

IPO process should be transparent, easy

DSE chairman says at training programme

STAR BUSINESS REPORT

The initial public offering (IPO) process needs to be transparent and easy to make the stock market the main source of long-term financing for industries, according to Md Eunusur Rahman, chairman of the Dhaka Stock Exchange (DSE).

His comments came at the beginning of a two-day training programme on "IPO: Process and Procedures", organised by the DSE at its auditorium yesterday.

"Due to overdependence on banks for finance, the financial sector suffers from some mismatches," he said.

"So, the time has come to focus on meeting all long-term demands from the stock market," he added.

Rahman then said a company gets IPO approval depending on its financial reports. So, financial statements should be transparent and chartered accountancies could play vital role to this end.

In the last ten years, more than a hundred companies that came to the stock market through IPOs saw their performance drop after getting listed.

As a result, their share prices fell below their face value, he added.

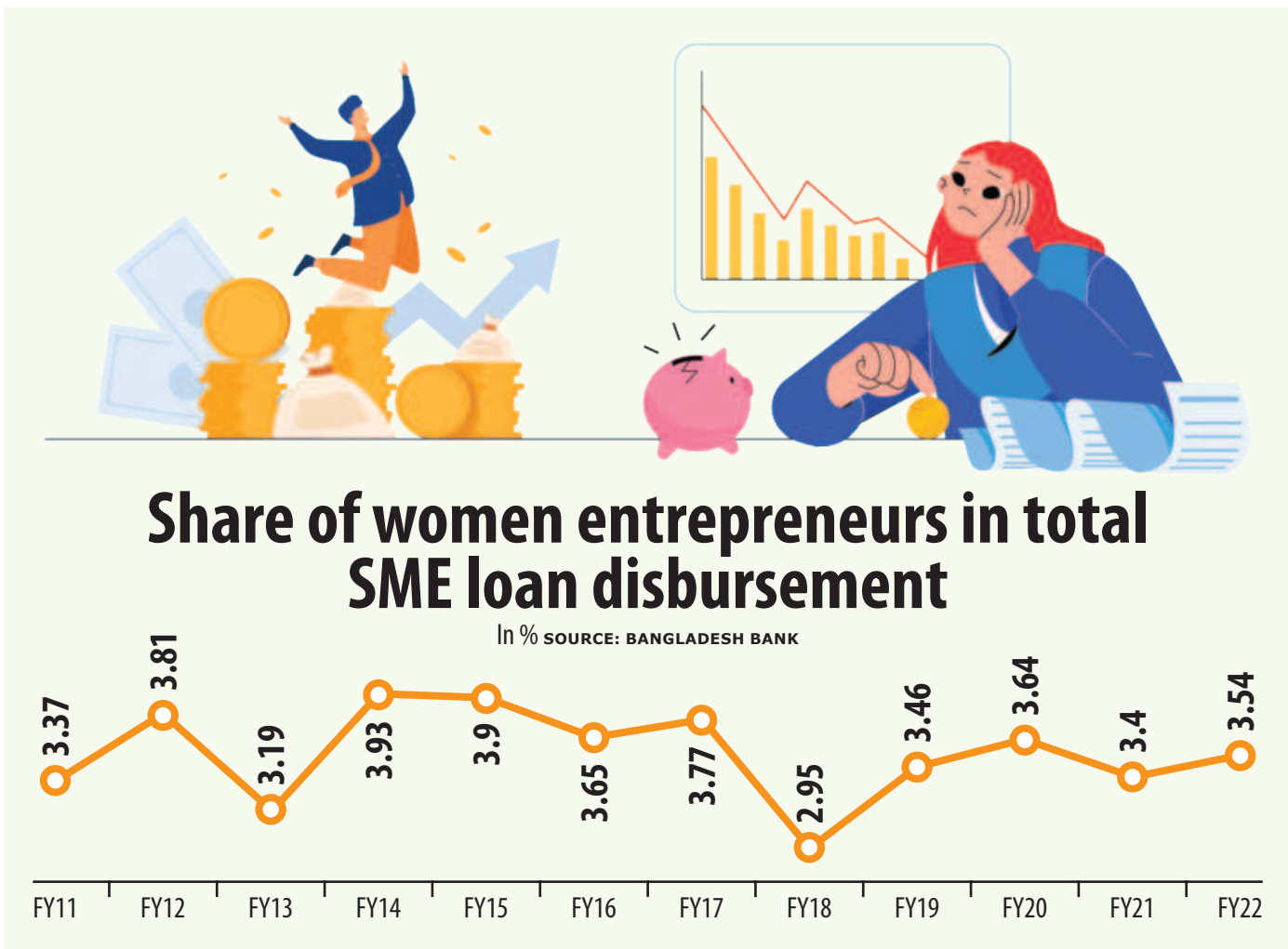
M Shaifur Rahman Mazumdar, managing director of the DSE, said many corporates and conglomerates in Bangladesh have the scope to come to the market. However, they do not do so due to the lack of proper knowledge. So, merchant banks should work on the issue so that all well-performing companies become listed, he added.

Unemployment rate in 4pc range is healthy: Yellen

REUTERS, New York

US Treasury Secretary Janet Yellen said on Wednesday that she was not sure what an acceptable unemployment rate is for the current economic outlook but said that the Treasury has considered jobless rates in the 4 per cent range as indicative of a healthy labor market.

Asked at the New York Times Dealbook summit to describe a politically palatable unemployment rate, Yellen said, "I'm not sure what the right number is, but certainly, historically, we would have considered numbers with unemployment in the force to be a very healthy labor market."



Loan disbursement for women entrepreneurs still very low

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Although the growing number of women entrepreneurs in Bangladesh have mostly kept good payment records over the past decade, their share of the total loans disbursed by banks and other financial institutions still remains low, according to experts.

"There has been impressive growth in the number of female entrepreneurs, but their share in total loan distribution was just 3.54 per cent in the last fiscal year," said M Abu Eusuf, a professor of development studies at the University of Dhaka.

With this, the share of loan disbursements to women entrepreneurs has been confined to a modest 4 per cent for the past decade, he added.

Eusuf made these remarks at a seminar, styled "National and International Networks for Women Entrepreneurs: Potential Strategies for Addressing the Crisis", at the Bangabandhu International Conference Center in Dhaka yesterday.

The Small and Medium Enterprise (SME) Foundation under the industries ministry organised the event as a part of the 10-day SME Fair 2022 at the same venue. Regarding the progress of women

entrepreneurship in the country, Eusuf termed it as sluggish.

"The way we are moving now, it [women entrepreneurship] cannot go too far in the future," he said.

Eusuf went on to say that relevant authorities will have to extend support by promoting backward and forward support to women entrepreneurs on various issues, including issuance of trade licences, financial assistance and marketing their products.

"The support should not be confined to just two or three days of training, rather we need to be involved with their business promotion and capacity building as well," Eusuf added.

Eusuf emphasised on the need for banks and other financial institutions to set aside a minimum 10 per cent of their total loans to cottage, micro, small and medium enterprises (CMSMEs) for financing women entrepreneurs.

"But this percentage must be raised to at least 15 per cent by 2024," said Eusuf, also an executive director of Research and Policy Integration for Development.

He then underscored the need for enhancing digital literacy and infusing ICT skills among women entrepreneurs to open a new network of opportunities for

women-led businesses.

Melita Mehjabeen, a professor of the Institute of Business Administration at the University of Dhaka, said the government should build up the SME Foundation's capacity to strengthen women entrepreneurs.

"Although India has a ministry for the CMSME sector, we just have a foundation," she said.

About the success of women indentureships, she said women are very careful about their loans.

"We never hear of any woman being involved with a non-performing loan," Mehjabeen added.

Echoing the same, Mantasha Ahmed, a member of the board of the SME Foundation, said loan recovery among women entrepreneurs in the SME sector is very high.

Md Mafizur Rahman, managing director of the SME Foundation, also focused on the fund shortage.

"We have already reached around 30 per cent of the women entrepreneurs in Bangladesh," he said.

"But if we had enough funds and the government financially strengthened us, we would reach more women entrepreneurs," he added.

Oil up more than \$2 on tighter supply

REUTERS, London

Oil prices rose by more than \$2 on Wednesday on signs of tighter supply, a weaker dollar and optimism over a Chinese demand recovery.

But the likelihood that Opec+ will leave output unchanged at its upcoming meeting limited the gains. Brent crude futures rose \$2.34, or 2.82 per cent to \$85.37 per barrel by 1455 GMT. The more active February Brent crude contract rose by 3.04 per cent to \$86.81.

US West Texas Intermediate (WTI) crude futures climbed \$2.43, or 3.11 per cent, to \$80.63.

Support followed expectations of tighter crude supply. US crude oil stocks dropped by 7.9 million barrels in the week ended November 25, according to market sources citing American Petroleum Institute figures on Tuesday.

Official figures are due from the US Energy Information Administration on Wednesday.

And the International Energy Agency expects Russian crude production to be curtailed by some 2 million barrels of oil per day by the end of the first quarter next year, its chief Fatih Birol told Reuters on Tuesday. Russia would not supply oil to countries imposing a price cap, Russia's foreign ministry spokeswoman Maria Zakharova said.

On the demand side, further support came from optimism over a demand recovery in China, the world's largest crude buyer.

China reported fewer Covid-19 infections than on Tuesday, while the market speculated that weekend protests could prompt an easing in travel restrictions.

Guangzhou, a southern city, relaxed Covid prevention rules in several districts on Wednesday.

A fall in the US dollar was also bullish for prices. A weaker greenback makes dollar-denominated oil contracts cheaper for holders of other currencies, and boosts demand.

Fed Chair Jerome Powell is scheduled to speak about the economy and labour market on Wednesday, with investors looking for clues about when the Fed will slow the pace of its aggressive interest rate hikes.

STOCKS		
DSEX ▲	CASPI ▲	
0.37% 6,235.94	0.48% 18,408.51	

COMMODITIES		
Gold ▲	Oil ▲	
\$1,760.65 (per ounce)	\$79.98 (per barrel)	

ASIAN MARKETS				
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▲ 0.67% 63,099.65	▼ 0.21% 27,968.99	▲ 0.43% 3,290.49	▲ 0.05% 3,151.34	

Tax return filing fails to keep pace

FROM PAGE B1

affluent class, has one of the largest consumer markets in the world.

The local consumer market is set to become the ninth-largest in the world, which is projected to grow from about 19 million in 2020 to about 34 million by 2025, according to global consulting firm Boston Consulting Group.

Per capita income rose by 9 per cent year-on-year to \$2,824 in 2021-22. It was \$781 in 2009-10.

The government also admits that it is essential to raise the tax-GDP ratio significantly in order to support the country's graduation to a developed country.

Amid lower tax collection, the NBR made it mandatory for TIN-holders to turn in income and expenditure returns in 2020-2021. But in the last fiscal year, about 26 lakh taxpayers filed annual income tax returns.

Sams Uddin Ahmed, member of tax policy at the NBR, said in many cases, there is a culture in Bangladesh that one does not move to carry out a task until he or she is compelled to.

"The same goes when it comes to paying taxes. The culture of tax

payment needs to be developed gradually."

So, the NBR has initiated various steps to motivate taxpayers, said Ahmed, who hoped that interest among taxpayers in paying taxes would go up in the coming days.

The official is also aware of the challenges facing the NBR in expanding the tax net.

There is less understanding among tax officials about new digitised and innovative business models and there is a lack of information and complexity in collecting information related to taxpayers from various authorities, he said.

Besides, there are tax exemptions and an absence of a complete database of taxpayers with taxable income, a lack of research on improving the effectiveness of the tax system and necessary reforms.

Currently, a Taxpayer Identification Number (TIN) is required for availing 38 services, so many people secure it but they do not submit returns, said an official of the NBR.

"The trend is seen not only in Bangladesh, but also other countries."

Analysts blame inadequate monitoring and enforcement, the

absence of regular taxpayer surveys by independent agencies, and the slow pace of automation of the tax system for the lower return submission.

There is no alternative to local resource mobilisation as the country aims to become a developed nation, said NBR Chairman Abu Hena Md Rahmatul Muneem at a discussion at the NBR headquarters yesterday.

"For that, a big change should be made to the traditional method that is being practised now. Without major reforms, resource mobilisation will be very difficult."

"Therefore, one of the things that needs to be done is simplification and we are working in this area," he said.

The collection target for the NBR has been set at Tk 370,000 crore for FY23.

The NBR collected Tk 65,737 crore in the form of income tax, value-added tax and customs tariffs between July and September, down 12.63 per cent year-on-year owing to the cost-of-living crisis at home and abroad, according to provisional data of the tax administration.

The NBR generated more than Tk 300,000 crore in the last fiscal year, which ended in June.

Eurozone inflation falls for first time in 17 months

BRUSSELS, Belgium

The eurozone annual inflation rate fell for the first time in 17 months in November as it slowed to 10 per cent, official data showed Wednesday.

Boosted by soaring energy and food bills triggered by Russia's war in Ukraine, the rate of price increases had hit a new historic record every month since November 21.

Analysts had expected the inflation rate in the single currency area to fall but the drop was steeper than predicted by Bloomberg and FactSet, who foresaw 10.4 per cent.

Inflation had hit 10.6 per cent in October.

But the November figure may not convince the European Central Bank that it can stop raising interest rates, as its president Christine Lagarde has expressed scepticism that inflation has peaked.

As late as Monday, Lagarde warned: "I think that there is too

much uncertainty ... to assume that inflation has actually reached its peak. It would surprise me."

Analysts said the reverse in the trend could see the bank go for a smaller 50-basis-point increase in rates next month rather than the expected 75-point bump.

"We were due some good news," said Bert Colijn, senior eurozone economist at the ING bank. "The eurozone inflation rate ticked down after a few nasty upside surprises." Nevertheless, he cautioned that core inflation remained stable.

"Whether this is the peak in inflation remains to be seen," he said.

"Another episode in the energy crisis could easily push inflation back up again and core inflation usually proves to be sticky after a supply shock."

Andrew Kenningham, chief Europe economist at Capital Economics, also sounded a note of

caution.

"Eurozone headline inflation may now be past its peak but with core inflation unchanged in November and likely to stay well above 2 per cent throughout next year, we expect the ECB to press on with another 50 basis point or even 75 basis point deposit rate hike in December," he said.

An easing in the speed with which energy prices are rising was the main reason for the November fall in overall inflation, compensating for still accelerating food and drink costs.

Among the 19 countries that use the euro, Spain now has the lowest inflation rate, dropping to 6.6 per cent compared to previous top performer France, now on 7.1.

Germany and Italy are still running high inflation rates, but both dropped slightly, the former down 0.3 percentage points to 11.3 per cent and the latter down 0.1 points to 12.5 per cent.

NBR extends deadline

FROM PAGE B1

This is the third consecutive year that the NBR has granted more time to individuals to comply with the rule of submitting personal income tax-related statements.

Between July 1 and November 29 this year, the tax authorities received 22 lakh tax returns, up 46 per cent from 15.5 lakh during the same period a year ago.

Individual taxpayers paid Tk 3,042 crore as of November 29, which was 52 per cent higher from Tk 2,000 crore deposited during the same time last year.

At present, there are more than 82 lakh registered taxpayers.

The NBR expects the number of tax return submissions to increase as it has made the proof of submission

compulsory for individuals seeking to get 38 services, including loans exceeding Tk 500,000 from a bank or financial institution.

The proof of submission will also be required for obtaining or renewing trade licences and transferring land, buildings or flats situated within a city corporation or municipality of a district headquarter or cantonment board above the deed value of Tk 10 lakh.

The new rule also requires submission of the proof of returns for persons who want to get or maintain a credit card and open postal savings accounts of above Tk 500,000.

It is also needed for opening bank accounts of any sort with a credit balance of Tk 10 lakh and above and for purchasing savings instruments of a value higher than Tk 500,000.

Investors staying away

FROM PAGE B1

He apprehended that banks' profit margin will receive a major blow if they follow banking guidelines properly while drawing up financial reports.

As of September, NPLs rose to a whopping Tk 134,396 crore, which was 9.36 per cent of the total outstanding loans in the banking sector.

In another sign of the weak health of banks, the provision shortfall widened to Tk 14,746 crore in March, up 180 per cent year-on-year and 5 per cent from that three months ago, according to data from Bangladesh Bank.

"Due to investors' lack of trust in banking stocks, we did not invest

in these companies in the last few years," said the asset manager.

In August 2021, banking stocks represented 10.91 per cent of the total turnover of the DSE. It was 10.92 per cent in 2020. It was 4.02 per cent in August this year.

Banking stocks had great demand in the past. However, investors have been reluctant to buy them for the last few years after the news of irregularities involving some banks made headlines, said a top official of a merchant bank.

"People have little trust in banks. So, these stocks have been trading lower for years. These securities even don't rise when banks announce quarterly and annual financial reports."

Forex reserves

FROM PAGE B1

The central bank is yet to release the import data for October. In July-September, Bangladesh's imports grew 11.7 per cent year-on-year to \$19.34 billion.

The reserves are falling because of the escalated import payments amid higher global commodity prices fuelled by the Russia-Ukraine war and the strained global supply chain.

The reserves have fallen from \$39.06 billion in August to less than \$34 billion now. It was \$44.9 billion on November 23 a year ago, BB data showed.

Amid the dollar crunch, the taka has lost its value by 24 per cent against the US dollar over the last one year.

US economy rose 2.9pc in Q3

AFP, United States

The US economy grew more than initially reported in the third quarter this year, with government data released Wednesday reflecting upward revisions to retail spending and some forms of investment.

GDP growth in the July to September period came in at 2.9 per cent, annualised, better than the 2.6 per cent figure reported in October by the Commerce Department. It was the first expansion this year, after two quarters of negative growth that deepened fears of a recession in the world's biggest economy.