

BSEC pledges to promote venture capital and private equity firms

STAR BUSINESS REPORT

The Bangladesh Security Exchange Commission will help boost the start-up, venture capital and private equity ecosystem in Bangladesh, said its Chairman Shibli Rubayat-Ul-Islam on Wednesday.

“We will certainly accommodate relevant changes that are necessary for the venture capital and private equity enterprises,” said Islam during a meeting through a digital platform with a delegation from Venture Capital and Private Equity Association of Bangladesh (VCPEAB).

Shameem Ahsan, chairman of VCPEAB and general partner of Pegasus Tech Ventures (former Fenox Venture Capital), led the delegation.

The BSEC is continuously working to make the investment environment easier and transparent in Bangladesh, he said, while pledging to work with VCPEAB on policies to nurture the emerging industry.

During the meeting, the team discussed different initiatives related to strengthening the venture capital, private equity and start-up ecosystem.

VCPEAB also requested for policy support to create a sustainable venture capital industry.

The delegation emphasised the possible contribution by venture capital and private equity investments to boost trade, innovation, export and help create home-grown start-ups

that can contribute to the securities market in Bangladesh.

Ahsan urged for expanding the scope of venture capital and private equity industry with policy support such that they can contribute to the Bangladesh economy through their investment in innovative start-ups.

As a result, these start-ups can create an ecosystem that can contribute up to 2 per cent to the country’s gross domestic product by 2025.

“The success of global companies like Google and Facebook is not only attributed to their founders but also their VC investors like Sequoia Capital, Accel Partners and Greylock partners among others who supported them while they were only start-ups,” Ahsan said.

Similarly, the best companies from Bangladesh will emerge with the investments of venture capital and private equity funds.

BSEC Commissioner Shaikh Shamsuddin Ahmed said all kinds of support will be provided to improve the start-up and venture capital industry in Bangladesh.

Shawkat Hossain, general secretary of VCPEAB, presented a keynote on behalf of the association to share the policy reforms necessary to develop the venture capital and private equity industry.

“We can see our current policy has many drawbacks when compared with the policies followed worldwide. From VCPEAB we are

proposing to amend and add to our current structure to make an industry conducive to the creation of local start-ups,” Hossain said.

Arif Khan, chief executive officer of IDLC, focused on widening the investment opportunity and clearing policy with an amendment to make the industry lucrative for the investors. He emphasised on many international practices followed worldwide.

“There is a need to make the investment environment suitable for both local and foreign investors, outlining both the investment and exit strategies. This will create long-term investments feasible for the funds,” Khan said.

“Few major guidelines are missing and creating barriers for us to do investment properly,” said Waliul Marrof Matin, a director of the VCPEAB and managing director of Maslin Capital.

These policies need to be more investment-friendly for the fund managers, he added.

Shafique-ul-Azam, managing director of BD Venture; Asif Mahmood, managing director, SEAF Bangladesh Ventures LLC; Kh Asadul Islam, managing director of Alliance Capital Asset Management; Masum Ali, CEO of Lanka Bangla Asset Management Company; Meer Sajed-Ul-Basher, CEO of Impress Capital; Mahadi Hasan, chief investment officer of Athena Venture and Equities, and Anower Jahid, investment associate, Bangladesh Venture, were also present in the discussion.

IMF chief warns global economy ‘not out of the woods yet’

AFP, Washington

Despite some signs of recovery, the global economy faces continued challenges, including the possibility of a second wave of COVID-19, and governments should keep their support programs in place, IMF chief Kristalina Georgieva said Thursday.

Activity “has started to gradually strengthen... But we are not out of the woods yet,” Georgieva said in a message to G20 finance ministers ahead of their weekend meeting in Saudi Arabia.

The Washington-based crisis lender late last month downgraded its growth forecasts, and now expects global GDP to fall by 4.9 per cent this year due to the deeper contraction during lockdowns than previously anticipated, and only a “tepid recovery is expected for next year.

“The \$11 trillion in stimulus provided by the G20 nations helped to prevent a worse outcome, but “these safety nets must be maintained as needed and, in some cases, expanded,” Georgieva urged in a blog post.

She highlighted measures including paid sick leave for low-income families and access to health care and unemployment insurance.

But the recovery faces risks, she said, including the possibility of “a second major global wave of the disease could lead to further disruptions.”

While she acknowledged that the “substantial and rising debt levels are a serious concern,” Georgieva said, “At this stage in the crisis, however, the costs of premature withdrawal are greater than continued support where it is needed. Many countries have moved to reopen, so, Clearly, we have entered a new phase of the crisis,” she said in a blog post, adding it will require “further policy agility and action to secure a durable and shared recovery.

“Many jobs that have been lost amid the pandemic may never come back, so workers will need support and training to move into new sectors.”

“The bottom line is that the pandemic is likely to increase poverty and inequality,” she said but noted that policymakers have “a once-in-a-century shot” at building a better, greener and more equitable world.



Rumee A Hossain

Bank Asia re-elects board executive committee chairman

STAR BUSINESS DESK

Rumee A Hossain has recently been reelected as the chairman of the executive committee of the board of directors of Bank Asia.

He is one of the sponsor directors and sponsor shareholders of the bank.

Hossain has more than 26 years of business experience in several industries such as electronics, telecommunications, pharmaceuticals, IT and publishing.

He is the managing director of Rangs Industries, the distributor of Toshiba and Samsung, and Romask Limited, according to a press release.

Hossain is a graduate in mechanical engineering and has an MBA degree in international business management.

NBR takes one big step towards automation

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With the introduction of the e-payment, businesses will be able to pay VAT, turnover tax, supplementary duty, penalty and interest to public exchequer directly from their bank accounts.

Under the process, firms will send instruction to their banks to clear the VAT. The bank will deposit the money with the Bangladesh Bank using the real-time gross settlement system.

The central bank will verify the balance of the taxpayers’ account and confirm to the bank about the transaction.

Simultaneously, the central bank will send transaction information to the NBR’s Integrated VAT Administration System (IVAS) and the government’s Integrated Budget & Accounting System, a fully automated web-based platform that captures and processes all government transactions as they take place.

Taxpayers will get payment confirmation from the IVAS as soon as the transaction is carried out.

The VAT-registered firms and individuals will show the e-invoice as proof of payment in their returns. The e-invoice will also be shown on the taxpayers’ accounts with the IVAS.

Last week, the revenue authorities said electronic invoices generated through the IVAS would be accepted as acknowledgement receipts for VAT payment to the treasury.

“I am much too excited about the online VAT payment system,” said Mohammad Muslim Chowdhury, the Comptroller and Auditor General, joining the event virtually.

“We have been moving around to automate the system but we are not giving a big push. This platform is creating a big boost,” he said, suggesting the NBR include all banks within six months to make the e-payment a success.

Finance Secretary Abdur Rouf Talukder,

who also attended the event virtually, said the automated system would save time, reduce the scope of corruption and improve service delivery.

Financial Institutions Division Senior Secretary Md Ashadul Islam stressed on ensuring the sustainability of the system.

Automation is challenging, Muneem said.

He, however, said the NBR would gradually embrace digital platforms as part of its goal to automate the revenue administration.

“We will use digital technologies in various areas to ease customer’s service,” he said, adding that the NBR would pilot e-invoice for payment of personal income tax this fiscal year in the Tax Zone-4.

The NBR has plans to make e-challan (invoice) mandatory for personal income tax payment from the next fiscal year.

Over the years, the government has focused on automating its direct and indirect tax systems to ease the hassle of taxpayers, establish transparency and eliminate graft.

But the real thrust came in the last one decade thanks to the introduction of the scope for online registration for taxpayer’s identification number, almost full automation of customs systems, push for online filing of the tax return and establishment of an e-VAT administration.

Since the rollout of the online return filing for VAT in October last year, the NBR has seen a gradual increase in the number of filing: from nearly 3,000 from the first month to 42,000 now.

The VOP is providing training to taxpayers so that all businesses can file the return electronically.

“In future, we will make online return filing mandatory. Before that, we have to improve the system by addressing the error,” Muneem said.

Survive and thrive in the post-pandemic period digital transformation

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The evolution for our enterprises in the upcoming days translates to digital transformation and the visionary long-sighted leaders like the CEOs of Fortune 500 companies have already understood the importance of allocating their limited resources to invest in IT solutions and automation.

The very first step towards achieving that evolution is to prepare a digital transformation roadmap for the organisation.

So, what is a digital transformation roadmap?

A digital transformation roadmap is a long-term, detailed set of documents that encompass the company’s vision and strategic planning for technological transformation.

It will provide a unifying approach to implement tools and technologies across the company which will increase efficiency, reduce duplication of work, enhance collaboration, and in turn, will minimise errors and operational costs to a great extent.

Moreover, it will ensure that the business remains operational during the pandemic and prolonged lockdowns.

A well-designed digital transformation strategy should have some essential elements such as alignment with business objectives, mission and vision; defining IT requirements and scope; auditing current capabilities and infrastructure; defining overall architecture; mapping business processes within the IT architecture; defining objectives and key results; validating budget and identification of the

right resources.

Our company eGeneration with our world-class productivity solutions and deep expertise in emerging technologies is proud to help many leading global and local organisations formulate their digital transformation strategies to thrive in the next era.

To ensure success in that digital-first world, we have to create a shared transformative vision of digital future, engage employees at scale to make the vision a reality, establish strong digital governance to steer the course, and fuse IT and business to build digital skills and transform technology platforms.

When the Industry 4.0 revolution started, it allowed us to embrace technologies in our workflows. Some of us took that opportunity but many of us waited.

This pandemic has come with a new reality that will not allow us to wait any longer. Companies that will embrace the new normal with digital transformation will choose the road to prosperity post-pandemic and beyond.

However, the companies that will not integrate technology in their business functions, who are still hostile to technology, are going to have a very hard time doing business in near future because the technological transformation across the industries will be massive and mind-boggling.

Now is the time to think bravely, plan boldly and act wisely.

The writer is chairman of eGeneration Group, general partner of Pegasus Tech Ventures, president of VCPEAB and former president of BASIS

Sunlife Insurance holding on to dear life

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The company is also trying to reach new business segments, including the corporate sector. It initiated some new policies like group insurance and signed business deals with microfinance institutions.

“Once the deals start generating revenue, the situation would change. We hope to turn our business around,” she said.

A top official of the Insurance

Development and Regulatory Authority said they were yet to get any information from the company over plans for the sale.

“It may have been decided just recently. They will definitely inform us,” he said.

Responding to a question, the IDRA official said the company had some problems regarding claim settlements and some of them were solved by the regulator.

The NBR is working to introduce an online platform -- National Single Window -- to facilitate trade and commerce and is trying to complete automation of bonded warehousing licencing system quickly.

However, as only four out of planned 16 modules for VAT system automation have been completed so far and just six months remain before the VOP comes to an end, the NBR chairman was asked if the tenure of the project would be extended.

“If needed, we will, of course, extend the deadline of the project to complete the rest of the modules,” Muneem said.

So far, Tk 238 crore out of the total cost of the project has been spent and a large chunk is likely to remain unspent.

The process to introduce the electronic fiscal device (EFD) has slowed in the wake of the coronavirus outbreak and the NBR would go for piloting of EFD from August.

“There is no alternative to automation to collect revenue. The whole world has moved towards automation. It will reduce the cost of collection and increase the amount of collection. We are active in introducing all sorts of digital systems to collect revenue,” the NBR chief said.

Bangladesh has the lowest tax-GDP ratio, a measure of a country’s capacity to fund expenses, in South Asia.

Apparel-makers pursue another round of low-cost loans

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With the current flow of work orders, many will not be able to pay the wages and allowances.

“So we need another financial package,” he added.

Rubana Haq, president of the BGMEA, could not be reached for comments.

Meanwhile, the private jute millers have also sought funds from the government.

If the government wants to meet the financing requirement of both the garment and jute sectors, it would need Tk 8,000 crore to Tk 9,000 crore, said an official of the finance ministry.

The finance minister is now abroad and a final decision would be taken when he returns.

However, the government may not entertain the requests for funds as it is facing financing shortfall of its own caused by a drastic fall in revenue incomes.

The revenue target for the National Board of Revenue was Tk 300,500 crore in the revised budget of last fiscal year.

The final figure is not available yet but officials hinted that they might be able to earn Tk 220,000 crore to Tk 222,000 crore in the end.

“The government is likely to face a severe revenue crunch this fiscal year, as it did last year,” according to Zahid Hussain, a former lead economist of the World Bank office in Dhaka.

It was not much keen to release the Tk 2,500 crore, said a finance ministry official.

The government would sit with the central bank to discuss the issue, said Salman F Rahman, private industry and investment adviser to the prime minister, at a programme in Dhaka yesterday.

Printing and publishing sector in dire straits

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Against this backdrop, the Dhaka Chamber of Commerce and Industry (DCCI) yesterday organised a webinar styled, ‘Covid-19 Outbreak & Bangladesh’s Publishing Industry: Crisis & Way Forward’.

Various stakeholders of the sector participated in the discussion, moderated by DCCI President Shams Mahmud.

“Due to the Covid-19 crisis, the sector lost business worth about Tk 4,000 crore out of the total Tk 12,000 crore turnover from the industry,” said Shahid Serniabad, president of the Printing Industries Association of Bangladesh.

Although only 35 crore academic books published by local printers were delivered to students in early January, the country’s printing sector is more than capable of printing 100 crore academic books yearly, he said, adding that around 5 lakh people directly depend on the industry for their livelihoods.

Serniabad also sought government support for micro entrepreneurs in the sector so that they can get loans under the previously announced stimulus packages.

Farid Ahmed, president of the Academic and Creative Publishers Association of Bangladesh, said that to recoup losses made by the printing and publishing sector amid the coronavirus crisis, the authorities need to first conduct comprehensive research to find out the actual losses to the sector.

“A long-term policy framework is needed to make the sector sustainable,” he added.

Md Shafiqul Islam Bhorosha, president of the Bangladesh Paper Importers Association, said market demand has declined to such an extent that about 70 per cent sales have been lost to the deadly pathogen.

“Cash flow is a big problem now. We need to identify different sub-sectoral losses caused by the pandemic,” said DCCI President Mahmud.

He also said the government did a great job by announcing a Tk 20,000 crore stimulus package for small and medium enterprises (SMEs).

However, micro enterprises that do not have regular dealings with banks are being deprived of loans under the stimulus package, he added.

Regarding the printing and publishing

industry, Mahmud suggested forming updated policy frameworks, reforming duty structures, technology adaptation, enhancing training facilities and easy access to finance.

MA Momen, former president of the DCCI, said printing and publishing is a challenging business. However, Bangladesh’s capacity in the sector is increasing day by day. He urged the government to take measures to safeguard the import substitute manufacturers. Mohammad Abdul Kader Khan, president of the Bangladesh Garments Accessories and Packaging Manufacturers and Exporters Association, said very few MSMEs in the sectors received loans from the stimulus package.

Khan also called upon the government to slash duties on the import of raw materials in the printing and publishing sector.

Mohammad Bashiruddin, DCCI vice president; Rafiqul Islam Azad, president of the Dhaka Reporters Unity; Shamol Paul, president of Bangladesh Pustok Prokashak O Bikreta Samity; Bashar Patwary, president of Bangladesh Local Carton Manufacturers Association, also spoke at the event.