THE BANGLADESH
April - June 2021

CA BANGLADESH
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BANGLADESH

THE BANGLADESH ACCOUNTANT

QUARTERLY JOURNAL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BANGLADESH

Can Bangladesh become Asia's MANUFACTURING HUB?

The Bangladesh Accountant
Can Bangladesh become Asia's "Manufacturing Hub"?
April – June 2021

CROSSWALK_2021

CONTACT US

CA Bhaban
100 Kazi Nazrul Islam Avenue
Dhaka 1215, Bangladesh
880 2 9115340, 9612612100
9117521, 9137847 (Off.)
880 2 9125266
ceo@icab.org.bd
facebook.com/ca.bangladesh
icab.org.bd

ISSN 1993-3649

Published by the
Editorial Board of the Council

The Institute of Chartered Accountants of Bangladesh (ICAB)

DISCLAIMER

"The opinions expressed in this publication are those of the respective authors themselves and do not necessarily reflect the views of the Editorial Board of the Institute of Chartered Accountants of Bangladesh (ICAB) or ICAB itself."

Design & Print
Dominant Printing & Packaging
M 01794 550916
E alamgir.dominant@gmail.com

ICAB PUBLICATIONS

ICAB publications include, inter alia, a quarterly journal titled 'The Bangladesh Accountant' and ICAB's mouthpiece ICAB Monthly News Bulletin.

In the quarterly journal, articles of ICAB Members, Members from other Accountancy bodies, Academics and Business Leaders from home and abroad are published.

The monthly news bulletin publishes different ICAB events of the month. This bulletin acts as an information hub for the Members to keep up to date about ICAB and its activities in addition to these publications, ICAB also publishes books, monographs, booklets and Students' Study Manuals regularly.

for more details, please visit
www.icab.org.bd

P7

Contents
April - June 2021

Digital Highlights

www.icab.org.bd

News & Events

Circular & Notice

News Bulletin

Journal

Editorial

"In the article "Bangladesh having the potentiality of being a manufacturing hub", the author rightly observed that the implementation of Government's plan to make Bangladesh a "manufacturing hub" will not be an overnight task."

It gives me an immense pleasure that despite many constraints, the April-June 21 issue of The Bangladesh Accountant has been published. The issue contains articles of different topics like Bangladesh- a manufacturing hub, Corporate homicide- a concern of Bangladesh, discussion related to ease of doing business etc.

In the article related to corporate homicide the author makes more revealing story as to why enacting new law is necessary not to recur the mass loss of lives of poor labours. In the article on 'Democracy and Rule of Law Vs Economic Uplift' the author reveals how democracy and rule of law have a dominating role to play in promoting sustainable development of a country.

In the article "Bangladesh having the potentiality of being a manufacturing hub", the author rightly observed that the implementation of Government's plan to make Bangladesh a "manufacturing hub" will not be an overnight task and Coordination among different departments of Government and public-private collaboration are key factors to make it a successful one.

In the article on "Impact of artificial intelligence Technology", there is an interesting revelation that new technology has opened up new opportunities and created many more jobs than it replaced and Artificial Intelligence (AI) is however not a productivity tool – it is replacement technology.

This issue also contains articles on Consumer's rights and responsibilities and an article on Challenges of Risk Management in Banks / Financial Institute, Amid the Covid-19 Pandemic considering Bangladesh scenario.

The issue brings various findings discussed on the webinar on Ease of Doing Business in respect of companies act which suggest measures including removing various impediments on the way of improving business environment.

To wrap up, I thank all the contributors and reviewers of this issue for their whole hearted efforts which made it possible to bring out this issue of Journal. I hope these articles will enrich knowledge of our professionals and academics. I also thank our esteemed readers for their enthusiasm which obviously is the source of inspiration at all times.

With best wishes to all.

Dr. Md. Abu Sayed Khan FCA
Chairman – Editorial Board
Council Member - ICAB

President's Desk

"Looking at own country, we see the budget announced in June 2021, the biggest in the country's history, has prioritised Covid-19 related issues, health, agriculture, social safety net, employment, food and disaster management, and food security."

The world after COVID-19 is unlikely to return to the world that it was before. The pandemic crisis has accelerated the pace of digital transformation, with further expansion in e-commerce and increase in the pace of adoption of telemedicine, videoconferencing, online teaching, and fintech.

To many, COVID-19 will leave a lasting imprint on the world economy, causing permanent changes and teaching important lessons. Virus screening is likely to become part of our life. Companies with international supply chains are dealing with various shortcomings and bottlenecks. Though many of the companies are going to restore production, but unfortunately, this trend will not create enough jobs because of the automation of the production process ultimately resulting in scarcity of job opportunities.

In 'The Pandemic Is a Portal', Indian author Arundhati Roy writes, "Historically, pandemics have forced humans to break with the past and imagine their world anew. This one is no different. It is a portal, a gateway between one world and the next." The way multilateralism operates will have to change to reflect this very different world.

The COVID-19 pandemic has been evaluating the global cooperation in tackling the situation. As history has shown, choices made during crises can reshape the world for decades to come. What will remain critical is the need for collective action to build economies that fosters inclusive economic growth, prosperity, and safety for all.

Looking at own country, we see the budget announced in June 2021, the biggest in the country's history, has prioritised Covid-19 related issues, health, agriculture, social safety net, employment, food and disaster management, and food security. To keep pace with the time, here at ICAB, we are determined to ensure the transformation of the activities of the institute at all levels digitally. An innumerable number of online webinars, seminar, workshops have shaped the order of the days of ICAB this year.

Having looked at some of the post Covid scenarios, let me now congratulate everyone associated with the publication of this issue of journal which needs a lot of hard work and dedication. I am sure the readers will find the articles of diverse topics both interesting and rewarding.

Wishing you all the best!

Warm regards,

Mahmudul Hasan Khusru FCA
President-ICAB

www.icab.org.bd

facebook.com/ca.bangladesh

ARTICLES

The Bangladesh Accountant | April - June 2021

CA BANGLADESH

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BANGLADESH

Government Initiatives:
Can Bangladesh become Asia's "Manufacturing Hub"?

Mohammad Zahid Hossain FCA

**The Author is
a Fellow Member of the
Institute of Chartered Accountants
of Bangladesh-ICAB
and
Associate Member of ICAEW**

> **"Creating more and better jobs is how you build a strong economy"**
>
> ***- Karen Christine Handel** (Born: 1962)*
> *American businesswoman and politician*

Over 3 percent of the labor force lost jobs while 16.38 million people became new poor amid the pandemic (Source: Study of CPD, The Daily Star, 18th April 2021). Government had an extreme focus on gradual reduction of poverty and thereby making Bangladesh Hunger-free by 2041. To achieve the milestone of becoming Upper Middle Income and High Income country by 2031 and 2041 respectively, consistent effort of the Government to eradicate poverty was giving effective results till the outbreak of pandemic. The poverty rate declined to 20.5% in the country at the end of 2018-19 fiscal year from 21.8% in 2017-18 fiscal year. The extreme poverty rate also came down to 10.5% from 11.3% during the period (Source: Dhaka Tribune, 12th Aug 2020). It was opined by different quarters that unless adequate number of jobs are created, spending in Social Safety programs will not bring sustainable results which is also envisaged by Government. During last one decade, citable employment could not be generated by Government though more than 2 million people are entering into labor market every year. The intention of Government to attract investment and creation of employment thereby is reflected in the Annual National Budget and different strategy papers.

Some recent critical initiatives and result thereof are stated below:

Reduction of Income Tax Rate

Government understands that Income Tax rates should be comparable with that of other peer countries to attract local and foreign investments. As a result, Government has been rationalizing the Tax rates during last one decade. Tax rates both for Corporate (listed and non-listed) and individual taxpayers are now very close to the tax rates of peer countries. This will definitely motivate the investors to ensure a fair return of their investments. However, current provision of minimum income tax on Turnover cannot be commercially justified and it is not consistent with the practices of other countries as well. Income Tax should be commensurate with income, not revenue. An enterprise may sustain loss in operating business while provision of minimum tax does not recognize this reality. It's always recommended the tax bases to be at par with that of peer countries. Hence, provision of minimum tax needs to be withdrawn.

Reduction of Import Dependence

To diversify export product basket and reduce the dependence on imported goods, tax exemption subject to certain conditions has been offered for a good number of industries namely home and kitchen appliances, light engineering products. Trade deficit of Bangladesh (Jul-Jan 21: USD 9.79 billion, source: Bangladesh Bank) can be reduced by introducing more products in the basket.

Women Entrepreneurship

Up to Taka 7 million of business turnover of the women entrepreneurs will remain outside the purview of taxation. Marginal group of women will be encouraged to set up Small and Medium Enterprises (SME) while access to finance remains a challenge for them. However, Bangladesh Bank has issued a circular in Aug 2021 and directed all scheduled banks and Non-Banking Financial Institutions (NBFI) to disburse credit to women entrepreneurs under SME sector at an annual interest rate of 5%. Government needs to extend facility to competent entrepreneur in getting credit at zero or minimal collateral.

Healthcare and Education

Investments in general hospital, institutions of diploma and vocational education, production of some selective IT hardware, industries engaged processing locally grown fruits and vegetables, producing milk and dairy products, producing baby food, manufacturing of agricultural machineries under certain conditions can enjoy 10 years' tax exemption. Agro based industries can support Government's food security program and generate employment at rural areas and thereby reduce poverty. Healthcare facilities are not adequate across the country especially at semi urban and rural areas which was unveiled during the outbreak of Covid-19 pandemic. Thus, tax incentive offered for Private investors will be interested to set up hospitals in less developed areas.

IT Professionals

Tax exemption facility is offered in recent national budget to providers of cloud service, system integration, e-learning platform, e-book publications, mobile application development service and IT freelancing until 2024.According to the ICT Division of the Bangladesh

Government, there are 650,000 freelancers in Bangladesh, of which 500,000 are actively working. Such incentive will inspire more people to invest in this industry and create employment. Moreover, Bangladesh requires solid IT foundation to harvest the benefits of 4IR (4th Industrial revolution). ICT Ministry formed Startup Bangladesh Limited to deal with venture capital fund of BDT 5 billion to extend support to new entrepreneurs with innovative ideas. As of August 21, company invested in 7 startups, 23 are in progress while almost 1000 startups are in operation. This kind of initiative has already started helping to create entrepreneurs, employment and technological revolution.

Support for Bond Market

Bond is becoming a popular source of long term funds though its contribution is very insignificant compared to other peer countries.

Amount in USD Billion

Country	Government Bond	Corporate Bonds	Total
Bangladesh	17.2	0.3	17.5
India	1162.3	344	1506.4
Pakistan	63.2	2.5	65.7
Vietnam	46.7	3.3	50
Sri Lanka	38.4	3.5	41.9

Source: IDLC/Asia Bond Monitor Nov 2019

In order to make it more investor friendly, Government declared tax is exempted on the applicable capital gain tax at the time of transferring property to a trust or Special Purpose Vehicle (SPV), or transferring property by a trust or Special Purpose Vehicle, vice versa .More funds are expected to be raised through Bonds following the removal of this expense. Currently, proposals involving a sizeable amount of fund are under the consideration of Bangladesh Securities and Exchange Commission.

Reduction of Advance Tax (AT) Rate

AT rate will be 3% in place of existing 4% for industrial raw material importers. However, on top of 15% VAT at import stage, this kind of AT is making business illogically expensive. Business community is facing challenges in getting refund of unused AT which is ultimately stretching the volume of working capital.

VAT Exemption

Promising local industries which can be import substitute require the support of Government to stand on their own feet. Such industries (manufacturing of refrigerator, freezer and its compressor, manufacturing of polypropylene staple fiber, manufacturing of air conditioner and its compressor, manufacturing of motor car and motor vehicle, local manufacturing of printer, toner

cartridge at production level, manufacturing of washing machine, microwave oven and electric oven, blender, juicer, mixer, grinder, electric kettle, rice cooker, multi cooker, pressure cooker, manufacturing and assembling of mobile phone, production of sanitary napkin) will enjoy VAT exemption under different terms and conditions. Size of local market of these products are increasing while they are largely dependent on imported goods. If homegrown entrepreneurs along with foreign investors invest in these industries and harness the incentives offered by Government, "Made in Bangladesh" stickered products can cross the boundary of Bangladesh after fulfilling local demand.

Capital Machineries

1% exemption rate for the import of capital machinery by small and medium enterprises irrespective of commercial and industrial establishments. This will not only induce new investment but also discourage capital flight.

Exempted or Concessionary Customs Rate

Concessionary import tax rate on raw materials importation of refrigerator and compressor manufacturing industries, Abrasive paper industry, LED light manufacturer / assembling industry, Manufacture of gypsum board and particle board industry, Lube blending industry, motorcycle manufacturing/assembling will reduce the cost of production and widen the market of locally produced finished goods.

Ease of Doing Business

Despite demonstrating notable progress in many sectors to attract investments, Bangladesh is struggling to bring improvement in the index of ease of doing business. In the index of World Bank, Bangladesh ranked 168th out of 190 countries in 2020. In South Asia, Bangladesh is ahead of only war ravaged Afghanistan. Corruption, lack of transparency, and sluggish pace of file approval are the critical impediments in achieving a better score in the ease of doing business index.

Investment in Economic Zone

As per data from Bangladesh Economic Zones Authority (BEZA), presently there are a total of 66 economic zones across the country, of which 55 are government-owned and 11 are privately owned. This kind of infrastructural facilities got enormous positive response from local and foreign investors. BEZA has received investment proposals amounting to around USD 4.080 billion in 2020 despite the Covid-19 pandemic.

Human Capital Development

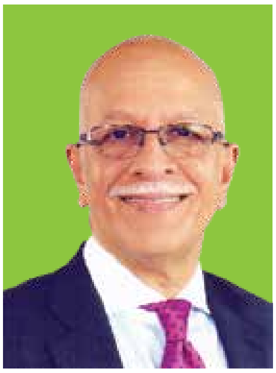
Bangladesh's Human Development Index (HDI) value for 2019 is 0.632 which positions it at 133 out of 189 countries and territories. Between 1990 and 2019, Bangladesh's HDI value increased from 0.394 to 0.632, an increase of 60.4 percent (Source: UNDP). Though Bangladesh registered a remarkable progress during last 3 decades and ahead of Nepal and Pakistan in terms of HDI, it needs to work much extensively in building capacity of human resource. Laborers at

competitive cost is one of the attractions for investors to establish factories in this densely populated country. Hence, skill based education and vocational training are extremely required. This will not only deter legal/illegal employment of foreign workers in Bangladesh but also encourage to recruit local workforce. In recent Annual Budget, with an objective of inclusive socio-economic development, Government offered tax credits for the enterprises employing transgender people.

The present ratio of private investment to GDP stands at 23 percent while Bangladesh Government has firm determination to escalate it to achieve milestone of 2041. Bangladesh will have to face challenging state after graduating from LDC in 2026. Government has jot down the strategies to deal with the hurdles while that journey will not be very pleasant. Critical dependence on readymade garments is making the export business very vulnerable. Trade deficit with several countries require utmost attention. Hence, Government requires to undertake integrated plan to extend monetary and non-monetary support to private sector. Incentives in the form of monetary incentives will not be adequate if notable improvement is not demonstrated in the index of "ease of doing business". Simplification of revenue and other relevant laws, sufficient infrastructural facilities, development of skilled work force, easy entry and exit of foreign investors, improvement of country credit rating etc. are also important to attract local and foreign investors. Fiscal incentives including tax incentives patronize some promising locally manufacturing industries. Moreover, Government imposes additional tax burden on imported goods to discourage import business (Example: increasing the tariff on carrot and mushroom imports). That's how local industries will be self-sustained, new investments will be financially viable and more jobs will be resulted. However, the implementation of Government's plan to make Bangladesh a "manufacturing hub" will not be an overnight task. Coordination among different departments of Government and public-private collaboration are key factors to make it a success one.

The Social, Economic and Political Impact of Artificial Intelligence

Akhter Matin Chaudhury FCA, FCS



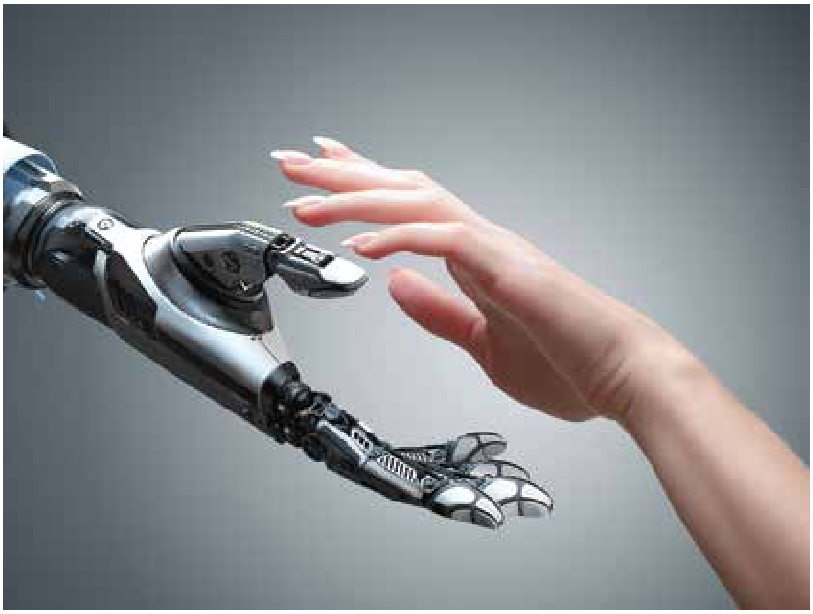
The Author is a Chartered Accountant and a Fellow Member of the Institute of Chartered Accountants of Bangladesh-ICAB and Principal Consultant Black Swan Consultancy

Technology has historically been an aid to human productivity. Throughout history new technology has elevated the human condition. New technology has opened up new opportunities and created many more jobs than it replaced. Artificial Intelligence (AI) is however not a productivity tool – it is replacement technology. For example, GPS navigation makes drivers more productive but AI powered autonomous vehicles will replace the drivers themselves!

AI is software that writes, updates and improves itself through machine learning. It is several orders of magnitude more efficient and smarter than humans. AI has already crept into daily life, from facial recognition, surveillance, autonomous vehicles, healthcare, to warfare. Its pervasiveness continues to grow but its proliferation is constrained by the lack of computer power and the capacity to store the massive amounts of data that gives AI its advantage.

The dominant technology of today is undoubtedly the computer. Computer technology will continue to evolve until it reaches the physical limits of the science on which it is based. These boundaries are currently being strained. Transistors that power microprocessors are approaching the size of atoms. They can't get much smaller. The only way to increase computer power is to increase the number of microprocessors. That however would not be new technology – it would be mere replication. Besides supercomputers, already enormous in size, consume huge amounts of power and are very expensive to build, run and maintain. These factors limit their numbers. New and radically different technologies are being developed that will resolve the current constraints in computer power and data storage capacity. These will dramatically expand the scope for AI to intrude into our lives.

The constraints of size, power consumption and cost are currently being addressed by the development of quantum computers. Power for power, these are much smaller than comparable supercomputers and consume as little as 1/1000 of the power. Scientist are also researching quantum electricity. Such electricity will be resistance free. Devices running on this will require very little power. Simultaneously, technologies are being developed to store data in waves and patters which will be generated as and when needed without the need for any physical storage space. This will make the retention of massive amounts of data feasible. In parallel, quantum networks are being developed to replace the internet as we know it. Quantum networks will be completely



wireless and will be able to handle virtually unlimited amounts of data instantaneously.

The vast majority of jobs in the world today are in agriculture, followed by assembly-line type manufacturing. Transport, logistics, defence and services also employ large numbers of people. Intelligent Machines (IMs), running on AI, will be able to perform these low tech, repetitive or codified task – in fact any task that any human can do! With advances in quantum and other technologies, their integration with AI, the reach and capability of AI will be boundless. The impact on the human condition will be catastrophic. AI will upend the economy, society and politics, in fact the world, as we know it today.

Intelligent machines will be able to perform all tasks mentioned above and in many other sectors too. In time, the capability of IMs will improve to levels that conventional wisdom currently considers indispensable for humans intervention. AI technology, being software based, will be easily transferrable. As such, AI will be the great leveller. Any local advantage, e.g. low labour cost, will become irrelevant. In an effort to be competitive, employers will replace people with Intelligent Machines as they will be SAFE (Speedy, Accurate, Flexible and Economic). Humans will no longer be necessary to perform most of the functions that they currently perform. As a result, there will be massive unemployment. Other than a few people with discretionary authority, highly skilled technicians, mental health counsellors and entertainers, almost everyone will be without a job.

Unemployment on the anticipated scale would cause massive social unrest. Gaping wealth disparities will exacerbate the crisis. Loss of habitat and arable land, caused by global warming, will make matters worse. Mass migration of the disaffected will threaten the security of nations. Governments will have to intervene to prevent a total meltdown of society and a complete breakdown in law and order.

In this new world, technology will mould social behaviours. All public and private systems will depend on technology. This will give owners of Big Tech immense influence on societies and political power over nations.

The value addition of labour and technology will erode with the proliferation of AI and IMs. The only immutable asset will be land, as that will be the source of all essential commodities necessary for human survival. Nation States will be totally dependent on owners of land to provide it with food, clothing and housing for its people and raw materials for industry. Owners of land will become immensely wealthy and powerful and will hold sway over national politics. They will vie with owners of technology for supremacy.

Human beings will not only become unnecessary – they will become irrelevant. Advances in science and medicine, accelerated by ever more powerful AI, will eliminate hunger, disease and, perhaps, even death. Populations will shrink. Humans will stop evolving as survival is assured. The emergence of Super Artificial Intelligence is inevitable. It will be the last human invention as it will invent everything else after that.

Nations will be threatened by mass social unrest due to unemployment and vast disparities in income and wealth. Unless checked, political chaos will ensue. Sovereignty will be at the risk of compromise by a small elite in whose hands global wealth will concentrate.

In order to manage this extraordinary situation, nations will concentre state power at the cost of some of the liberties, freedoms and human rights that we have come to take for granted. Liberal democracy, as we know it, will give way to various forms of 'managed' democracy. Nations will need to formulate, publish and implement clear policies and strategies on AI. Controls on technology, if necessary by suspending copyright and patents, may be necessary. In the new paradigm, control over vital national assets would be essential. Free market economics will give way to one of greater control and state participation. Owners of land and Big Tech will need to be brought to heel.

The threat to employment in the short to medium term is predictable. It will be linear although with an ever steeper curve. In the long run, with the integration of emerging technologies and AI, the impact will be exponential. The interval between each step of technological progress will become progressively shorter, allowing less and less time to adjust to each change. Preparations must therefore be made on the basis of a long term perspective. Society and nations must increasingly innovate in ways AI and technology are adopted and integrated into our processes for the ultimate good of us, humans. It would be suicidal to wait for the symptoms of each change to hit before reacting or planning. The invasion of AI into every facet of human existence threatens, unless steered rightly, to be an inexorable Black Swan disaster.

Corporate Homicide:
A Great Concern in Bangladesh

S M Abu Nayem Ahmed

The Author is a
Sr. Deputy Director-ICAB

Introduction

How corporations can be best prevented from causing deaths of others has been critical for judges, legislators, prosecutors and academics alike around the world since the 19th century. Concerns for workplace safety have mounted globally in recent decades, propelling the demand for industrial manslaughter prosecution as a more effective use of criminal suits. Like the regulation of human conduct, criminal law is considered to be an instrument for changing corporate behaviour in a way that fosters future conformity with the expectations of society.

Corporate homicide has been a serious concern worldwide, particularly in Bangladesh, in recent decades. In the absence of a separate piece of corporate manslaughter legislation, general criminal law applies to corporate culpable homicide, but it has failed to convict the accused of such a heinous crime in Bangladesh.

Bangladesh has been experiencing factory fires more frequently than any other country in the world. Grossly negligent corporate conduct causing deaths at the workplace deserves societal full condemnation which can only be achieved by homicide convictions. Bangladeshi penal legislation has its own constrains, such as, a strong requirement of subjective mens rea (the intention or knowledge of wrongdoing that constitutes part of a crime, as opposed to the action or conduct of the accused), ambiguities about its applicability to corporations, blurred distinction between two types of unlawful homicides (murder and manslaughter), etc. The drawbacks in the 'culpable homicide' provisions in Bangladesh are evident especially when it comes to corporations. The existing laws have been proved to be failure and insufficient to prevent random fire burnt death of labour in garments factory and other industry. The general criminal laws concerning manslaughter in the UK, Australia are manifestly better articulated than their equivalent in Bangladesh.

Bangladesh has hardly any record of conviction of industrial deaths in its history. The magnitude of fatalities in the garment factories of the country is a great concern for us. This only necessitates that a standalone piece of legislation for corporate manslaughter is long overdue.

Background

The notion of corporate manslaughter has become an issue to be accepted as statutory provision after a series of tragic incidents resulting death of labours on account of fire and building collapse in various garments factories like Tajreen garments and Smart garments, Rana Plaza, Hashem

Food Factory in Bangladesh. The failure and insufficiency of the existing law on safety of labour has led us to think to recognize corporate manslaughter to punish and censure corporation.

Case Studies: Tazreen Factory

The Tazreen Fashions Ltd (Factory) Fire in 24 November 2012 burnt 130 workers to death and injured 200 more workers at a nine-storied garment factory nearby Dhaka. The employers padlocked the exits so that they could not "steal time from their shift" and thereby caused them to burn to death. The owner of the factory that caught fire showed denial, blame shifting and terming it as accident.

The frightened workers were prevented from running off the building as two mid-level managers blocked the way to move towards the staircases, and they asked the workers to stay in work. At the same time, the regular exit gates were locked concealing the last opportunity of workers to leave the death-trap. It seems even more appalling that, fire extinguishers were left unused as nobody knew how to use them, or they were dysfunctional.

The aforesaid facts of the Tazreen fire provide compelling evidence that the factory and its owner were in violation of their duty of care towards their employees. The violations begun with the construction of the building without approval of concerned authorities, and subsequently contraventions went on as evident from several failures such as not having any alternative safe or fire exits, not imparting training to the employees on how to effectively respond to factory fires, preventing panicked workers from leaving the factory after the fire alarm went off, establishing an unauthorised warehouse where the fire broke out, and so on. As a whole, the entity and its Managing Director completely failed to provide a safe environment at the workplace. Tazreen building lacked all of these mandatory facilities.

Case Studies: Rana Plaza

The event of Rana Plaza is one of the most shocking illustrations of corporate disaster, the people of Bangladesh witnessed. The Rana Plaza, an eight-storied building was not planned for factories but for shops and offices and the top four floors were built by violating the provisions of national building code. On 24 April of 2013, the building collapsed killing around 2500 workers where more than half of the victims were women. Just a day before the collapsing of Rana Plaza, cracks were seen in the building but Sohel Rana (Owner) declared to factory workers that the building was safe. The Industrial Police requested the evacuation of the building but Mr. Rana reported to media that his Rana Plaza was totally safe and the workers should go back to the work next day. This was the deadliest garment factory disaster has ever taken place in Bangladesh. The investigating authority lacked well equipped knowledge to investigate the

cases of corporate corruption and the legal system of the country did not seem to deal with the complexities arising in financial crimes.

Case Studies: Hashem Food Factory

The Hashem Food factory in Naryanganj, caught fire where hundreds of workers are employed. 52 people died and the dead were beyond recognition. Some of the workers reported that the building had no proper fire safety measures in place. They also alleged that the front gate and only exit of the factory remained locked at the time of the fire, recurring the same like Tajreen Factory.

As the report goes, there is no investments in fire safety when the factory housed huge amounts of flammable materials. There were no fire alarms, fire sprinklers, fire extinguishers or fire exits. The exits on the third floor locked, which caused workers to be trapped inside to be burnt to death.

These cannot be merely termed as accidents what allows corporations putting workers' lives at risk. Such accidents could be termed as mass killings of workers in incidents like the Tazreen Factory Fire and Hashem Food Factory Fire as acts of corporate manslaughter. The police filed a case under three sections of the Penal Code 1860 against Hashem and seven others under Section 302 (murder), Section 307 (attempt to murder) and Section 326 (voluntarily causing hurt to constrain to an illegal act).

However, the concept of corporate manslaughter suggests that not only should individuals be tried for committing the offence of killing, but also corporations.

Concept of Corporate Homicide

It is recognized that corporation is an artificial person that cannot be liable for any criminal offence. But a corporation can be brought under criminal liability only under the principle of lifting the corporate veil. The principle of lifting corporate veil accelerates to bring the natural human beings who are actually behind the corporation. Since corporation is an artificial person it has no hand and mind to carry forward the activities for it. All the activities are done by the natural persons who are in the management of the corporation. So there is very good reason that they should be held accountable for criminal offence caused by them under corporation.

The offence is recognized in England, Hong Kong, Australia and some other countries of the world. Corporate Manslaughter is an offence created by Section 1 of the Corporate Manslaughter and Corporate Homicide Act (CMCHA) 2007, which came into force on 6th April 2008 in UK. The offence was created to ensure that companies and other organisations can be held properly accountable for very serious failings resulting in death. The offence of gross negligence manslaughter was repealed by this Act as it was related to the corporations and other organisations only.

Corporate Manslaughter is wider in scope than the previous common law offence. It continues to apply only to the most serious corporate failings. Corporate offences must be committed by humans, who sometimes may want to take advantage of the corporate veil.

A study of eight US jurisdictions on the impacts of severe sanctions for environmental

crime by corporations has revealed that the threat of prosecution encourages self-protection thus keeps managers vigilant about workplace safety, it helps generate tendency for managers to write things down about safety measures, and it influences managers to discipline employees who could be potential violators of safety rules.

The failure of common law crime of gross negligence to deal with death from corporate negligence spurred the adoption of the Corporate Manslaughter and Corporate Homicide Act (CMCHA) in UK promptly. The definition provides two conditions need to be fulfilled for corporation manslaughter. Firstly, the offence must have caused a person's death and secondly, there must have a gross breach of relevant duty of care owed by the organisaton to the deceased.

Elements of the Offence

Main Elements of the Offence

a. The defendant is a qualified organization;

b. The organization owed to the victim a corresponding duty of care;

c. Presence of a gross violation of the responsibility by the organization;

d. The way in which the organization's activities are conducted and managed by its seniors;

e. Management was a key component in the violation; and

f. The grave violation of the responsibility of the organization caused or contributed to the death.

Meaning of Senior Management

Senior management, under Section 1(4) of the Act, of the UK CMCHA refers, in relation to an organization, to persons who have a major role in the decision-making process of how to manage or organize the entire or a substantial portion of their activities and the actual management or coordination of the entire activity or the major portion thereof.

Decisions as to who constitutes the senior management of an organisation will often be fact-specific and it may be necessary to consider factors such as the size of the organisation, the number of tiers of management, the diversity of the organisation's activities and individual job descriptions. The senior management element was included in the legislation in order to ensure that an organisation would not be held liable for management failures occurring solely at a relatively junior level.

The Organisation

Is the proposed defendant a qualifying organisation?

Section 1(2) states that the offence applies to the organization like a corporation, a government department or other body, a police force; or a partnership, or a trade union or employer's association, that is also an employer.

In principle, more than one company within a group might be prosecuted for an offence if there were gross failings within each organisation which separately contributed to the death. In each case, it is necessary to consider separately whether the company or organisation owed a relevant duty of care to the deceased and if so whether there was a gross breach.

Relevant Duty of Care

A relevant duty means any of the following duties in the law of negligence like a duty owed by an employer to its employees and other workmen; a duty owed as an occupier of premises; a duty owed in connection with the supply of goods or services; a duty owed in connection with construction or maintenance operations; a duty owed in connection with the carrying on of any other commercial activities; a duty owed in connection with the use or keeping of any plant, vehicle or other thing;

The silence of Bangladesh's legislation and Necessity of Enacting Corporate Manslaughter in Bangladesh

Various legislations have been made to deal with such situations. However, there is no legislation that exclusively deals with the crime of corporate manslaughter and hence there is a requirement for separate legislation. Besides harmful and dangerous working conditions at the workplace, the corporate killings also take place for the followings:

- Adulterated goods produced by corporations, which result in the death of consumers and workers.
- Deaths due to environmental catastrophes caused by the corporations.

Bangladesh inherited Penal Code (PC) 1860 which was originally enacted by the British Parliament. The penal provisions regarding unlawful homicide embodied in this legislation lack clarity, which is considered to be an obstacle to their effective enforcement. The definition of 'culpable homicide' in the Section 299 of the Penal Code 1860 (culpable homicide is meant to be the substitution for manslaughter of Australia and the UK) reads as follows:

Whoever causes death by doing an act with the intention of causing death, or with the intention of causing such bodily injury as is likely to cause death, or with the knowledge that he is likely by such act to cause death, commits the offence of culpable homicide. In the absence of any record of conviction of corporate manslaughter in Bangladesh, the very first concern is whether companies are included in the term 'whoever' followed by the expression.

Bangladesh needs recognition of corporate manslaughter and transformation of the offence into statutory framework for many reasons. The Labour Act 2006 is the main law relating to the safety and security of labour in Bangladesh. It is not applicable where a person is already dead by fire burnt death in garments factory. In this case theory of punitive strategy would be more suitable and effective enough. The Labour Act provides for both of civil and criminal liability. If it is accepted as civil matter, issue is remedied by compensation. In certain cases, it is remedied by punishment as of criminal proceeding. If corporation manslaughter is recognized in Bangladesh it will accelerate to bring a corporation under criminal liability. The Labour Act 2006 provides for proceeding on behalf of dead labour to carry to get remedy. But financial vulnerability of family member of dead labour may not enable them to get compensation. Most of the time they do not get proper compensation or get less than that of they are entitled. If corporation manslaughter is recognized and applied, state will be a party to the proceeding. Therefore, prosecution can fight against a corporation directly and actively to establish justice to injured or dead labor.

Most of the times we see that government has to pay financial aid to the family member of dead labour from own fund. If corporation manslaughter is accepted, government don't have to pay as fine from corporation that is liable for death of the deceased labour which can be easily paid to the family member of deceased labour.

Conclusion

The liability for crimes committed by companies has been a matter of intense scrutiny in many jurisdictions. However, the matter has relatively rarely been explored in our legal system. Corporate criminal responsibility and corporate officer's liability for corporate crimes have long been debated and are still far from being conclusively resolved. The concept of Corporate Manslaughter is comparatively a modern phenomenon.

Corporate manslaughter is wider in scope than the prior offence under the common law. It applies to only the most significant company failures. There is a high culpability threshold that requires proof that there is a serious violation of the applicable duty of care. Responsibility for the offence is evaluated by considering the faults of the entire organization. In simple words, an organisation is said to commit corporate manslaughter if the manner in which its operations are managed or organised, including a significant contribution by its 'senior management', causes death, and thus amounts to a gross breach of a relevant duty of care owed by the organisation towards the victim.

According to Section 1(6) of the Corporate Manslaughter and Corporate Homicide Act, an organisation that is found to be guilty of corporate manslaughter or corporate homicide is liable for a fine.

Criminal law is considered to be an instrument to change corporate behaviour in a way that fosters future conformity with the expectations of society. Recurrent flames have been causing workers' deaths at garments factories for decades. Given the enormity of casualties, offences under the occupational health and safety (OHS) legislation which does not deal with homicide are regarded as inadequate to redress corporate killings.

Registered corporations or companies, such as Hashem Foods Ltd, have legal personality, which means that they are seen to have a separate existence from their owners in the eyes and for the purposes of the law. While human offenders can be punished through both imprisonment and fines, non-human offenders such as corporations are usually punished through the imposition of strict fines.

A fine imposed on a corporation, if realised immediately, sends a strong signal to all companies that there may be a huge price to pay if they cause the deaths of their workers or others.

Therefore, it strongly suggests the enactment of separate legislation addressing deficiency of our existing laws in order to facilitate conviction of corporate offenders in the country. Delay will only bring more sufferings to the people who have limited means to have their voice heard.

Bibliography

1. Liability for Corporate Crimes; August 30, 2021; Law Opinion, The daily star; Md. Rizwanul Islam

2. Corporate Vehicular Manslaughter Provisions In The Bangladesh Road Transport Act 2018: A Textual Comparison With Their Equivalents in Australia; S. M. Solaiman; Criminal Law Forum volume 32, pages125–173 (2021); Published: 20 September 2020.

3. Corporate Manslaughter: Imminent to stop fire burnt death of Labour; Md. Ashraful Alam & Md. Habib Alam. Law Watch; The daily Star; Issue No: 309; February 23, 2013.

4. We should stop calling acts of corporate manslaughter 'accidents'; Taqbir Huda' Wed Jul 14, 202; Published in The daily Star.

5. Initiatives to Combat Corporate Environmental Crimes: A Comparative Study; S. M. Formanul Islam 2014.

6. Impunity of frequent corporate homicides by recurrent fires at garment factories in Bangladesh: Bangladeshi culpable homicide compared with its equivalents in the United Kingdom and Australia

7. S M. Solaiman; University of Wollongong, sheikh@uow.edu.au; Afroza Begum; University of Wollongong, afroza@uow.edu.au

8. Exploring the Threats of Corporate Crime as a Rising Trend of White Collar Crime in Bangladesh: An Empirical Study in the Light of Criminal Law; Md. Hasnath Kabir Fahim; Lecturer School of Law; Chittagong Independent University; Journal of Asia Pacific Studies (2021) Volume 6 No 1, 23-38; 23.

Democracy and Rule of Law Vs Economic Uplift:
An Analysis of Precisions and Imprecisions

M Jalal Hussain FCA

The Author is a Chartered Accountant and a Fellow Member of the Institute of Chartered Accountants of Bangladesh-ICAB

Introduction

Democracy and rule of law have a domineering role to play in promoting sustainable development of a country. Freedom of will, freedom of expression, free and fair elections, independent media, answerable government, as well as other basic democratic principles are all critical components of an environment highly subservient to economic uplift. History tells us that absence of democracy is "tyranny, brutality, corruption and repression" for the people of a country. Syria is the latest example where democracy is nonextant. Thousands of people of that country got brutally killed and displaced by the dictator and his regime and still the onslaught, killings and conflicts are going on and remain unabated. The economy is maraud and devasted - many years' hard-earned development is vanished.

Democracy and rule of law make the people disciplined, make the government answerable, accountable, value and ensure peoples' right that directly and indirectly help economic development. "Democracy must be built through open societies that share information. When there is information, there is enlightenment. When there is debate, there are solutions. When there is no sharing of power, no rule of law, no accountability, there is abuse, corruption, subjugation and indignation". So, said by Atifete Jahjaga, former President of Kosovo.

Economic reinforcement, peace and progress are syndetic to democracy and rule of law of a country. According to recent (2020) Democracy Index compiled by the Economist Intelligence Unit (EIU) of The Economist, a UK based newspaper, there's no democracy in 34.1% countries in the present-day world and 65.9% countries have democracy – in different forms.

Year 2020						
Type of regime	Colors		Score	Countries	Countries (%)	World population (%)
Full democracies			8.01–10	23	13.8%	8.4%
Flawed democracies			6.01–8	52	31.1%	41.0%
Hybrid regimes			4.01–6	35	21.0%	15.0%
Authoritarian regimes			0–4	57	34.1%	35.6%

Figure: 1 (Source: The Economist Intelligence UnitDemocracy Index for 2020)

Democratic Countries Top the World Happiness Index

The 2020 report topographies the happiness score averaged over the years 2017–2019. Finland is the happiest country in the world, followed by Denmark, Switzerland, Iceland, and Norway. The data comes from the Gallup World Poll, based entirely on survey scores and answers to the main life evaluation question asked in the Poll. Gallop World Poll takes care of six variables while preparing the World Happiness Index, viz., GDP Per Capita, social support, health, freedom of choice, generosity and perception of corruption.

Analysis of the above world happiness chart prognosticates that the top 11 countries democratically administered and "true democracy" is dominant in those countries. On the other hand, the bottom 11 countries are known as "down in dumps" countries in the present world and are administered by dictators or by Authoritarian regimes and very few countries have "Flawed democracies" or "Hybrid regimes".

Fourth Industrial Revolution is Dominated by Six Strong Democratic Countries

The six countries who have strong democracy are leading the fourth industrial revolution are shown below:

Japan: Japan leads the number one rank as one of World Economic Forum's (WEF's) leading countries with its current edifice of production. It's a strong player in manufacturing and production around the globe. On the other hand, Japan encounters many societal challenges, such as an increased ageing population. Fourth Industrial Revolution could provide a solution. They build their ideas around the idea of "monozukuri" which refers to Japanese work tenet and talent at manufacturing industries.

Germany: Germany is on Japan's equal as a foremost country in industry. In fact, the government even has its own plan for Fourth Industrial Revolution. It's a democratic

Democratic Countries Top the World Happiness Index

Overall Rank	Country	Score	GDP Per capita $	Overall Rank	Country	Score	GDP Per capita $
1	Finland	7.809	48,461	143	Lesotho	3.653	1,413
2	Denmark	7.646	63,829	144	India	3.573	2,191
3	Switzerland	7.56	86,673	145	Malawi	3.538	367
4	Iceland	7.504	54,482	146	Yemen	3.527	925
5	Norway	7.488	64,856	147	Botswana	3.479	7,817
6	Netherlands	7.449	58,003	148	Tanzania	3.476	1,172
7	Sweden	7.353	50,339	149	Central African Republic	3.476	823
8	New Zealand	7.3	41,072	150	Rwanda	3.312	873
9	Austria	7.294	50,277	151	Zimbabwe	3.299	1,424
10	Luxembourg	7.238	113,196	152	South Sudan	2.817	246
11	Canada	7.232	47,568	153	Afghanistan	2.567	493
12	USA	6.951	68,309	-	-	-	-
13	China	5.339	11,819	-	-	-	-

Figure 2 (Source Wikipedia-Worlds Happiness Report 2020 and GDP Per capita Report)

country that inspires making digital, highlights workers, SMEs, globality and businesses.

Canada: Canada is presently a pivot for innovative technologies. These include technologies from fintech, blockchain to AI to complete digitalization. The Canadian government is even testing implementations of blockchain in their communication systems. It has an impressive myriad of financing facilities for innovations, technologies and new businesses. It ranks 7th as a driver of production. With time and preparation, Canada could be forerunner state of production globally.

Switzerland: Switzerland is well-positioned both with its present and future state of production. It ranks fourth for edifice and third as a driver on World Economic Forum (WEF)'s rating system. Switzerland also swarms the headquarters of the WEF in Geneva.

Austria: Austria is a vigorous driver of production. Austria orders interplay between industries, joint plans as well as scalability and transferability. Austria benefits from both a strong current state of production as well as a good future of production. It has divergent plans for Fourth Industrial Revolution.

Australia: Australia is not quite placed as an important country on the WEF's scale, with a recent rank 61 in its edifice or production. However, it has potential as a driver of production and manufacturing, ranking 12th on that category. Australia's manufacturing sector makes up less than a skimpy 7% of its GDP.

Democratic Countries in Africa are Emerging at High Speed

It's a great news that a good number of African countries are advancing economically, politically and socially at high speed, putting behindhand them the year-long conflicts, onslaughts, stagnation, dictatorship and authoritarian. These countries have confronted the old negative stereotypes of poverty and catastrophe by achieving stable and steady economic growth - deepening democracy, improving governance, and declining poverty. Emerging Africa reconnoiters five fundamental vicissitudes viz., more democratic and answerable and accountable governments; more practical economic policies; the end of the debt crisis and changing relationships with donors; the spread of new technologies; and the advent of a new generation of policymakers, activists, and business leaders. According to different researchers and theorists, "democracy and accountable governments" bequeathed greatly to achieve the economic uplift and social-cohesion in the Emerging Africa. Mauritius, South Africa, Ghana and Namibia are few countries in Africa who improved their economic and societal position by improving democracy and rule of law.

Recent study and research made by economists, researchers, theorists and social-scholars show that when it comes to economic growth, democracy significantly increases development and growth. "Countries switching from authoritarian rule to democratic rule experience 20%

List few African countries whose Democratic Index Score is good and have better GDP Per capita

Country	Score	GDP Per Capita (PPP) $
Mauritius	8.140	11,693
South Africa	9.370	5,236
Nigeria	4.100	2,432
Ghana	6.500	2,374
Chad	1.550	2,428
Syria	1.430	2,900
Central African Republic	1.320	823
D R Congo	1.130	843
Namibia	6.540	4,371
Chad	1.55	2,428
Syria	1.43	2,900
Central African Republic	1.32	823
D R Congo	1.13	843

Figure 3 (Source: Wikipedia)

increase in GDP over 25 - year period, compared to what would have happened had the countries remained authoritarian countries". (Source: MIT News Study, March 2019)

True Democratic Countries Top the High GDP Per Capita

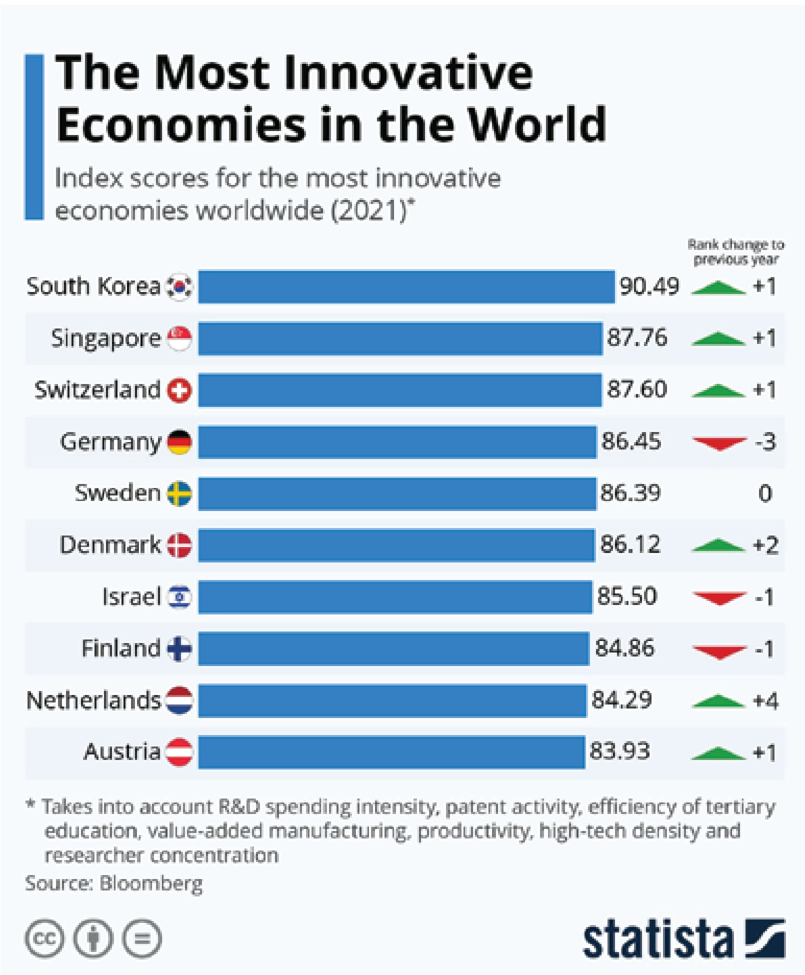
From the pragmatic analysis of the democracy index, it's observed that democracy – true democracy has strong link with the economic development of a country. Top 5 high scored democratic countries enjoy much higher GDP Per Capita income than the bottom 5 low scored countries enjoy much lower GDP Per Capita income.

Democracy sees higher GDP due to greater civil liberties, economic reform, increased investment and government capacity, and reduced social conflict. Many analysts view democracy as a neutral or negative factor for growth. But new evidence shows that democracy has a robust and sizable pro-growth effect.

"Norwegian police said on Friday, April 9, 2021 they have fined Prime Minister Erna Solberg for breaking COVID-19 social distancing rules when she organized a family gathering to celebrate her birthday. The fine is for 20,000 Norwegian crowns ($2,352), police chief Ole Saeverud told a news conference" Reuters, Oslo reported on April 19, 2021. This report shows how democracy and rule of law are warranted in Norway that help enjoying world's highest GDP per capita and place it in the 5th position of World Happiness Index.

Country	Score	GDP Per Capita (PPP) $	Country	Score	GDP Per Capita (PPP) $
Norway	9.810	64,856	Chad	1.55	2,428
Iceland	9.370	54,482	Syria	1.43	2,900
Sweden	9.260	50,339	Central African Republic	1.32	823
New Zealand	9.250	41,072	D R Congo	1.13	843
Canada	9.240	47,568	North Korea	1.08	1,800
USA	**7.920**	**68,309**	-	-	-
China	**2.270**	**11,819**	-	-	-

Figure:4 (Source: The Economist Intelligence Unit Democracy Index 2020)



Democratic Countries Top Most Innovative Countries

The above chart clearly shows the top ten most innovative countries in 2021 are fully democratic and vigorously support the concept that democracy is vital for economic uplift in all respects.

Merits of Authoritarian Rule

Every idea, thought and rule have merits and demerits. Economists, social-scholars and politicians have had different opinions, views and logics about Authoritarian Rule. Some scholars opined that underdeveloped and poor countries can grow their economies more swiftly with Authoritarian Rule. They argue that in countries with short of finance, human capital and institutional capacity authoritarian governments can better marshal these limited resources towards clear, defined and refined objectives.

In a dictatorship rule, usually, there are very strict rules and punishment for even a small crime or violation of the law. Such strict punishments arise risk among people. Thus, there are lower crimes as compared to the countries which don't have a dictatorial form of government. Foreign direct investment (FDI) is a driving force of global integration for a country. People generally get stable government under autocratic rule. Due to stable government, sometimes investors favor investment in autocratic countries, for example in China and Vietnam.

Some schools of thought strongly argue that whatever advantages authoritarian governments have - are for short term. In the long term all developments, stability and planning will go vanished or destroyed as happened in autocratic countries like Yemen, Syria, Iraq, Libya, D R Congo, Zimbabwe and many more. History tells that dictatorship doesn't collapse in an easy way or in a day. When it collapses – it swallows and ingurgitates all developments, it wipes out economies, people's lives, peace, securities, the dictators - their families and regimes, all together.

Economic and Social Disparity Between the "East and West", "North and South"

Reports from various analyses and comparison of development, economic, peace and happiness indexes reveal that there are gargantuan differences of social, economic, financial, peace, happiness and standard of living between democratically governed "West" and autocratically or flawed-democratically governed "East". Democratic west is in much better position than the autocratic or flawed-democratic east. Some naturally resourceful and very big countries ruled by autocrats are enjoying some economic benefits due to their economic-diversity. But people of those countries have no freedom of speech, opinion, decision and choice and lead a life like "life-in-prison "having food and shelter but no freedom, no independence. In addition, there's sky-high economic, financial and social differences between urban life and rural life in those countries.

It's worth mentioning here that the comparison between democratic South Korea and Autocratic North Korea strongly support the concept – "Democracy and rule of law uplift economic development". Both North and South Korea achieved independence at the same time, they are following same culture, same tradition, same language and the only difference is the rule of governance – North is autocratic and South is democratic. Democratic South Korea is much advanced than autocratic North Korea – democratic South is enjoying a GDP (N) per capita income of $34,866 and high standard of living and autocratic North is enjoying a GDP(N) per capita income of $1,300 and low standard of living. The economic picture of democratic North American countries and autocratic or flawed-democratic South American countries show that democratic "North" is much more advanced than that of autocratic and flawed-democratic "South".

Conclusion

Today we are living in a technological and innovative world where democracy is being challenged, catechized and put into question. From the review and analysis of the precisions and imprecisions of democracy and its link with economic uplift, it's established that democracy and rule of law have an irrevocable, irreversible and strong role in economic uplift of a country. While democracy stands strong in many countries but in some countries, there is a growing trend towards authoritarianism. The challenges are multitudinous and we need to counter them urgently and comprehensively. The more democratic a system of government, the more inclusive and equal a society will be. Under authoritarian rule, it's impossible to have a leader who chooses diplomacy over wars, who possesses knowledge, integrity, keeps words, doesn't lie, who doesn't divide the nation rather unites, who establishes rule of law and justice.

Considering the pro and cons, merits and demerits – exploring the past, present and future of democracy vis-s-vis autocracy or flawed democracy, it's the high time for the "highly-conscience" people of world to adapt, adopt, reckon and stick to "true-democracy". Isn't it worth enjoying the plethora of benedictions, fruits of true democracy – happiness, peace, high standard of living, high per capita income, better health care, education and prospective future by pursuing and practicing democracy and establishing rule of law?

Consumer's Rights & Responsibilities

M S Siddiqui

The Author is a Legal Economist

Anyone who consumes goods is a consumer. This is a widely discussed issue that consumers get exploited in the market. Consumers around the world have many complains against service providers and vocal of their rights and responsibilities. There are conflict of interest and dispute among buyers and sellers. An effective consumer dispute resolution mechanism is, therefore, very much a need of the modern society. Notionally, 'dispute resolution' refers to the use of mechanisms designed to provide compensations to the consumers who have suffered economic harm resulting from transactions involving goods and services. All the countries should provide cost-effective and simple procedures to its consumers to enable them to obtain redress for the economic harm suffered.

Since 20th century, consumer rights gained importance in the world particularly in western countries. It has subsequently developed in developing countries as well. Almost all the countries now have enacted different kinds of consumer protection laws. The rights of consumers got international recognition when in 1985 the UN promulgated the basic guidelines regarding consumer rights protection. The UN guidelines said that 'all citizens, regardless of their incomes or social standing, have basic rights as consumers'. By the end of the 20th century, consumer rights protection became a movement. Nevertheless, the rights of consumers continue to be denied or violated by governments, producers and various powerful sections of society. Consumer rights include: the right to safety, the right to be informed, the right to choose, and the right to be heard. A global consumer movement lead by Consumers International, a global federation of over 250 consumer organizations, added four more rights: the right to satisfaction of basic needs, the right to redress, the right to education, and the right to a healthy environment.

Customers are aggrieved and very often complain of followings:

1. Under weight and under measurements -- not measured or weighed correctly
2. Substandard Quality -- defective products and expiry date
3. High prices -- charging above presumed standard retail price
4. Duplicate Articles -- selling fake items in the name of the original
5. Adulteration and Impurity
6. Lack of safety Devices -- absence of inbuilt safeguards in appliances
7. Artificial Scarcity --

hoarding and black marketing

8. False and Incomplete Information -- misleading information on quality, durability, and safety.

9. Unsatisfactory after sales Service for equipments require constant and regular service.

10. Rough behaviors and Undue conditions

Factors prevailing the market causing allegation against service providers

1. Limited Information -- providing full and correct information will help in the choice

2. Limited Supplies -- when goods and services are in short supply then price shoots up

3. Limited Competition -- single producer may manipulate the market in terms of price and stocks.

4. Low Literacy -- illiteracy leads to exploitation. Hence Consumer Awareness is essential.

A consumer has right to buy a desired product a fair price. They have certain rights and some responsibilities

The United Nations General Assembly adopted guidelines for consumer protection by consensus on 9 April 1985 (General Assembly resolution 39/248) and revised in 1999. Taking into account the interests and needs of consumers in all countries, particularly those in developing countries; recognizing that consumers often face imbalances in economic terms, educational levels, and bargaining power; and bearing in mind that consumers should have the right of access to non-hazardous products, as well as the right to promote just, equitable and sustainable economic and social development and environmental protection, these guidelines for consumer protection have the following objectives:

To assist countries in achieving or maintaining adequate protection for their population as consumers; To facilitate production and distribution patterns responsive to the needs and desires of consumers; To encourage high levels of ethical conduct for those engaged in the production and distribution of goods and services to consumers; To assist countries

Right To...	Responsibility To...
Be protected against goods and services that are hazardous to health and life	Read instructions on **products** and use them as intended. Check the qualifications of **service** providers
Be given all the facts and information to help choose the best product	Ask for the information you need
Be provided with opportunities to obtain the knowledge and skills for making informed decisions	Inform own self about goods and services they buy by reading consumer reports, following the news and asking questions
Choose among a good variety of quality products and services	Compare prices, find out about differences between products and services and make informed decisions
Receive compensation - a fair settlement to make up for unsatisfactory goods or services	Insist on a fair and reasonable deal, if not satisfied with your purchase
Live in a healthy environment	Help build a healthy environment by conserving natural resources and choosing products that do not harm the environment
Have a say in making government policies for the marketplace	Make the needs and expectations known to vendors and to the government

in curbing abusive business practices by all enterprises at the national and international levels which adversely affect consumers; To facilitate the development of independent consumer groups; To further international cooperation in the field of consumer protection; To encourage the development of market conditions which provide consumers with greater choice at lower prices; To promote sustainable consumption.

The resolution state further, Governments should develop or encourage the development of general consumer education and information programs, including information on the environmental impacts of consumer choices and behavior and the possible implications, including benefits and costs, of changes in consumption, bearing in mind the cultural traditions of the people concerned. The aim of such programs should be to enable people to act as discriminating consumers, capable of making an informed choice of goods and services, and conscious of their rights and responsibilities. In developing such programs, special attention should be given to the needs of disadvantaged consumers, in both rural and urban areas, including low-income consumers and those with low or non-existent literacy levels. Consumer groups, business and other relevant organizations of civil society should be involved in these educational efforts.

Consumer education should, where appropriate, become an integral part of the basic curriculum of the educational system, preferably as a component of existing subjects. Consumer education and information program should cover such important aspects of consumer protection as the following: (a) Health, nutrition, prevention of food-borne diseases and food adulteration; (b) Product hazards; (c) Product labeling; (d) Relevant legislation, how to obtain redress, and agencies and organizations for consumer protection; (e) Information on weights and measures, prices, quality, credit conditions and availability of basic necessities; (f) Environmental protection; and (g) Efficient use of materials, energy and water.

Consumer awareness is the knowledge that a consumer should have about his/her legal rights and duties. It is a must for a consumer to follow these rights. It is implemented for the protection of the consumer.

The UN emphasized on protection of consumers by facilitate production & distribution, encouraging ethical conducts in production and distribution, facilitating and encouraging consumers group, international co-operation and development of market condition for greater choice of lower prices.

The U.N. guidelines for consumer protection are meant to achieve the following objectives:

a. To assist countries in achieving or maintaining adequate protection for their population as consumers,

b. To facilitate production and distribution patterns responsive to the needs and desires of consumers,

c. To encourage high levels of ethical conduct for those engaged in the production and distribution of goods and services to consumers,

d. To assist countries in curbing abusive business practices by all enterprises at the national and international levels which adversely affect consumers,

e. To facilitate the development of independent consumer groups,

f. To further international cooperation in the field of consumer protection,

g. To encourage the development of market conditions which provide consumers with greater choice at lower prices.

The OECD Committee on Consumer Policy (CCP). Work on its principles was initiated in late 2005. The Recommendation was adopted by the OECD Council on 12 July 2007. : "Dispute resolution" refers to the use of mechanisms designed to provide consumers who have suffered economic harm resulting from transactions involving goods or services" "Redress" refers to compensation for economic harm, whether in the form of a monetary remedy (e.g. a voluntary payment, damages, restitution, or other monetary relief) or a conduct remedy with a restorative element (e.g. exchange of a good or service, specific performance or rescission of a contract).

"Economic harm" refers to actual monetary loss sustained by a consumer as a result of a breach of legislation or common law principles aimed at protecting consumers. "Consumer protection enforcement authority" means any national public body, as determined by each Member country, that has as a principal mission implementing laws against fraudulent, misleading, or unfair commercial practices affecting consumers and has powers (a) to conduct investigations or (b) to pursue enforcement proceedings, or (c) to do both. These dispute resolutions mechanisms should be designed to be sufficiently accessible and easy to use to enable consumers to elect to conduct the procedure without need for legal representation or assistance as far as possible. The consumers should not be forced to litigation with the sellers.

Alternative dispute resolution services, including online dispute resolution, by which consumers and businesses engage in an out-of-court process to reach an agreement. Such services may include procedures which lead to the settling of the dispute through the active intervention of a neutral third party, who proposes or imposes a solution or procedures which facilitate the resolution of a consumer dispute by bringing the parties together and assisting them in reaching a solution by common consent. They may also include agency based mechanisms, by which consumers submit their complaint against a business to a public agency for investigation and finding; and/or b. Simplified court procedures for small claims, which offer consumers the opportunity to obtain a judicial determination of their dispute through less formal and expedited procedures than those used in traditional court proceedings. This may include simplified proceedings in separate courts or tribunals of limited jurisdiction or simplified proceedings in the regular courts of first instance.

The UN resolution and also OECD recommendation encourage association of consumers within countries and across the boarders. The Consumers International (CI), former International Organisation of Consumer Unions (IOCU), the umbrella body, for 240 organizations in over 100 countries, expanded the charter of consumers rights contained in the US Bill to eight, which in a logical order reads:

1. Basic Needs
2. Safety
3. Information
4. Choice
5. Representation
6. Redress
7. Consumer Education and
8. Healthy Environment.

UN and CI and other civil society working on 10-year framework of program on sustainable consumption and production has been discussed at the 18thsession of of the UN Commission on Sustainable Development (CSD). The UN and civil society have also started preparation for the UN Conference on Sustainable Development 2012. CI will provide consumers with independent, clear and transparent information in relation to sustainable consumption. CI will do this through:

- targeted awareness-raising campaigns
- consumer education, and
- working with its global membership to communicate the impact of consumer choice in markets with globalised commodity chains.

CI will also deliver appropriate capacity building activities for its members so that they are better equipped to engage with sustainable consumption issues at a local level.

In 2007, CI had a workshop on following the workshop on "Can consumers rely on fair trade claims?" held by the ISO Committee on consumer policy (ISO/COPOLCO) and established the Ethical Trade Fact-finding Process (ETFP). Its aim is to build consumer confidence in purchasing ethically traded products and services by recommending solutions to reduce the potential for consumer confusion caused by inaccurate and unreliable 'ethical' claims.

CI has now more focus on education programs. The Consumer education (CE) programs has shifted from the individual concerns of the consumer to the shared concerns of consumers within society at large. The program will enhance the capacity of CI members to influence the adoption of CE program in the formal school curriculum by providing:

- training
- access to materials on consumer education
- networking routes among consumer organisations and CE professionals
- ways to develop alliances

with regional organisations to influence the adoption of CE in the formal and informal sector.

CI has global consumer education program though out the world and the regional center at Kuala Lumpur, Malaysia began Consumer Education (CE) program in 1985. It brought together more than 80 individuals and organizations in a worldwide network, the Consumer Educators Network (CEN), and worked towards exchanging materials and strategies on promoting consumer education:

- in the school curriculum
- as an extra-curricular activity in schools
- for training teachers
- for adult and community education and for the education of rural consumers.

CI has produced resource materials which have been used by its members and consumer educators all over the world.

Our neighbour India have better legal and social environment for consumers. The Indian Consumer Protection Act, 1986 empowers the consumer dispute redressal forums to issue orders, inter alia, directing the consumer offender to remove the defect in goods and services, to replace the goods with new goods of similar description which shall be free from any defect; to return to the complainant the price, or, as the case may be, the charges paid by the complainants; to pay such amount as may be awarded by it as compensation to the consumer for any loss or injury suffered by the consumer due to the negligence of the offender; etc. Similar provisions can be found in the Consumer Protection Act, 1999 of Malaysia, the Consumer Protection (Fair Trading) Act, 2003 of Singapore, in the North West Frontier Province Consumer Protection Act, 1997, the Balochistan Consumer Protection Act, 2003 and the Punjab Consumer Protection Act, 2005 of Pakistan, and even in the draft Consumer Protection Act of the Kingdom of Bhutan, 2007.

The salient features of The consumer protection Act, 1986 (68 of 1986) of India Act are summed up as under:-

- The Act applies to all goods and services unless specifically exempted by the Central Government.
- It covers all the sectors whether private, public or cooperative.
- The provisions of the Act are compensatory in nature.

It enshrines the following rights of consumers:-

- Right to be protected against the marketing of goods and services which are hazardous to life and property.
- Right to be informed about the quality, quantity, potency, purity, standard and price of goods or services so as to protect the consumer against unfair trade practices;
- Right to be assured , wherever possible , access to a variety of goods and services at competitive prices;
- Right to be heard and to be assured that consumers' interests will receive due consideration at appropriate forums;
- Right to seek redressal against unfair trade practices unscrupulous exploitation of consumers; and
- Right to consumer education

Relief available to the consumers:-

Depending on the nature of relief sought by the consumer and facts, the Redressal Forums may give orders for one or more of the following relief:-

(a) removal of defects from the goods,

(b) replacement of the goods;

(c) refund of the price paid;

(d) award of compensation for the loss or injury suffered;

(e) removal of defects or deficiencies in the services;

(f) discontinuance of unfair trade practices or restrictive

trade practices or direction not to repeat them;

(g) withdrawal of the hazardous goods from being offered to sale; or

(h) award for adequate costs to parties.

(i) Speedy Disposal

Bangladesh consumers and civil society became concerned of their rights and consumers started movement and finally the Consumers' Right Protection Act 2009 passed recently.

The Consumer Rights Protection Act, 2009 is very comprehensive to take care of the details of the existing laws and its implications with the free market economy. It is expected to address many problems and indiscipline in the market. It contains seven chapters and lays out provisions for establishing the National Consumer Right Protection Council (section 5) and the National Consumer Right Protection Directorate (section 8). The act clearly defines consumer offences and sets out the punishments for the same (sections 37-53). However, there is no provision for separate tribunals or courts to try consumer offences as it is the case in some other countries. The courts of first class magistrates or the metropolitan magistrates are empowered to try consumer offences (section 57).

The Consumer Protection Act is an alternative and cheapest remedy already available to the aggrieved persons/consumers by way of civil suit. In the complaint/appeal/petition submitted under the Act, a consumer is not required to pay any court fees or even process fee. Proceedings are summary in nature and endeavor is made to grant relief to the parties in the quickest possible time keeping in mind the spirit of the Act which provides for disposal of the cases within 90 days. If a consumer is not satisfied by the decision of the Magistrate court he can go to district court and subsequently to High court as per civil court procedure.

It also has provision for aggrieved consumers to take recourse to the civil court claiming for 'monetary compensation' (section 66). The amount of compensation could be five times more to the economic harm suffered (section 66(3)). However, the aggrieved consumer can only seek such compensation after the consumer directorate has actually initiated the criminal procedure in the magistrates' courts (section 66(1)).

On the other hand the aggrieved consumers can always directly file damage suits claiming compensations under common law of tort and much talked Special Power Act 1974 can be applied. After the Consumer Rights Protection Act, 2009, the aggrieved consumers would need to wait for the initiation of criminal proceeding by the consumer directorate before taking recourse to the civil court for such monetary compensation. This is the professional immunity of the sellers and also probable misuse of the law against common businessperson by powerful consumers.

The Consumer Rights Protection Act, 2009 contains seven chapters and lays out provisions for establishing the National Consumer Right Protection Council (section 5) and the National Consumer Right Protection Directorate (section 8). The act clearly defines consumer offences and sets out the punishments for the same (sections 37-53). However, there is no provision for separate tribunals or courts to try consumer offences as it is the case in India's Consumer Protection Act of 1986 or Malaysia's Consumer Protection Act of 1999.

Under Bangladesh Act, 2009, the courts of first class magistrates or the metropolitan magistrates are empowered to try consumer offences (section 57). The aggrieved consumers of Bangladesh can only lodge a complaint to the director general of the consumer directorate (within 30 days) (section 60) and then must wait for the directorate to take further action, if required (section 76). The consumer always has the option to go to the court for compensation and even can also go to court under special power act 1974 (sec 71 -2).

The civil society and Consumers Association of Bangladesh demanding an amendment of consumer protection act for a provision for consumers to go directly to such courts to take action against offences (section 71). The demand seems not in line with the UN Convention, OECD recommendation, Consumers International etc.

The manufacturers, sellers and consumers need a congenial atmosphere with co-operation and understanding and consumers need information and education of their rights, privileges and responsibilities. Consumers also need a hassle-free dispute resolution for compensation of loss not litigation and conflict with service providers.

References

Coke-Hamilton, Pamela (2016), World Consumer Rights Day: Do consumers play a role as influencers of sustainable consumption?, UNCTAD, 12 March 2020. Retrieved from https://unctad.org/news/world-consumer-rights-day-do-consumers-play-role-influencers-sustainable-consumption Hima, K. (2016). Consumer rights awareness:

A study among college students of Kannur District. IRACST – International Journal of Commerce, Business and Management, 5(6), 2319–2828. http://www.iracst. org/ijcbm/home.html Ibarra, Venus C. & Revilla, (2014), Charito D. Consumers' awareness on their eight basic rights: A comparative study of Filopinos in the Philippines and Guam, IJMMR, Vol. 7, No. 2, 2014. Gupta, N. & Panchal, P. (2009). Extent of Awareness and Food Adulteration Detection in Selected Food Items Purchased by Home Makers Journal: Pakistan Journal of Nutrition ISSN1680-5194, 8(5). Subedi, R. C. (2007) Consumer Rights, Public Awareness and Law Implementation. Available at http://www.thehimalayantimes.com. Interim report, June 2012 of High-Level Political Forum on Sustainable Development The 10 Year Framework of Programmes on Sustainable Consumption and Production Patterns (10YFP). Retrieve from: https://sustainabledevelopment.un.org/index.php?page=view&type=400&nr=1444&menu=35 on August 06, 2021.

Praveen, S (2012) Consumer Education – Guidence And Counselling, Elixir Inter. Busi. Mgmt. 47 (2012) 8906-8916, 2012 Report (2003) on Consumer Education in Schools, Published by Consumer Affairs Victoria, 452 Flinders Street, Melbourne, Victoria, 3000, Australia. Subedi, R. C. (2007) Consumer Rights, Public Awareness and Law Implementation. Available at http://www.thehimalayantimes.com UN, 2016, The U.N. guidelines for consumer protection, UN resolution 70/186 of 22 December 2015, Published by UNCTAD secretariat, Palais des Nations, 1211 Geneva 10, Switzerland.

Challenges of Risk Management in Banks/ Financial Institute, Amid the Covid-19 Pandemic: Bangladesh

Mohammad Javed Omar FCPA, FCGA

The Author is a Fellow Member of Risk Management Institute of India

The Covid-19 has affected the entire world in every sphere of life and its effects has changed the social norms and values, disrupted the supply chain, slowed down the economic and financial activities, increased volatility in the market place, increased financial uncertainty, and changed the mindset of the economic agents. All these reactions of the pandemic have notable implications and unprecedented uncertainties in the global economy and banking / financial sector as well.

The policymakers are providing unprecedented support to households, firms, and financial markets around the globe and these measures may be categorized into: public health measures; human control measures; fiscal measures, and monetary measures.

Public health measures mainly include public quarantine, stay at home or social distancing directions, disinfection campaign, health screening to address corona contamination risks to save life.

Human control measures include travel bans, shutdown or border restrictions, suspension of visa, shutdown of schools, releasing overcrowded prisoners etc.

To save economic distresses, government in different countries approved large stimulus packages to support economic and industries; income for individuals and households; social welfare payment.

Monetary intervention and financial stability measures mainly include principal or interest moratorium/ postponement to debtors; regulatory forbearance/ exemption to banks; central banks' provisions to liquidity through buy back of government securities; lowering refinancing rates and statutory measures; and sustained flow of credit to micro and SMEs, essential businesses, and other affected sectors.

Possible Impact on Banks

The development of Covid-19 has created pressure on banks and put both business growth and financial stability of the bank at risk. The country was on a general holiday for a long period, with most economic activities at an almost standstill position. The economic fallout from the pandemic will impact credit quality, loan demand, deposit growth, fee income, and much more. If the situation lasts longer, this could pose a challenge for the banks of the country. In this situation, banks should focus primarily on four key areas of banking businesses: (i) Credit Management; (ii) Revenue Reduction; (iii) Customer Service; and (iv) Business Process Reengineering and Product Innovations.

Credit Management

Almost all business activities have been affected because of the lockdown imposed by the country to fight against the pandemic. The cash flow of most of the customers, both retail and corporate, has reduced due to lower business revenue and sudden spike in unemployment. This will cause a significant rise in the NPLs. In the pre-Covid 19 situation, some banks were already struggling with non-performing loans. The current situation might bring a huge burden of non- performing loans for the banking industry if the growing credit risk environment is not addressed effectively. No doubt, all economic sectors, clients, commercial or individual are not equally affected/impacted by the Covid- 19 and some businesses are doing well in this pandemic situation.

Banks should focus on identifying the less affected business areas for extending facilities to the existing or new borrowers and must follow the stringent process for selecting the borrower to avoid the adverse selection problem.

Besides, recovery capacity should be increased to deal with the increased volume of delinquent accounts. It is expected that things will be normal with the passage of time and businesses will get the momentum after the slowdown of the pandemic. As such, demand for credit is expected to rise which may aggravate the liquidity crisis in the absence of sufficient liquidity in due time and also for the lower payment by the borrowers.

Revenue Reduction: Though demand for certain online banking increases but Net Investment Margin (NIM) or Income is expected to decline because of the rate cut to boost economic activities, non-repayment by the hard-hit borrower and aggregate decline in the credit demand during the pandemic. Other fee-based and non-interest income of the banks, export/ import earnings are not free from the risk of reduction. As economic activity slows down and supply chains are disrupted, trade finance and cross-border payments will also decline and be disrupted. Other than managing fixed and operating costs, banks have very little to do in such an uncertain situation.

Potential Losers	Potential Gainers
Tourism	Medical Supply & Services
Aviation	Personal & Healthcare
Automotive	Food Processing & Retail
Construction & Real estate	ICT (digital & internet Co., online education, groceries)
Manufacturing (non-essential)	E-Commerce

Customer Service: Many people, like the elderly, are not comfortable with the technology-based banking transactions. Bank can use this as an opportunity to educate them with the digital platform by providing user-friendly app-based banking solutions for ensuring necessary services to their customers and can create a strong bonding by building a trustworthy relationship with the customers. This can be done by providing necessary training to the branch level and call center staff members.

Business Process Reengineering and Product Innovations: Banks should respond with the changing circumstances so that they can minimize the shock by modifying their business process. New, innovative, and purpose-driven customized products and services should be designed for preventing the economic contagion. Process reengineering will not only help the banks to reduce the unnecessary costs but also offer the banks a competitive advantage.

Areas of Risks and Responding the Challenges in the Pandemic

Covid-19 has significantly changed the risk management landscape of the banking industry. Risk management is a systematic approach that aligns

strategy, people, technology, processes, and knowledge to assess and manage the risk that an organization faces. These risks can be categorized from two broad dimensions: macro and micro perspectives. From the macro perspective, the major risk is liquidity management and operational resilience. The management of credit risk and the payment risk is the challenge arising from the micro perspective. To minimize risks in the bank during the pandemic, following areas may be taken into consideration:

i. Credit Risk

Usually, the credit risk of a bank is categorized as (i) default risk – probability of non- repayment by the counterparty; (ii) downgrade risk – degradation of the asset quality; (iii) concentration risk – significant credit allocation on certain areas; and (iv) systemic risk – economic downturn because of any crisis. Though Covid-19 is a systematic risk but banks are facing almost all the above-mentioned credit risks in this context of Covid-19. Systemic preparedness and systemic response are required to fight against systemic risks like Covid-19.

No doubt, businesses are seriously disrupted and most of the borrowers are either defaulting or experiencing a decline in their credit rating. To face the challenge and revive the economic activities, the Government and the Bangladesh Bank have declared a number of stimulus packages to be implemented through banks. Stimulus packages amounting to BDT 1031.17 billion (103,100 crore) came up in several declarations by the Government (Source: Financial stability Report of BB). BB also added refinancing schemes using its own sources. As these packages are basically working capital support to the affected industries, traders, enterprises, and individuals the bank should have internal strategy for approaching these packages. While providing loans, banks should be very careful regarding the selection of borrowers. There is a chance as certain unethical group of borrowers may take advantage of the situation and may not pay back banks' liabilities willfully.

Covid-19---Stimulus of BD Government

1. Tk. 5,000 cr. for salaries & other allowances for

affected export oriented industries.

2. Tk. 30,000 cr. for working capital-which interest would be 9% & 4.5% will be subsidized from govt.
3. Tk. 20,000 cr. for working capital financing for SME, interest will be 9% which 5% will be subsidized from govt.
4. Tk. 12,750 cr. EDF fund enhanced
5. Tk. 5,000 cr. Pr-shipment credit refinance scheme
6. 200 mio EURO Green Transformation Fund introduced@2-3%
7. B.B slashed CRR to 4% from 5.5% which increases loan able fund of Tk. 19,000cr.
8. Repo rate reduces to 5.25% from6%.
9. ADR re-fixes @87% from 85% & IDR re-fixed @92% from90%
10. Special Repo facility introduced for 360 days tenor against Govt. securities.
11. Govt. delayed April & May interest for the borrowers full for 1 lac, 2% for 10 lacs & 1% for above amount up to max. interest of Tk. 12.00 lac
12. EDF interest re-fixed @L+1.5% instead of L+2.5%.
13. EDF loans extendable for further 180 days instead of 90 days.
14. B-to-B LCs opened under suppliers credit may be extended for further 180days.
15. Industrial raw materials usance / Dafad LCs may be extended for further 180days.
16. Child food import LCs margin will be maximum5%.
17. Tk. 5,000 crore fund allocated for Agri-refinancing@4%
18. Agricultural implements and chemical fertilizer usance / Dafad LCs may be extended further 180 days

Covid-19---Stimulus-External

19. World Bank sanctioned a loan of USD 1.0 billion to help fight back of corona and bring back the lost livelihoods.
20. World Bank's wings IDA will provide USD 250 million to budget support and the fund will be used in "Second jobs Development Policy Credit (DPC-2) program.

However, stimulus packages may not be able to stop the rising non-performing loans (NPLs). To support affected businesses, BB announced on March 19 moratoriums on loan payments until 30 June 2020. At this moment, it is a great relief for the borrowers as they are getting some time to recover from the shock of Covid-19. Moreover, as per the recent BB circular, no loan can be classified up to September 2020. These regulatory forbearance are also benefiting bankers by relieving them in meeting loan classification and provisioning requirements at least temporarily. But banks should also strengthen its

possible recovery activities without maintaining any provisioning.

In Bangladesh, CMSME contributes the most and most affected sector due to Covid-19. But lending to the CMSME clients at 9 percent rate is another big challenge for banks as the monitoring cost of CMSME is higher (10-11%) than that of the large corporates. As such, banks are reluctant to finance the CMSME for not being cost-effective. In this circumstance, the government or Bangladesh Bank should consider for providing interest subsidy or compensation in any other form for making it cost-effective.

Should take initiatives:

The bank has undertaken its own credit self-control and modification programs to tackle the surge of NPLs.

- Recovery Task Force has been formed to monitor and suggest branches and clients as well to overcome the situation by strengthening recovery strategy and activities.
- Client-wise recovery action plan against defaulted investments have been collected from branches. Regular supervising and monitoring are being carried out from the Head office on the progress of implementation of such plan.
- One to One client meeting discussions are being carried out with the Head Office Management to aware the clients about their repayment schedule.
- Status of top risky clients are being thoroughly disc ussed in the BRMC meeting frequently. Risk Assessment and Resolution report of top-20 investment clients' are discussed quarterly in the Risk committee Meeting of Management and Board level and submit to Board for approval.
- In order to recover the classified investment gradually, the bank is rescheduling the investment of several defaulting clients following the BRPD circular of the Bangladesh Bank.

ii. Market Risk

In Bangladesh, banks are exposed to interest rate risk, equity price risk, and exchange rate risk, as commodity risk is not available in our country in the absence of the commodity market. The impact of fluctuating interest rates on rate-sensitive assets and liabilities is evident which will ultimately hit the profitability of the bank. It is mentionable here that the share of exchange rate risk in the total market risk structure is gradually increasing because of the depreciation of BDT. The pandemic presents a historic challenge in stock markets.

Should take initiatives

Bangladesh Bank's decision of maximum cap 9% interest rate on lending/investment severely affected the already suffering Banking sector in Bangladesh. Due to impose of 9 percent interest rate, AIBL is losing its revenue about Tk 28 crore per month.

International Trade Finance

International trade and Trade payments & financing activities are affected severely because of the trade disruption during Covid-19. Reputation of the banks might also be affected in case of non- repayment by the importer. There are claims that some banks in different countries are identifying spurious discrepancies in the LCs to escape payment liabilities which might be the source of fraud and reputational risks for banks. If not handled properly, back-to-back LC might be a source of credit risk for the country's banks in the coming months. Exporters have uncertainties about making shipment and receiving payments against exportable, and importers are also facing challenges of receiving and selling importable and thus are confronting cash crunch to pay back repayment liabilities to the creditor banks. Banks should focus on payment obligations and they should try to conduct an impact assessment because of the failure of some of the local businesses.

In a notable initiative by BB, the EDF facilities were allowed to meet back-to-back obligations. The central bank offered extended time for realizing export proceeds, submission of import bills of entry, back-to-back letter of credits and payment of export development fund loans, and repatriation of export bills.

The Bank managed Foreign Exchange portfolio during the pandemic period should take initiatives following steps:

1. The bank keeps enough balance in its Nostro and Bangladesh Bank F.C Clearing A/C covering all the confirmed maturity for the government national holidays.
2. For keeping F.C Liability within control, the bank restricted opening L/C by size, commodity and shipment dates.
3. The bank assured its overseas correspondents about their future payments during pandemic.
4. The bank arranged/allowed its customers for maturity extension/refinance/buyers credit from internal and external sources in order to meet their commitment on due date/dates as allowed by regulators and financers.
5. The bank financed its AD Branches/OBU of other local banks during pandemic from its own sources in order to help keeping F.C flow in the local market.
6. The bank reconciled its F.C correspondent books as well as local books real time in order to avoid any unusual events/mismatch.
7. The bank arranged/helped procuring EDF/LTFF and all other open facility extended by the central bank during pandemic in order to bring customers financial health sound.
8. Now the bank is in normal transaction mode and taking usual exposure with local/foreign correspondent/ customers.

iii. Operational Risk

Covid-19 has, undoubtedly, created significant workplace disruption. The banks are now facing a big challenge to run their operations remotely from their home having necessary logistics and other supports. Operational Risk involves the followings:

a) ICT Risk

Banks are now extensively dependent on the digital platform for providing payment and other banking services to their customers. Technology-focused solution and artificial intelligence (AI) probably is the right approach for the banking strategy in the corona regime. But, the remote operation and excessive reliance on the digital platform for process simplification are also increasing the possibilities of the security breach as there has been a global spike in cybercrime by malware and fraud incidents.

Banks should strengthen their cyber security measure to protect sensitive data and prevent operational losses. Business continuity plan (BCP) is another challenge for the banks in this pandemic. Banks should have their tested business continuity planning (BCP) to ensure the regular

business operation. Besides Bank needs to have effective risk management procedures and adequate internal control mechanisms to manage its financial crime risk.

Should take initiatives

- To ensure the security of the data, the ICTD has taken multifarious steps by which the bank is able to halt the cyber-attacks ranging from phishing attempts to more sophisticated attacks on networks and steal information flows of bank clients and individual accounts for using in malicious purpose.
- To protect personnel and assets from potential threats a comprehensive Business Continuity Plan (BCP) has been designed & developed by ICTD and BCD which is in finalization stage.
- Daily transactions of all Corporate Branches of the bank are checked/examined and tied regularly during the Covid-19 by the Independent Concurrent Auditor (ICA) of ICCW of the bank.

b) Impact on Profitability

BB asked commercial banks to continue their operation on a limited scale for providing the basic necessities of the customers. In a relatively recent move in May, BB instructed banks not to charge customers interest (on loans disbursed before 1 April 2020) during May-June, 2020. The bank has been offering 9% lending rate from April 2020. Although this decision not directly related to the Covid-19 situation but it coincides with the pandemic. All these directives provide a downward pressure, consequently Investment (interest) income declined on one hand and Operating cost raised on the other - ultimately narrowing the profit of the bank. From risk management view, this 9% rate should be applicable for borrowers with the lowest credit rating, not for all borrowers, considering the risk- based pricing. In the stimulus packages, borrowers have been given interest subsidy. To dodge this problem, banks are now focusing on cost reduction options.

Should take initiatives

Various cost-cutting initiatives have been adopted by this time to contain operating cost at a reasonable level and these are:

- Reduction of unnecessary use of Stationery, Conveyance, and Refreshment;
- Arranging Virtual Management level meetings (MC/SMT, ARC, Core Risk Committees), Board level meetings and Annual General Meetings;
- Publishing Annual Report to a limited number to the extent possible;
- Reduction of Controllable Expenses viz. unnecessary consumption of electricity, luxuries decoration of branches/head office, hiring office space at a high rate, advertisement etc;
- Curtailing Employees' other benefits (mobile,

newspaper, car expense, ML, closing allowance); etc;

iv. Liquidity Risk

During pandemic, banks may experience the following crisis in terms of liquidity management.

Crisis from non-repayment of loan installments, increased draw downs, constrained interbank borrowings, heavy deposit withdrawals and tendency of holding cash.

Obstacle in supply of funds for recent reduction of deposit rate due to the implementation of 9% Lending rate.

Declining remittance flow due to job cuts, salary reduction of expatriates and limited quota for foreign workers as well.

These all aggregately will create a challenge for the bank as there is a possibility of liquidity crunch because of aforesaid hostile events. In addition, an upturn of the economy after the slowdown of the pandemic will lead to an increase in the demand for new credit facilities. In the absence of sufficient liquidity, banks may not be able to provide necessary support to increased demand for the revival of the economy. To overcome this situation, banks should undertake prudent measures for managing their own liquidity problem

To ensure market liquidity, Bangladesh Bank (BB) has responded with several efforts of liquidity injection that include buying-back of securities; reduction in Repo interest rate from 6% to 5.25%; and very importantly, reduction of Cash Reserve Requirement (CRR) from 5.5% to 4% and increasing Advance-Deposit Ratio (ADR)/ Investment-Deposit Ratio (IDR) from 90% to 92% in banks.

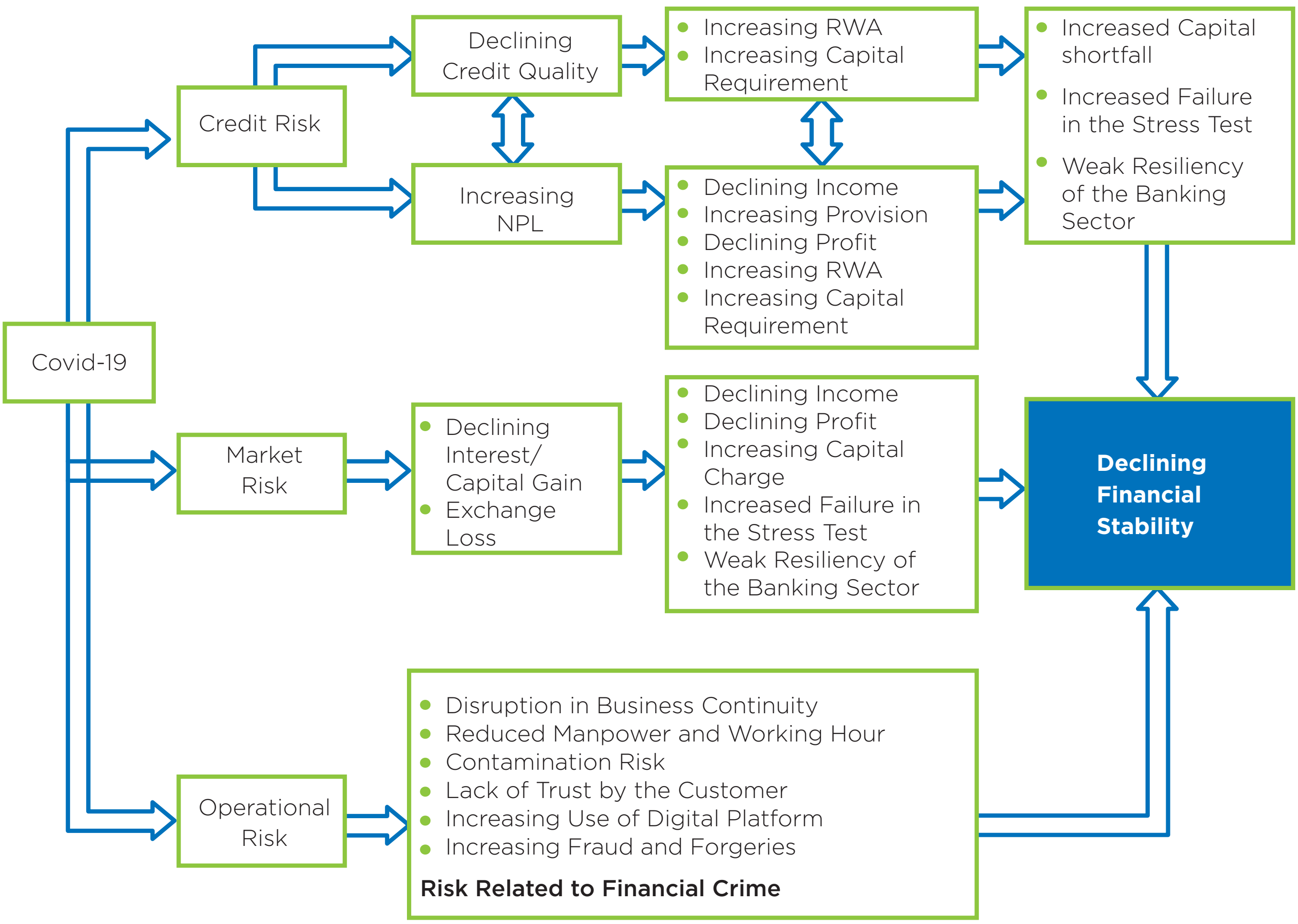
Should take initiatives

- The bank has initiated supportive measures for maintaining adequate liquidity during this pandemic so that AIBL can survive in this crisis.
- Monthly ALCO meeting is held virtually to avoid any unwanted and unusual circumstances; Strengthened the activities of Task Force for regularization and timely repayment of Installment,
- Discourage Interbank Borrowings,
- Retain the existing deposit judiciously observing the market ongoing trends.

v. Capital Management and Financial Stability

The recent Covid-19 pandemic has changed the whole scenario and puts downward pressure on

Figure-6: Impact of Covid-19 on Financial Stability



the capital of the banks which is affecting the stability of the financial sector. Banks are required to maintain a minimum of 10 percent of their risk-weighted asset (RWA) in the form of capital to fulfill risk-based capital adequacy (RBCA) guideline devised by Bangladesh Bank.

Most of the businesses will be affected badly, which will ultimately affect their repayment behavior due to dearth of cash flows. As a result of this, either the quality of the bank borrowing will decline or the loan will become delinquent. The resulting impact are declining income, increased provisioning, increased risk-weighted asset (RWA), and increased capital requirement and outcome of this scenario is the weak resiliency. A similar picture may also arise in case of market risk and operational risk, as the occurrence of such risk has increased manifold during the Covid-19. Figure-6 describes the impact of Covid-19 on financial stability considering major risk factors.

Stress tests on banks are conducted through sensitivity analysis, incorporating impacts of a series of shock scenarios for credit risk, market risk, and liquidity risk. A bank is considered as resilient to the shock if the bank is adequately capitalized.

For protecting the bank from the uncertainties of the Covid-19 initiatives are required to be undertaken to increase bank's capital base so that they can sustain in this crisis. As part of the crisis response, a conservative dividend approach to retain their earning for enhancing the capital base and eventually resilience of the banks may be an option. In a relatively recent move in May, BB disclosed dividend policies for banks for the year 2019. Merger and acquisition may be another option in the post-Covid- 19 situation, as it can help the weak banks to merge with strong banks and reduce the risk of financial instability.

Conclusion

'Hi-tech & hi-touch'

The ever-evolving high-tech world has left humans desiring for high-touch the involvement of personal attention and service. High-touch refers to situations where trust between the customer and employed individual is necessary. And with the growing influence of customers and banking employees personal touch will be key in maintaining valuable relationships in the banking sector alongside the evolving technologies.

Bank is target-oriented and looks for achieving the profit target set by the management. In the last few years, the owners' expectation for profit has increased manifolds. But the time has come for the bank to pull back from the race of achieving the profit target rather it is the time of consolidation and investment. That's why the bank should plan for long-term strategy so that they can achieve the desired gain once the pandemic is over. This will not only help the bank to perform well in the future but also help in ensuring better and sustainable economic growth of the country.

Webinar on Ease of Doing Business:
Perspective Companies' Act 1994

Compiled by Abu Taher
Senior Assistant Director
(Press & Publication), ICAB

Experts at a webinar on 24 June 2021 came up with a number of observations and recommendations on companies act 1994 for improving the performance of Bangladesh in ease of doing business global ranking. They said, although few amendments have been made to the companies act 1994 in the year 2020, some provisions of the act are still required to be fine tuned with the best practices adopted in Singapore and Hong Kong, the countries ranking 2 and 3 positions respectively in the ease of doing business global ranking race in 2020.They also suggested that companies should prepare their Financial Statements at par with the requirements under the provision of Financial Reporting Council (FRC) following the international financial reporting standards (IFRS) and the audit should be conducted as per the International Standards on Auditing (ISA) which are approved by FRC. As a result, the international investors and the local entrepreneurs need to comply with ISA. For ensuring better compliance and performance, auditors should be paid as per prescribed minimum audit fees fixed by the Institute of Chartered Accountants of Bangladesh (ICAB) or at a higher fee accepted by the company. They also stressed on the need to digitize all functions of RJSC for registration and winding up of the companies, transfer the shares and to reduce the number of dormant companies at the same time streamlining them into formal economy of the country.

The Institute of Chartered Accountants of Bangladesh (ICAB) organized the webinar on ease of doing business: perspective of Companies Act where Mr. Tapan Kanti Ghosh, Secretary, Ministry of Commerce, GoB was present as the Chief Guest.

As Panel Speakers Mr.AHM Ahsan, In charge, Registrar, Office of the Registrar of Joint Stock Companies & Firms (RJSC), Mr. Jibon Krishna Saha Roy, Director, Bangladesh Investment Development Authority(BIDA), Barrister Nihad Kabir, President, MCCI, Dr. M. Masrur Reaz-Chairman of Policy Exchange of Bangladesh and Mohammad Enamul Huque, Managing Director & Head of Corporate, Commercial and Institutional Banking Standard Chartered Bank participated in the program. Md. Humayun Kabir FCA, Council Member and Past President, ICAB moderated the program. ICAB President Mahmudul Hasan Khusru FCA delivered the address of welcome while Snehasish Barua FCA, Partner, Snehasish Mahmud & Co., Chartered Accountants presented the keynote paper and. Mr.Tanjib-ul Alam, Barrister-at-Law (Lincoln's Inn), Advocate, Appellate Division, Supreme Court of Bangladesh

commented on the paper. ICAB Vice President Sidhartha Barua FCA delivered closing remarks in the Webinar.

The observations and recommendations emanated from the discussion could really contribute a lot to elevate the country to a better position in ease of doing business global ranking and boosting up both foreign and local investment. The abridged version of the discussion was as follows:

Commerce Secretary Tapan Kanti Ghosh: Bangladesh was ranked 168th in terms of ease of doing business across the globe, that means the country is required to do more to improve the ranking. To meet the requirements of LDC graduation, the country as well needs to pull up the sectors that are lagging behind of rapid industrialization. It is a matter of years; Bangladesh will formally reach the status of a middle income country by 2026. It may be mentioned here that Bangladesh has already been recognized as a developing economy by the United Nations committee for development policy. For enhancement of ranking in ease of doing business, concerted efforts of the ministries, policy makers and the stakeholders are required. All efforts should be deployed to ensure business friendly environment for the entrepreneurs. A holistic reform in the Companies Act 1994 is the demand of the day, but it very difficult to accommodate all changes in one sitting. However, the Government is trying to make the law more pragmatic in order to improve the situation on ease of doing business ranking which is imperative to attract much needed investment in the country.

Keynote speaker Snehasish Barua FCA, Partner, Snehasish Mahmud & Co., Chartered Accountants: Amendments bought about in Companies Act in 2020 allows foreign company to open a private limited company in Bangladesh having 100% ownership. It gives them opportunity to open a company in a short time. Similar practice is adopted in Hong Kong. Before 2020, minimum two persons were required to open a company in Bangladesh whereas under this new proposition, foreign company can open a PLC or OPC.

Merger & acquisition of companies should be bought in two ways-merger by adoption and merger by formation in line with the practice adopted in India & UK. However, no such provision exists in our companies act 1994, he pointed out and added that it needs to be addressed soon.

Under the new amendments any foreign PLC or OPC must appoint a professional in practice as company secretary (external or internally hired) and his signature is mandatory in regulatory documents. Similar practice is adopted in Singapore and Hong Kong, he observed.

All private limited companies with turnover of more than 100 crore need to issue a report by the directors and it also needs to be reviewed by the Auditor. This director's report along with the audited FS containing

comment must be submitted to RJSC so that more information is being held with RJSC and it could improve the corporate governance in the country.

In ease of doing business global ranking, Bangladesh has slightly improved from 177 to 169 in 2020 in terms of starting a business, dealing with construction, getting power connection, registration of properties, getting credit, protecting interest of minority shareholders, though the county could not make much progress in the sectors of paying tax, trading in border, enforcing contract and resolving insolvency.

Out of 10 sectors of global ranking, Bangladesh has improved in five sectors which pulled the country 8 notches up the ranking in 2019. All these improvements could be attributed to Government's initiatives though amendments of Companies Act in 2020 regarding repealing the provision of using common seals and introduction of one-person company (OPC).

ICAB President Mahmudul Hasan Khusru FCA: ICAB felt necessity of the simplification & modernization of corporate laws to ensure a business-friendly environment. The amendment to the Companies Act, 1994 has been made ; although we hope, pending issues of reforms will be taken into account and be implemented. Government should remove various impediments on the way of improving business environment and a balanced Companies Act would encourage both local and foreign investors to offer substantial investment in the country.

Barrister Tanjib-ul Alam, Advocate, Appellate Division, Supreme Court of Bangladesh: The suggestions that came from this discussion should be considered for future amendments to the companies act as the law is always connected to doing and operating business. The Companies Act is a promotional tool for attracting investment and thereby motivating expansion of the business in the country. The country is facing many new challenges that need to be overcome, as well as facilitating future entrepreneurs and investors using the company and company system as a whole for investment and business decisions. The amendment to the Companies' Act appears to be quite short-sighted in the sense that it was designed as if to gain some positive points what we call fortune cookies in the list of doing business ranking in the world ranking. This is a very crucial area in which provisions are provided and to be enforced by the investors.Such provisions should be easily enforceable so that local and foreign investors are comfortable with such legal issues. It has become much more difficult for foreign shareholders to transfer their shares in an easy manner, which had previously been, a prevailing phenomenon. So, this is one aspect that the government should reconsider, the transferor has to be present physically before the registrar of joint stock companies and firms for consent and verification.

For ease of doing business in a practical manner, there had been an amendment with

regard to holding EGM and AGM and also the incorporation of ICT as part of the process; hence we are now able to hold board meetings and AGMs through electronic means, which is actually a development. Another area which had not actually been pointed out was the area of protection of minority shareholder. There is only one section 233 that provides for the jurisdiction for minority protection. This is an area which requires a lot of elaboration and also detailed provisions to bring certainty into the legal provisions for the handling of particularly small corporate companies, and one very important aspect that is for policy makers in future is the reform in the provision for sweat equity or non-cash consideration.

As we are moving towards a service-oriented and IT-related industry, non-cash considerations should not be confined to physical assets only. It should also be extended to intellectual property and, also to some extent, the transfer of technology, know-how, royalty, copy right, patent and expertise as well as skill transfer, to be treated as part of the non-cash consideration.

Panel speaker Mohammad Enamul Huque, Managing Director & Head of Corporate, Commercial and Institutional Banking, Standard Chartered Bank: The government is working in a faster pace to improve the business ranking. A lot more emphasis on investment is to be endorsed to reach middle income country by 2026 and a developed country by 2041. For that a balanced companies act is required, which is very critical. The bank company's act should simplify certain procedures in terms of changes to the object clause. Every time the object clause was changed, post verification was required, which should be easily handled by RJSC. The dissolution process of

companies should not be time-consuming. Merger, takeover and acquisition continued to be specific provisions, and it should have a separate core provision to carry this stay forward. The Bankruptcy act should be well tuned to support the company act and discussion and dissolution issues. A special court tribunal should be empowered to deal with insolvency with a clear timeline for filling, execution and discouragement of such cases. Creating a special group of insolvency professionals that would work at the direction of a special court tribunal to work out business and loan restructuring within 90 days, which should be part of the bankruptcy act.

The asset reconstruction guidelines could also be placed to facilitate an accelerated recovery process for banks. The government is already working on the asset reconstruction act, but once it is rolled out, uniform guidelines needed to be set for financial institutions to have a uniform approach for transferring displaced assets to the asset reconstruction companies.

Panel speaker Dr. M. Masrur Reaz, Chairman of Policy Exchange of Bangladesh: People are aware about the importance of companies, few amendments were made to the act, but a comprehensive improvement is yet to make. It is found that during covid 86 percent of economic activities of the country are informal and these should to bring in formal economy. Many of the informal entrepreneurs did not get get government's stimulus package as they were not quality for the facilities. As long as informal sector dominates the economy, Bangladesh has to struggle to achieve the double digit growth rate. OPC has created to bring all informal entrepreneurs into formal economy. Different countries had engaged in reducing the informality of the economies in order to creating easier opportunities for these informal entrepreneurs' cottages and micro-small entrepreneurs to formalize themselves, and the key instrument to make it easier and incentivize in the companies' act. How difficult it was when we had a large informal economy to deal with not only opportunities, but also when you wanted to help the entrepreneurs in distress during Covid. the second issue in terms of the broader economic justification for forthcoming development problems, especially after the LDC graduation. We would use the GSP facility. We had to go for a reduction in the cost of doing business in Bangladesh. A big role for us was in the reduction of costs through modernization of companies' act. Our post LDC graduation was one of the privileges we also used for development financing. So, we had to rely more on commercial borrowing, both domestic and international.

The commercial borrowing and FDI for diversification are going to look for better corporate governance, better auditing standards, and a lot of that starts with a new or strong

company, and the third reason why we should do it from an economic perspective was to basically modernize the overall regulatory framework. The regulatory burden and compliance had to be as easy as possible. Exits had to be made easier. The object clause, AGM, winding up-these areas are needed to be simplified. Provisions for bankruptcy/insolvency is needed to be synchronized with modern company's act and Bangladesh should immediately go for comprehensive company act reform.

Panel speaker Barrister Nihad Kabir, President, MCCI: Comprehensive amendments to the companies act is not made. We need to have access to an easier business environment. For us it was not necessarily just changing the law, it was implementing what was already there, it was trying to make things easier. Regarding mergers, acquisitions, restructuring- we didn't have comprehensive regulations that Snehashish said. The voluntary winding up which could be done if the company had not any transaction, any business for a year, even that took a year and the unofficial costs were unfortunately there. Provisions regarding nominee shareholders and directors should be made easier. The Bangladesh Bank, Register of Joint Stock Companies, BIDA and BSEC should sit together for a meeting once in a month for resolution of coordinating the rules, regulations and contradictions. Comprehensive amendment would need to be done to particularly address the exit or the restructuring of corporate with a view to growing a diversifying economy and our international collaborations and participations.

Mr. A. H. M. Ahsan, In-charge, Registrar, Office of the Registrar of Joint Stock Companies & Firms (RJSC): The government has been working to amend this company's act since 2009 and still working on that. Within a couple of months, we would be able to fully automate our services. Hopefully, many of the issues raised would be resolved. We had already integrated our system with the NBR, BIDA, BEZA, BSEC, and NID authorities. We were expecting that we would be able to provide you with better service in the coming days.

BE BETTER INFORMED! SUBSCRIBE TO THE PREMIER ACCOUNTANCY JOURNAL IN BANGLADESH

The Institute of Chartered Accountants of Bangladesh (ICAB) is the apex accountancy body of Bangladesh. The professional qualification it offers is highly prized. Membership of ICAB testifies to recognition of high standards and exceptional skills. Under a twinning project, the syllabus of ICAB has been revised and is equivalent to that of the Institute of Chartered Accountants in England and Wales (ICAEW), the premier global accountancy body.

ICAB publishes a quarterly Journal, The Bangladesh Accountant, to keep its members updated on technical issues and global developments in the profession. It is regularly read by all the members of ICAB both in Bangladesh and across the world. Circulation includes many major companies and financial institutions, governmental and semi-governmental organisations, NGOs and international accounting and professional bodies.

The journal is also gone through regularly by other professionals related to the accounting profession, for example, those in businesses and other organisations, students of Chartered Accountancy and all those who wish to keep themselves abreast of developments in the accounting profession.

To paraphrase Mark Twain "Those who do not read a good publication have no advantage over those who do not know how to read"! Don't be left out. Become a subscriber to this exclusive professional publication.

Annual Subscription (4 issues) (including postage)
Tk 2,000 (Bangladesh)
Tk 2,500 (Overseas)

Special Rate of Annual Subscription (4 Issues) for Students of Chartered Accountancy in Bangladesh - Tk 1,000 (including postage)

Contact us today and subscribe to 'The Bangladesh Accountant'

Shubhashish Bose
Chief Executive Officer (CEO)
The Institute of Chartered Accountants of Bangladesh
CA Bhaban, 100 Kazi Nazrul Islam Avenue
Kawran Bazar, Dhaka-1215, Bangladesh
Tel: 880 2 9115340, 9612612100, 9117521, 9137847 (Off.)
Fax : +880-2-9125266
E-mail: ceo@icab.org.bd, sds@icab.org.bd
facebook.com/ca.bangladesh

For more issues of
The Bangladesh Accountant visit
icab.org.bd

Shubhashish Bose
Chief Executive Officer (CEO)
The Institute of Chartered Accountants of Bangladesh
CA Bhaban, 100 Kazi Nazrul Islam Avenue
Kawran Bazar, Dhaka-1215, Bangladesh
Tel: 880 2 9115340, 9612612100, 9117521, 9137847 (Off.)
Fax : +880-2-9125266
E-mail: ceo@icab.org.bd, sds@icab.org.bd
facebook.com/ca.bangladesh

GLOBAL RECOGNITION OF ICAB

CA BANGLADESH

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BANGLADESH

Recognition of ICAB membership by ICAEW

Membership Scheme of The Institute of Chartered Accountants of England and Wales (ICAEW) allows the members of ICAB to apply for ICAEW membership based on their experiences.

Eligibility criteria of this membership scheme are a series of questions which assess ICAB Member's experience, achievements, skills and expertise. Each application must be supported by an eligible sponsor. Applicants need to complete an Examination of Experience.

Details of ICAEW Membership Scheme is available at http://www.icaew.com/membership/becoming-a-member/members-of-other-bodies/ campaigns/pathways-to-membership.

ICAB signed it's first Memorandum of Understanding (MoU) with the Institute of Chartered Accountants in England and Wales (ICAEW) in 2009. Since them, ICAB has been working with ICAEW as the learning and professional development partner, and also recognized as an approved tuition provider of ICAEW.

As per MoU, ICAB Members can be the members of ICAEW after successful completion of 04 papers out of 15. These members have the opportunity to apply for UK Practicing Certificate (PC) subject to meeting the standard ICAEW PC requirement.

Recognition of ICAB Membership by CIPFA, UK

Members of the Institute of Chartered Accountants of Bangladesh (ICAB) are eligible to apply for membership of the Chartered Institute of Public Finance and Accountancy (CIPFA), a globally recognised membership body for the public sector.

An MoU between ICAB and CIPFA, UK was signed on 28 January 2017. Under this MoU, an ICAB member can also become a members of CIPFA subject to fulfillment of certain criteria.

An ICAB Member with good standing having five or more years post-qualification public sector experience are eligible for Full Membership of CIPFA as Chartered Public Finance Accountant (CIPFA) and the members having fewer than five years post-qualification public sector experience are eligible as Affiliate member of CIPFA (CIPFA Affiliat).

ICAB members having CIPFA Affiliate membership, or having no working experience in public sector can gain CIPFA status with the successful completion of exams of only two papers i.e. Public Sector Financial Reporting and Strategic Public Finance.

Membership Pathways Agreement (MPA) with CPA Australia

The Institute of Chartered Accountants of Bangladesh (ICAB) has recently signed a Membership Pathways Agreement (MPA) with CPA Australia, one of the largest accounting bodies around the world. Through this agreement, ICAB members can be the members of CPA Australia just after passing 04 papers (i.e. 1. Ethics and Governance, 2. Financial Reporting, 3. Global Strategy & Leadership and 4. Strategic Management Accounting) out of their 12 papers. This MPA has been in effect since 20 July 2018.

Membership through Chartered Accountants Australia & New Zealand (CA ANZ) International Pathway Program (IPP)

The Institute of Chartered Accountants of Bangladesh (ICAB) signed an MoU with the Chartered Accountants Australia & New Zealand (CA ANZ). Under this, ICAB members living in Australia or New Zealand having five years post qualification experience at anywhere will be eligible to be member of CA ANZ after successful completion of CA ANZ International Pathway Program (IPP).

There will be no requirement of passing CA ANZ general route examinations by eligible ICAB members as their International Pathway Program (IPP) workshop through case studies would examine the contemporary Australasian business, accounting and finance environment relevant for members of ICAB. On the other hand, CA ANZ members can also be members of ICAB subject to having Bangladeshi citizenship and other requirements as prescribed by ICAB Bye-laws.

Membership of the International Valuation Standards Council (IVSC)

Efforts are underway for ICAB to Become a member of the International Valuation Standards Council (IVSC). This would create an opportunity for the members of ICAB to involve in the valuation process of local and foreign investment in Bangladesh.

This would allow Chartered Accountants to put up their highly essential services and play positive roles in attracting foreign investment. With regard to this, ICAB has already conducted a Members Conference. More so, a virtual meeting with the CEO of IVSC was held on 8 June 2021 where the IVSC proposed ICAB to become member of IVSC on pro-rata basis.

Other Memberships

ICAB is an active member of International Federation of Accountants (IFAC), Confederation of Asian and Pacific Accountants(CAPA) and South Asian Federation of Accountants (SAFA). ICAB is also an associate member of Chartered Accountants Worldwide (CAW).