

United efforts for gender-equal, post-Covid future

STAR BUSINESS DESK

Celebrating International Women's Day, International Finance Corporation, a member of the World Bank Group, partnered with Dhaka Stock Exchange (DSE), UN Women and United Nations Global Compact for the sixth consecutive year to "Ring the Bell for Gender Equality".

While emphasising women's role in shaping a more equal future, the annual event highlights the link between gender equality, sustainability and inclusive growth.

This year's event comes at a critical moment, as the economic and social consequences of COVID-19 continue to disproportionately impact women.

Research shows that women have borne the brunt of added household burdens and have lost their jobs at about 1.8 times the rate of men.

Studies also show that female talent is among the least utilised economic

and business resource around the world, and the pandemic is worsening the situation.

Making even small inroads in closing the global gender gap could quickly yield strong results, with the potential to increase global gross domestic product by \$12 trillion by 2025, according to a McKinsey Global Institute report.

"We are extremely pleased that the Dhaka Stock Exchange—along with over 100 other stock exchanges around the world—joined hands with IFC and other partners to Ring the Bell for Gender Equality," said Shibli Rubayat-UL Islam, chairman, Bangladesh Securities and Exchange Commission.

"We remain fully committed to closing the gender gap and promoting women's role in leadership, particularly in listed companies in Bangladesh. This will help private sector companies create value and promote inclusive growth," he added.

A 2020 IFC-DSE study indicates that around 18 per cent of board directors on companies listed in Bangladesh were women.

In terms of women on boards of listed companies, Bangladesh tops the South Asia region with a higher average than the global average of 17 per cent. However, only 5 per cent of the women board directors are currently independent directors.

"Women have to work twice as hard to succeed in a male-dominated world of work, and at the same time, women carry a significantly larger part of the unpaid domestic care burden. This care burden and other gendered access barriers have been amplified by COVID-19," said Mia Seppo, United Nations Resident Coordinator in Bangladesh.

"Despite this, we see plenty of evidence of women's resilience, innovation and leadership. In a future, gender equal world, there is no limit to how far women can go."



JAMUNA BANK

Mohammed Fazlur Rahman Chowdhury, deputy managing director at Jamuna Bank, and Azeem Shah, general manager at Renaissance Dhaka Gulshan Hotel, attend a deal signing ceremony in Dhaka recently providing the bank's credit cardholders discounts on the hotel's food and services.



FIRST SECURITY ISLAMI BANK

Syed Waseque Md Ali, managing director of First Security Islami Bank, poses as he launches a training on general banking operations yesterday.

Tax support needed for job recovery

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"The world has not faced this type of economic struggle during the last one hundred years. So, the government should adopt extraordinary policies for the next three years that would benefit the economy."

The former president of the Dhaka Chamber of Commerce and Industry said businesses did not expand as the people and businesspeople concentrated more on savings because of the uncertainty.

"Consumers don't spend money when they are in a saving mode, and businesses don't expand. For this reason, the government should introduce incentives for consumption and improve the ranking in the Ease of Doing Business Index to bring back vibrancy to the economy," Khan said.

He called for reducing corporate tax and emphasising job creation by giving tax incentives to the investors who will create employment opportunities.

Small and medium enterprises (SMEs) were affected severely during the pandemic, as sales dropped sharply. The sector has had no access to finance.

Khan suggested the government make a special allocation for the sector to ensure their access to finance to make a comeback.

In Bangladesh, there are nearly 7.9 million SMEs, including micro-enterprises contributing 25 per cent to gross domestic product (GDP), according to the Asian Development Bank.

SMEs account for 11 per cent of the country's industrial establishments, 30 per cent of industrial employment, and 40 per cent of the manufacturing output, showed the Economic Census 2013.

Rizwanul Islam, a former special adviser for the employment sector at the International Labour Office in Geneva, said various surveys show that incomes of vast numbers of people, especially in the low-income category, were still well below their pre-pandemic levels.

"This indicates that the employment situation has also not recovered fully."

He said the economy was faced with the dual challenge of returning to the pre-crisis growth path as well as that of getting on track for meeting the Sustainable Development Goal targets of full and productive employment and decent work for all, and reducing inequality.

"Given the urgency of the situation, some ad hoc measures of income support for the poor, such as direct cash transfer that was

attempted last year, should be continued – of course with necessary improvements."

Islam called for expanding direct employment generation programmes.

He also suggested allocations for economic support programmes for small and micro enterprises and finding non-bank alternatives for reaching target beneficiaries in this category in the next budget.

Kamran T Rahman, president of the Bangladesh Employers' Federation, suggested the government provide stimulus packages to all entrepreneurs in the next budget so that they could create jobs.

The rules on the disbursement of the stimulus packages should be made easier so that all entrepreneurs can access the funds. And the repayment period should be extended, he said.

Sayema Haque Bidisha, research director of the Sanem, recommended job creation in urban areas.

Razequzzaman Ratan, president of the Socialist Labour Front, said the pandemic affected informal sector workers. And those who work in the informal sector would face food shortage and malnutrition.

So, the government should allocate Tk 5,000 crore to introduce a rationing system in the budget to provide food assistance to the new poor.

Zahid Hussain said many micro, cottage and small industries had remained excluded from the subsidised credit packages because of their inability to access the banking system.

The government has made some mid-course corrections that rely on alternative institutional mechanisms.

"We don't have much information on how these have fared. If they have met expectations, then the programmes being implemented need to be strengthened," Hussain said.

Taxation policies need to eliminate provisions that discriminate against the smaller players, he said.

"Reforms in VAT are needed so that the cottage, micro and small enterprises are reintegrated in the supply chain feeding the medium and large enterprises."

According to the economist, corporate tax structures need simplification in ways that will encourage productive investments.

"The government must move away from ad hoc tax policy changes towards a predictable taxation regime to make taxation trade- and investment-friendly."

Another Tk 1,863cr bank fund

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The contribution of investment income rose to a higher extent in 2020 because banks are already starting to invest in treasury bills, bonds and the stock market, he said.

Banks' investment in bonds and other securities rose 8.84 per cent to Tk 314,747 crore in the second quarter of last year. Investment income surged Tk 842 crore, or 49 per cent, to Tk 2,546 crore in the quarter.

As the interest rate of treasury bills and bonds was high and banks did not need to keep provisions against the investment, it was better to invest into these instruments, said the banker.

However, the government reduced the interest rate on treasury bills and bonds to 8.1 per cent from 9 per cent.

So they are availing the central bank's incentive package to make money from the stock market, the banker added.

STAR BUSINESS DESK

Innovation, shared values, good governance and transparency and good governance are keys to sustaining family businesses in the long run, said experts recently.

The older generation shows leadership skills setting examples of good governance themselves and translating values to transform organisations, said Mirza Salman Ispahani, chairman of MM Ispahani.

"Be a good example, future leaders will learn your values by watching what you do, not by you telling them what to do," he said.

He was addressing a webinar on "Sustainability Strategy for Family Business" organised by Citibank NA Bangladesh in partnership with the Chittagong Chamber of Commerce and Industry (CCCI).

CCCI President Mahbulul Alam highlighted the importance of ensuring continuity for established family businesses in the national economic context.

"The CCCI being the oldest trade body of Bangladesh feels that it is our

responsibility to make our private sector aware on how these family-run businesses of ours can go through a smooth transition and mitigate the risks associated with it," he said.

"Going forward, under our new initiative, Bangladesh Center of Excellence, we wish to facilitate these family owned businesses through providing linkage, knowledge & advisory support," he said.

Munawar Misbah Moin, group director at Rahimafrooz, focused on balancing the role of governance and stewardship for family business owners while ensuring transparency across the board.

"Generation to generation transition needs to ensure shareholding inculcates responsibility over right, balancing the role of governance, stewardship and managing business by the relevant stakeholders for the common good of all," he said.

"Innovation and digitalisation are two of the biggest challenges that family businesses are facing today," said PwC Managing Partner Mamun Rashid.

"Digital transformation or any other change must be built on families' long-term vision and values. Businesses need to apply a holistic approach to navigate the digital transformation journey," he said.

"Over the years many family businesses in Bangladesh have set exemplary success across industries," said Shams Zaman, head of banking at capital markets and advisory at Citibank NA Bangladesh.

"These businesses are making key contributions to the economic growth as well as in the industrial transformation," he said.

Syed Ferhat Anwar, director of the Institute of Business Administration at the University of Dhaka, highlighted the importance of governance, inculcating values in the company culture, transparency, well defined roles & mutual respect between generations as the keys to a successful transition.

"Family business is like a land, larger will give you more opportunity and value, if you go on breaking it, smaller and smaller, the value diminishes," he said.

BB policy support for exporters extended

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The suppliers' credit is the credit extended for imports directly by the overseas supplier instead of a bank or financial institution.

In March last year, the central bank extended the repayment period for loans under the export development fund (EDF) to six months from three months.

Exporters will enjoy the support until June. The deadline of the facility was due to expire this month.

The BB allowed exporters to receive finance from the EDF to adjust their loans under the

suppliers' and buyers' credits. The support will continue until June as well.

The central bank has extended the policy supports as economic activities are yet to get momentum from the pandemic-induced slowdown, a central bank official said.

In addition, some European countries, which are the major destinations for the country's exported items, now face a fresh wave of infections.

"The policy supports extended by the central bank will help the

export sector to a large extent," said Kutubuddin Ahmed, chairman of Envoy Group, a conglomerate with a focus on readymade garments and textile manufacturing.

But there are lots of uncertainties in the export sector as some European countries are facing second and even third waves of coronavirus infections. "This will deal a major blow to exports," he said.

The export sector has rebounded in recent days, but the spread of infections has again created a barrier to keeping the momentum up, Ahmed said.

Will mobile phone service improve now?

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Khan said the connection with the new spectrum from the base transceiver station to customers would improve to some extent. But the service emanating from the main network would not go properly to the base station due to a lack of optical fibre infrastructure.

The network needs state-of-the-art infrastructures from start to finish if it wants a sustainable solution.

An official of the Bangladesh Telecommunication Regulatory Commission (BTRC) said that even if the spectrum was availed at the cost of a huge amount of money, customers should not worry about it.

"We have rules. We do round-the-clock monitoring. We take actions when people make a complaint. So, it will not be the case that the additional money needed for buying the spectrum will be mobilised from the customers. We will see what we can do," the official said.

Towers are being set up in remote areas after a gap of more than two years.

"Now, new spectrum has been allocated. As a result, there will be many benefits in the days to come," the BTRC official said.

Grameenphone said it was committed to maximising customer service quality.

Jens Baker, acting chief executive officer and chief financial officer of GP, said: "This spectrum will enable us to further contribute to the Digital Bangladesh initiative and meet the growing high-speed internet demand of customers in urban and remote areas."

"As the largest operator, we will continue to work to improve the quality of 4G users' experience and service through the additional spectrum. GP is working tirelessly to ensure extensive 4G coverage through the highest

number of 4G sites."

Robi's Chief Corporate and Regulatory Officer Shahed Alam expressed satisfaction as it was able to purchase the required spectrum as per its target from the latest auction.

"For strategic reasons, we had wanted to take another 5 MHz."

Had the second-largest operator had gotten the additional spectrum, the cost of building network infrastructure would have been lower and strengthened the network further, he said.

"At the same time, we would have been able to ensure faster internet service for our customers than expected. Even then, the spectrum we bought in the two bands of 1800 and 2100 MHz will definitely help in increasing the quality of service," Alam said in a statement.

However, mobile operators need more spectrum to improve the quality of services at the expected level of customers.

Experts say service quality can be ensured if the overall telecommunication ecosystem improves, including the increase in the use of optical fibre and 4G devices. Radio frequency in the new bands has to be allocated.

The newly acquired spectrum will help Banglalink retain the top position among all private operators in Bangladesh regarding the amount of spectrum provided per subscriber.

Erik Aas, CEO of Banglalink, said, "Banglalink's acquisition of the additional spectrum is yet another landmark in our endeavour to serve our customers as a digital service provider."

"We are maintaining impressive performances and have made significant improvements in key indicators such as the market share, data revenue and data customer base."

The spectrum will help Banglalink capitalise

on its success and increase customer satisfaction further, he said.

At present, Banglalink is serving 3.59 crore customers with 30.6 MHz spectrum. It bought 9.4 MHz spectrum on Monday. Now, the number of subscribers per MHz will decrease from 12 lakh to about 9 lakh.

On the back of 37 MHz spectrum, GP is currently providing services to 8.3 crore customers, meaning it has around 22 lakh customers per MHz.

If 10.4 MHz spectrum is added, the amount of Grameenphone's spectrum will stand at 47.4 MHz. Then, the number of subscribers per MHz will be around 17 lakh.

For Robi, the number of subscribers per MHz will come down from 14 lakh to 12 lakh, thanks to the new spectrum. It has 5.15 crore subscribers.

Mercantile Bank posts Tk 223cr profit

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The bank has also informed that stock dividend has been declared to strengthen Tier-1 capital base as per Basel-III compliance for the coming year, according to the report.

The bonus shares were declared out of accumulated profit and not declared from the capital reserve or revaluation reserve or any unrealised gain or out of profit earned prior to incorporation of the bank.

They were also not declared through reducing paid-up capital or through doing anything so that the post dividend retained earnings become negative or a debit balance, according to the bank.

Services sector demands VAT cuts

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He demanded imposition of income tax on profit, scrapping the provision of imposing income tax at the rate of 0.50 per cent on annual turnover of over Tk 3 crore irrespective of profit or loss.

The Bangladesh Dressmakers Association proposed to set the VAT rate at 4.5 per cent on 30 per cent value-addition instead of the existing 10 per cent.

Bangladesh Courier Service Association also sought a reduction of VAT to 4.5 per cent from the current 15 per cent.

Responding to these demands, NBR Chairman Abu Hena Md Rahmatul

Muneem said the revenue board had been working to promote local industries and the benefits should be felt by infant industries.

Tax benefits should not go on for an indefinite period and must be withdrawn for matured industries, he said.

The tax authority also wants to be sure that the benefits are not misused.

Referring to the duty benefit on ambulance imports, he said that there were allegations that unscrupulous people imported ambulances under duty benefit to convert those into microbuses.

Customs offices see almost no import of microbuses, Muneem added.