



**Experts take part in a panel discussion at the fifth Women Leadership Summit during the WIL Fest 2021 organised by the Women in Leadership recently. A total of 21 winners were also recognised in 20 categories at the sixth Inspiring Women Award held during the fest.**



**Mashrur Arefin, managing director of City Bank, attends its "Earnings Disclosure Q4 2020" through a digital platform yesterday. The bank reported Tk 436.4 crore consolidated after-tax profit in 2020, which was Tk 263.5 crore in the previous year.**

# Yellen defends IMF reserve increase aimed at poor nations

AFP, Washington

US Treasury Secretary Janet Yellen on Wednesday defended the IMF's move to boost its reserve offerings, calling the increased aid a "joint effort" to help the poorest nations hit by Covid-19.

IMF Managing Director Kristalina Georgieva on Tuesday said the fund wants to increase its allocation of special drawings rights (SDR) by \$650 billion with the aim of safeguarding the financial health of impoverished countries.

Yellen defended the raise in response to questions from lawmakers on the Senate Banking Committee who were concerned the money would aid rich countries that don't need it, including Washington's rivals. "I would say that the current crisis has increased the need for global reserves, and that's the IMF's assessment. The global economy suffered a very severe, severe collapse in 2020," Yellen said in testimony alongside Federal Reserve Chair Jerome Powell. "This allocation will help countries meet this need for reserves." Yellen added that many countries intend to forgo their SDR

increase in favor of poor countries, which would magnify the impact of the new allocations.

Georgieva will submit her proposal to the IMF Board in June, which if approved would be the first SDR increase since 2009, amid the downturn caused by the global financial crisis. Finance ministers from the G7 richest countries, including the United States, agreed last week to support the IMF move.

SDRs, created by the International Monetary Fund in 1969, play an influential role in global finance and help governments protect their financial reserves against global currency fluctuations. It is also used as the basis of loans from the IMF's crucial crisis-lending facilities. While not a true currency itself -- there are no SDR coins or banknotes -- the IMF uses it to calculate its loans to needy countries, and to set the interest rates on those loans.

Yellen also reiterated comments she'd made in testimony before the House on Tuesday indicating President Joe Biden is in favor of hiking US corporate taxes to 28 percent as he looks for ways to fund administration priorities like an



**US Treasury Secretary Janet Yellen**

infrastructure bill.

However, she said any increase would best be done alongside an Organization for Economic Cooperation and Development (OECD) agreement on a global minimum tax rate to protect the US business environment. "We, at this point, collect only a tiny amount of

## German cabinet agrees record levels of new debt for 2021

AFP, Berlin

The German government agreed Wednesday to take on record borrowing this year to weather the economic blow of the coronavirus pandemic. In budget adjustments signed off by Chancellor Angela Merkel's cabinet, Europe's largest economy will borrow a total 240.2 billion euros (\$284 billion) in 2021, a third more than initially planned. The adjusted budget, which will see Berlin break its taboo on new debt for the third year in a row, still has to be approved by parliament.

"We have decided to suspend the debt brake once again, and I think that's justified," Merkel told the Bundestag lower house, adding that the budget was "measured" despite "more insecurity" than usual. "We are taking the right measures to manage the economic and financial effects of the pandemic," added Finance Minister Olaf Scholz.

## UAE raises investment in UK with life sciences focus

AFP, London

The UAE is increasing UK investment with a focus on life sciences such as healthcare innovation, the British government said Wednesday as it looks to boost the virus-hit economy.

It comes as Prime Minister Boris Johnson seeks also to strengthen non-EU investment and trade links following Brexit. Abu Dhabi's Mubadala Investment Company has committed an initial 800 million (\$1.1 billion, 928 million euros) to UK life sciences over five years, a joint statement said.

The sum will be added to a UK government investment totalling 200 million announced last year. "This is the first agreement of its kind for the UK and the Office for Investment (Ofi) and will deepen existing UK-UAE trade and investment ties that were worth 32 billion in 2019," the statement added.

It said that the Ofi and Mubadala will work together to identify commercially-viable opportunities in the life sciences sector. "It's fantastic that we are collaborating more closely in the industries of tomorrow like science, tech and green growth, so we can build back better and deliver an investment-led, jobs-led recovery from coronavirus," said UK International Trade Secretary Liz Truss.

The life sciences industry generates 80 billion in annual sales a year within the UK and employs more than 250,000 people, according to the British government. "The UAE and UK are aligned on the importance of global action on critical priorities such as healthcare innovation and delivery, climate change and the sustainable growth of high-skilled industries," said Mubadala chief executive Khaldoon Khalifa Al Mubarak. "Coordination on investment and global innovation ecosystems is vital to enabling progress against these challenges and presents a significant post-Covid economic opportunity for the UK and UAE."



**Mahin Mazher, managing director at Index Agro Industries, attends an event at the Renaissance hotel in Dhaka recently when the company's initial public offering lottery was held.**



**Syed Waseque Md Ali, managing director of First Security Islami Bank, opens a CRM (cash recycling machine) Booth at its head office in Dhaka yesterday.**

# Macroeconomic performances of Bangladesh over the past 50yrs

FROM PAGE B4

Making current account convertible in March 1994 and adoption of floating exchange rate system in June 2003 were the key exchange and trade system liberalisation policies agreed with the IMF under its structural adjustment programmes.

Bangladesh also adopted reform policies in project management, procurement and implementation.

A major policy shift of the late 1980s was the adoption of market-oriented liberalisation against the backdrop of serious macroeconomic imbalances.

The imbalances were caused in part by a decline in foreign aid and in part by preceding severe deterioration in the country's terms of trade.

However, the beginning of the 1990s saw a more comprehensive programme of macroeconomic reforms, which coincided with a transition to parliamentary democracy.

The reforms of the 1980s and 1990s helped to reduce fiscal and external deficits to a sustainable level, consistent with the level of aid availability.

So, even with a declining share of aid as percentage of gross national income, savings and investments increased.

The key policy reforms in the 1980s included mainly the withdrawal of food and agricultural subsidies, privatisation of state-owned enterprises, financial liberalisation, and withdrawal of quantitative import restrictions.

The reforms of the early 1990s were particularly aimed at moving towards an open economy, such as making the current account convertible, reducing import duties generally to much lower levels, and removing virtually all controls on the movements of foreign private capital.

In addition, on the fiscal front, value-added tax was introduced. As indicated earlier, despite various criticisms about donor-prescribed reforms of the 1980s and 1990s, such reforms undoubtedly led to an improvement in macroeconomic indicators and paved the way for sustained growth.

The growth of GDP, which averaged 3.7 per cent annually during the 1980s, increased to 4.4 per cent in the first half of the 1990s, and further to 5.2 per cent in the second half of the 1990s.

During the 2000s, the country achieved impressive economic growth, about 6 per cent on average, and in the 2010s the growth rate was even higher.

However, income inequality

situation has also worsened with higher growth outcomes that to some extent has slowed poverty reduction pace.

The recent higher growth episodes after 2010 point to a structural break given the fact that the share of remittance and RMG export has been on a declining trend.

A higher degree of public investments in this decade in various mega infrastructure projects, as well as a widespread digital transformation under the Digital Bangladesh programme can be thought to be the drivers that have uplifted the economy from the low-growth trap of 2000s.

One of our recent studies shows that with over 90 per cent adoption rate, mobile phone not only facilitates communication, but also increases household welfare, businesses and women empowerment.

Against the backdrop, some of the key policy reforms are highlighted below that need to be pondered for embarking on high growth trajectories.

First, the quality of growth should be enhanced by supporting policies, such as land tenure reform, changes in marginal and average tax rates, increases in pro-poor social spending, etc.

For that, necessary structural and governance reforms would be

required to empower the poor.

Second, trade policy in Bangladesh, though legally binding, is based on unpredictable set of tariff and para-tariff structure that needs to be streamlined by making more reforms in tariff structure with a predictable approach.

The industrial policies pursued by Bangladesh have long been discredited. Such policy reforms should aim to create an enabling environment and level-playing field conducive to private sector investment and broad-based economic growth.

Third, having the lowest tax-GDP ratio among the South Asian neighbours calls for a big reform in tax administration and tax structure for fiscal sustainability.

Improving tax governance, increasing tax net and coverage, analysis of tax incidence, enhancing capabilities of NBR are some of the pertinent reforms that might improve the tax collection efforts.

Fourth, a vibrant manufacturing sector with particular focus on micro, small and medium enterprises might ensure a sustainable improvement in living standards in the long-run.

Higher income countries' export must account for more than 50 per cent of its GDP. Then,

the question is, what next after RMG? The growth paths of East Asian countries suggest that the next dominant exporting sector could be the ICTs/electronics.

Apparel sector is likely to be in a tough competition after country's graduation from LDC.

Following the success of Walton, further incentives and supports can be given to numerous assemblers of Chinese products to turn them into manufacturers. At the same time, conducive policies must be in place to reduce digital divide and digital economy.

Fifth, to support higher economic growth there is no alternative other than attracting FDI in the manufacturing sectors.

Conducive regulatory and business environment, improvement of skilled human capital, ensuring serviced land through SEZs, competitive and efficient financial sector etc. are some of the important measures that can attract FDI.

Finally, in an enduring journey towards creating Sonar Bangla, continuity in policies with focus on technology driven economic development should be the utmost priority.

## Chuadanga's date molasses market going strong as ever

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Ali Hasan, deputy director of the DAE office in Chuadanga, said the molasses produced in Chuadanga does not contain any sugar, chemicals or other additives.

"The DAE has made farmers aware of the dangers of tampering their product many times now and they are also supervised at the field level," Hasan added.

The DAE deputy director went on to say that due to the area's unique soil, the molasses produced here is just slightly brown in colour.

Many locals are involved in molasses production. Around 10,000 people work in the industry during harvesting seasons and around 500 year-round.

Date growers in the area are also reaping significant benefits through this large-scale economic activity centered on date molasses production.

Most of the date palms have been planted in Sarojganj, Daulatdia, Alukdia and other areas of Chuadanga Sadar.

The trees can be seen all over the area in fields and private plantations.

Seasonal date growers lease these trees to produce molasses.

Piplu Ahmed of Pirpur village said each tree was leased for Tk 250-300.

Ahmed owns about 130 date palms, which he leases out every year to earn around Tk 35,000 annually without any investment.

Grahan Mandal, a veteran molasses producer in the Shankardia area, said about 10 kg of molasses comes from one tree each season.

On average, a lessor earns Tk 1,000 to Tk 1,200 from a single tree, he added.

DAE Deputy Director Hasan said they were looking forward to planting more date palms from next year onwards.

Monzur Hossain is research director at Bangladesh Institute of Development Studies.