Corporates need proper power purchase policies for net zero: experts

STAR BUSINESS REPORT

Proper policies for corporate power purchase agreements (CPPAs) are crucial for the transition towards net zero as those will enable corporations to reduce their carbon footprint by utilising clean energy sources, experts said yesterday.

Grameenphone is committed to reducing its carbon emissions and the CPPAs are essential in achieving this objective, said Hans Martin Hoegh Henrichsen, chief corporate affairs officer of the telecom operator.

He also spoke of challenges faced by private sector entities when abiding by the CPPAs and their advantages, including attracting foreign direct investment and assisting in meeting the government's renewable energy targets.

Henrichsen was speaking at a panel discussion titled "Greening the Grid" organised by the mobile network operator at its Dhaka corporate office to bridge the policy gap and advocate for the CPPAs.

According to Grameenphone, policy reforms concerning CPPAs in Bangladesh are essential for supporting its goal of reducing carbon dioxide emissions by 50 percent by 2030, from the baseline year of 2019.

Nahim Razzaq, a lawmaker and convenor of Climate Parliament Bangladesh, highlighted the existing legislative framework in Bangladesh concerning the CPPAs and spoke of essential policy changes needed for it.

He discussed the involvement of parliamentary committees in propelling policy reform in this domain.

Erik Solheim, former minister for environment and international development, Norway, shared insights from Norway's grid greening experience and explored international best practices for Bangladesh to glean from in its transition towards renewable energy sources.

Espen Rikter-Svendsen, ambassador of Norway to Bangladesh, also spoke.

Bitcoin bursts above $65,000

REUTERS, *London/Singapore*

Bitcoin rallied to a two-year high on Monday, breaking above $65,000 as a wave of money carried it within striking distance of record levels.

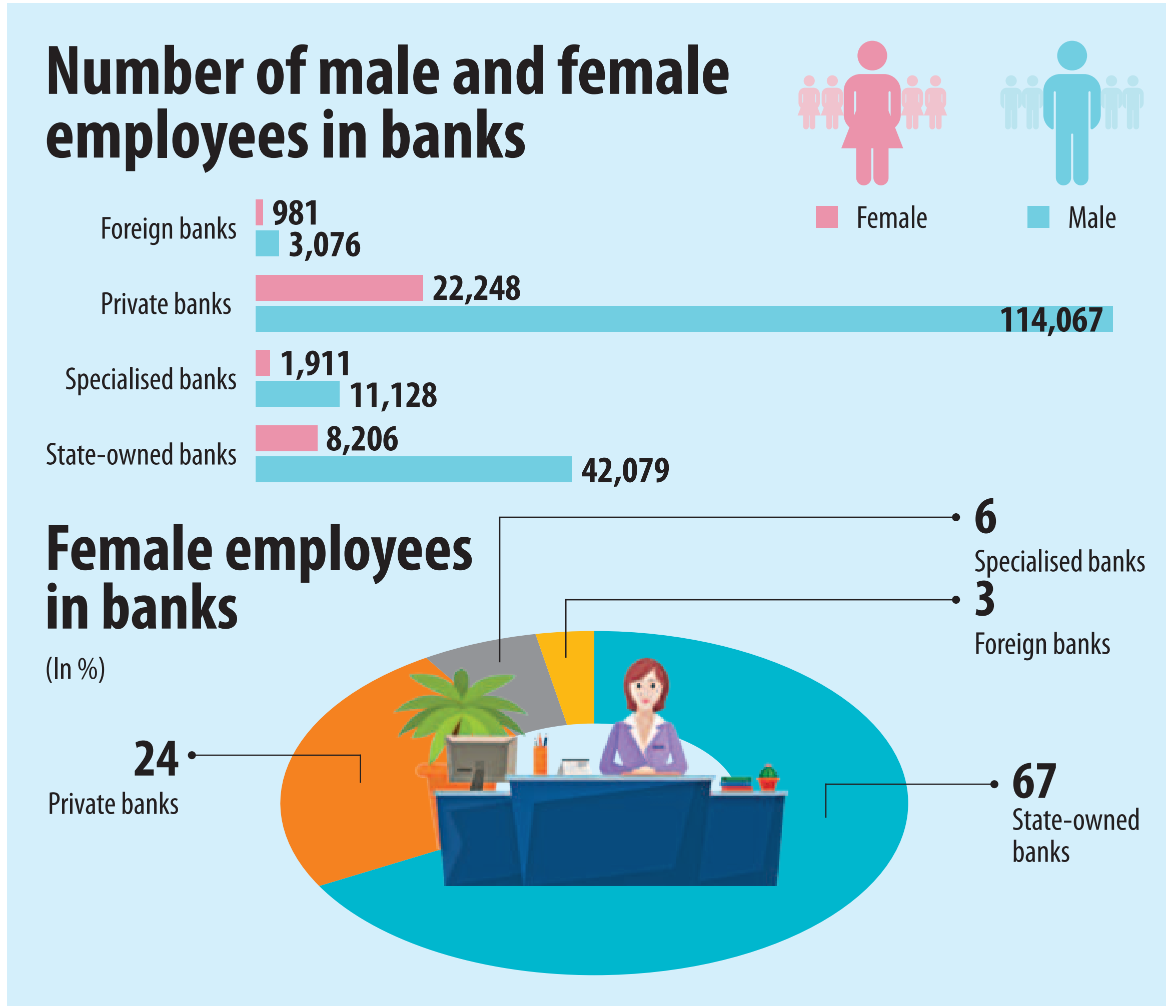
The price hit a session high of $65,537 early in Europe, having already hit a new two-year high in Asian trading. It was last up 4 percent at $65,045. Bitcoin hit a record $68,999.99 in November 2021.

The largest cryptocurrency by market value has gained 50 percent this year and most of the rise come in the last few weeks where inflows into US-listed bitcoin funds have surged.

Spot bitcoin exchange-traded funds were approved in the United States earlier this year. Their launch opened the way for new large investors and has re-ignited enthusiasm and momentum reminiscent of the run up to record levels in 2021.

"The flows are not drying up as investors feel more confident the higher price appears to go," said Markus Thielen, head of research at crypto analytics house 10x Research in Singapore.

Net flows into the 10 largest US spot bitcoin funds reached $2.17 billion in the week to March 1, with more than half of that going into BlackRock's iShares Bitcoin Trust, opens new tab, according to LSEG data.



SOURCE: BB

Gender gap in banking narrows slightly

But female representation in management still low

STAR BUSINESS REPORT

The gender gap in the banking industry of Bangladesh narrowed in the second half of 2023, with the number of female bankers in the country rising by 2.2 percent during the period, official figures show.

As per a recent report by the Bangladesh Bank, there were 33,346 active female bankers during the July-December period of last year, representing 16.32 percent of the total workforce in the banking industry.

Compiled by the sustainable finance department of the central bank, the report showed that 43 private commercial banks employed about 22,248, or 66.72 percent, of these female workers.

Meanwhile, six state-owned commercial banks employed a majority of the rest, accounting for about 8,206, or 24.60 percent, of the female workforce in the banking industry.

However, female representation in upper management remains inadequate, with only 13.51 percent of banks' board members and 9.36 percent of their senior employees being women.

Nine foreign commercial banks had the highest concentration of female workers, with 24.18 percent of their overall staff being women. However, they employed just 981 female workers collectively.

Citing how gender equality is key for the development of any economy, the report said reducing the ratio of men to women in the banking sector was crucial for expanding financial inclusion.

To encourage more women to join the banking sector, various banks have taken steps to promote female participation.

This includes providing six months maternity leave, conducting awareness training, and offering transportation facilities for female staff.

However, the data paints a disappointing picture about a lack of childcare centres, as only five financial institutions have such facilities for their employees' children.

Against this backdrop, the central bank urged more banks to follow suit.

The report highlighted that gender equality is not only a social responsibility, but also a business opportunity. It could enhance banks' performance, reputation and sustainability.

BB's repo facility to be weekly, not daily

MD MEHEDI HASAN

The scope for banks to avail Bangladesh Bank's (BB) repo facility is set to narrow as relevant auctions will be held weekly instead of daily from upcoming July.

Repurchase agreements, or repos, are a form of short-term borrowing by banks through the depositing of government securities with Bangladesh Bank on condition to buy them back at a specific date, usually for a higher price.

Banks can generally borrow from the central bank through repo, assured liquidity support facility (ALSF) and standing liquidity facility (SLF) and Islamic bank liquidity facility (IBLF), which is meant for Sharia-based banks.

Auctions for the remaining instruments will be held every working day as usual.

The central bank took the decision in line with recommendations of International Monetary Fund (IMF) under which it approved $4.7 billion in loans for Bangladesh recently.

The central bank informed of the decision to commercial banks and asked them to prepare for better liquidity management in the coming days.

The development came through a meeting between the BB's monetary policy department and a portion of treasury heads of banks at the central bank headquarters yesterday.

Md Ezazul Islam, executive director of the central bank presided over the meeting. The BB will hold another such meeting with the remaining treasury heads today and tomorrow.

The latest decision will help turn the money market more vibrant and is a part of the interest-based monetary policy, a senior central bank official told The Daily Star.

The money market is an organised exchange market where banks can lend and borrow short-term debt securities among themselves.

The narrowing of liquidity support from the central bank will prompt banks to go to the money market, he said.

Now, the repo rate is 8 percent while the interbank lending interest rate can range from 6.50 percent to 9.50 percent.

A treasury head of a private commercial bank told The Daily Star that this would help stabilise the interest rate in the call money market.

During the meeting, the BB also warned banks to stay within the interest range meant for interbank lending, citing that a few banks had recently violated the directive.

Banks borrowed Tk 13,08,779 crore from the central bank in the last fiscal year of 2022-23 under the repo and the assured liquidity support facility, up from Tk 175,987 crore a year ago, BB data showed.

STOCKS

DSEX ▼	CASPI ▼
0.64%	0.56%
6,175.24	17,740.26

COMMODITIES

Gold ▲	Oil ▲
$2,085.46	$79.92
(per ounce)	(per barrel)

Currency markets steady, busy week ahead for investors

REUTERS, *Tokyo/London*

The US dollar weakened slightly on Monday, at the start of an action-packed week for markets with Britain's budget, a European Central Bank meeting, US jobs data and important political moments in both China and the US all due.

Eyes were also on Bitcoin, which rose to a more than two-year peak above $64,000 after a quiet weekend, pushed higher in recent weeks by big flows into cryptocurrency exchange-traded funds, above all in the United States.

The euro was a fraction firmer at $1.08455, sterling was up 0.13 percent at $1.2670 and the Japanese yen fluctuated around the closely watched 150 per dollar level. The dollar was last up 0.17 percent at 150.39 yen.

That left the dollar index - which measures the currency against six major peers - flat at 103.78, oscillating narrowly in the bottom half of its 103.43-104.97 range of the past month.

"It's going to be a busy week ahead for 'event risk' in the US and Europe, which could certainly trigger some pick up in volatility from the current very low levels," said Lee Hardman, senior currency analyst at MUFG.

He added there were reasons why the major events could, in isolation, each leave markets unmoved.

In the United States, Federal Reserve Chair Jerome Powell testifies before lawmakers on Wednesday and Thursday, and then there is US payrolls data on Friday, with forecasts pointing to a still-solid rise of 200,000 after January's barnstorming 353,000 jump.

This week also sees 'Super Tuesday' for the US presidential primaries.

"Payrolls could be the bigger mover as Powell is likely comfortable with current market pricing for Fed cuts, while if we get another strong payrolls after the last blowout report that could affect market expectations (for Fed policy)," Hardman said.

At the start of 2024, markets were pricing in substantial interest rate cuts early this year, but traders have since reduced such bets.

Pricing in derivatives markets now reflect expectations the first Fed cut will come in June, with three to four 25 basis point cuts this year, not far from the Fed's projections published in December.

As expectations for other central banks, notably the European Central Bank and Bank of England, have moved in near lockstep, currency volatility - partly dependent on changing interest rate differentials - has been strikingly low, and is at its lowest level since the start of the war in Ukraine.

The British budget is due on Wednesday, and Finance Minister Jeremy Hunt has been trying to dampen speculation about big pre-election tax cuts. The European Central Bank meets on Thursday. Most ECB policymakers have been cautious about suggesting that they will be cutting interest rates soon.

Hardman said last week's stronger-than-expected euro zone inflation data meant the ECB would be unlikely to say anything at this week's meeting to cause markets to bring forward expectations of the first rate cut, currently seen in June.

Weak banks to merge with strong lenders

FROM PAGE B1

BB Spokesperson Md Mezbaul Haque said the central bank has introduced an action plan to reform the banking sector and the merger was mentioned in the plan.

The central bank will formulate a guideline on mergers and acquisitions and this is a worldwide practice, he said.

Last month, the BB governor said that around 40 out of a total of 61 banks in the country were performing well. The remaining were weak and of them, 10 would be merged soon.

He asked managing directors of banks to discuss how to combine the balance sheets of weak banks with sound lenders.

'One step closer' to recovering stolen funds: BB

FROM PAGE B1

they were the bank's stolen funds. Still, they allowed the money to be laundered through foreign exchanges and the RCBC Treasury, rather than responding to the BB's stop payment request and returning the funds.

"This decision supports the Bangladesh Bank's decision to pursue these alleged co-conspirators in New York, and the Bangladesh Bank welcomes the opportunity to demonstrate that RCBC was involved from the very beginning," the press release said.

The Sri Lankan bank that received that payment order flagged it because it misspelled the word "Foundation" as "Fundation" and the money had been returned to Bangladesh.

A portion of the funds that ended up in Manila has also been recovered.

IMF team to help NBR

FROM PAGE B1

At the same time, IMF training will assist the authorities assess tax and VAT expenditures and identify revenue-raising measures for FY25 and FY26.

In its first review report, the IMF said Bangladesh would publish an initial tax expenditure report covering personal and corporate income taxes and VAT with the FY25 budget and update it in following years in order to increase revenue collection to cover priority spending.

As part of the exercise to assess tax expenditure, the government, while placing the budget for FY24, said the total estimated amount of direct tax expenditure for the FY21 was Tk 125,813 crore.

Of the amount, the amount of tax subsidies given to corporates accounted for Tk 85,314 crore while Tk 40,499 crore was given at the individual level.

Overall, direct tax expenditure was 3.56 percent of total Gross Domestic Product for FY21. The NBR said the total amount of projected direct tax expenditure for FY24 will be Tk 178,241 crore.

"At the workshop with tax officials yesterday, the IMF mission inquired about the ways tax benefits or exemptions were provided to taxpayers, and the sectors that have been given such benefits. They also wanted to know whether we do a cost-benefit analysis before offering tax subsidies," said a senior official of the NBR.

"They also wanted to know why we could not collect more taxes although there is potential," he added.

At the workshop, the NBR presented its short-term and medium-term priorities for increased income tax collection. This includes expansion of the tax base, improvement in taxpayer services and plugging leaks.

The tax administration added that modernisation of tax infrastructure and increased inter-agency cooperation were other priorities.

However, it said the absence of evidence-based strategic action plans and integrated organisation-wide automation were major challenges to accelerating revenue collection alongside the narrow tax base and broad exemptions.

Six indicators

FROM PAGE B1

Although the risk of external debt distress and the overall risk of debt distress has remained low for Bangladesh, the persistently low revenue receipts have not only limited the government's ability to spend but are also posing a threat to the country's debt sustainability.

The National Board of Revenue's tax collections grew 13.89 percent year-on-year to Tk 165,629 crore in July-December of FY24 riding on value-added tax receipts. However, the achievement fell short of the government's strategic target by 12.30 percent.

Nevertheless, the MCCI said, the economy showed some signs of improvement in the quarter under review.

"Exports and imports are two important drivers of the economy, and amid the present situation, both areas have done better."

The review said the economy is gradually overcoming the difficulty caused by the Russia-Ukraine crisis. "Therefore, the performances of the selected economic indicators are mixed."

The chamber thinks exports, imports and remittances may increase in the next three months. The foreign exchange reserve is likely to fall due to the repayments of loans before increasing slowly.

Inflation is expected to go down slowly in the third quarter.

The chamber said Bangladesh's low labour costs are generally believed to be attractive to foreign investors, yet they hesitate to make fresh investments in the country.

The factors include underdeveloped infrastructure, the shortage of energy and weak transmission infrastructure, lack of consistency in policy and regulatory frameworks, scarcity of industrial land, corruption, and non-transparent and uneven application of rules and regulations.

"The government needs to address these impediments to attract more FDI and ensure the economic development," the MCCI said.

Large-cap

FROM PAGE B1

Only the banking sector made a gain of 0.57 percent.

GQ Ball Pen Industries took pole position on the top gainers' list with a rise of nearly 10 percent, followed by SEML Lecture Equity Management Fund (8.43 percent) and Daffodil Computers (7.83 percent).

IT Consultants, AB Bank and Quasem Industries also rose 6.11 percent, 5.60 percent and 4.86 percent whereas SBAC Bank, Agni Systems and Gemini Sea Food 4.58 percent, 4.48 percent and 4.17 percent respectively.

Prime Textile Spinning Mills and Fareast Islami Life Insurance shed the most, losing the identical figure of 10 percent.

The two were followed by New Line Clothings, Active Fine Chemicals and AFC Agro Biotech with 9.82 percent, 9.81 percent and 9.64 percent and Prime Finance & Investment and Bangladesh Industrial Finance Company with 9.37 percent and 9.33 percent respectively.

The Caspi, the broad-based index of Chittagong Stock Exchange, shed 100 points, or 0.56 percent, to 17,740.