% higher rates than women during their early career stages
- 90% of women leave the workforce because of workplace problems (other than having a child)
- In a study of 21,980 firms from



Illustration: Ehsanur Raza Ronny

91 countries, just over 50% of firms didn't have any female executives (only 11% of firms had all-female executives)

- 50% of women in STEM fields will eventually leave because of hostile work environments

In addition to women attaining a

minimum of bachelor degrees, they are also the majority of university students in nearly 100 countries. Women are an educated bunch, particularly in developed countries - but they are not climbing the ranks. Why not? Because gender bias is real and it's a creaky ladder.

*Why do we need equity?*

To integrate more women into the workforce, reducing gender-based discrimination and establishing gender equity is essential. We should note that there is an important distinction between gender equality and gender equity. They are related terms but have different meanings. When it comes to the workplace and job-related scenarios, equity sets the stage for equality, as it refers to the fair of treatment for both women and men, according to their respective needs.

If equality is the end goal, equity is the means to get there.

SHABIBA BENTA HABIB