The Bangladesh Accountant

Bangladesh National Budget 2023-24

April - June 2023

THE BANGLADESH

April - June 2023

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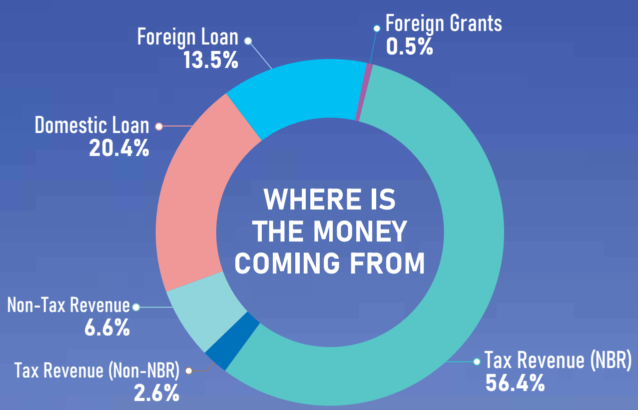
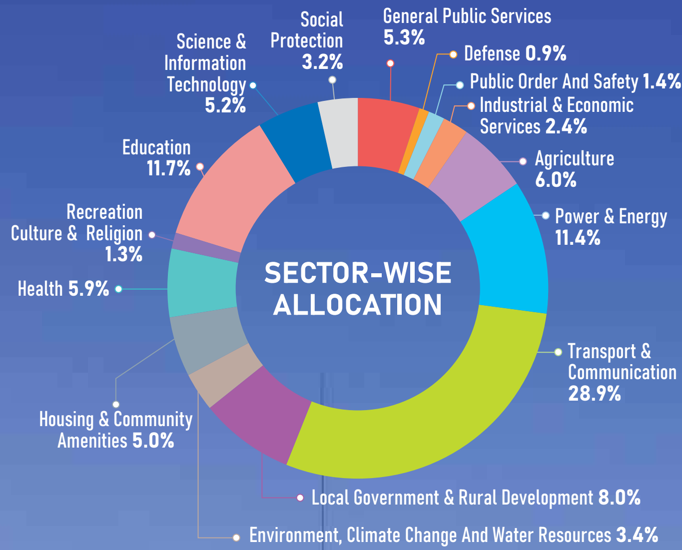
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BANGLADESH

BANGLADESH NATIONAL BUDGET : 2023-24

TK 761,785 cr





Source: Finance Ministry

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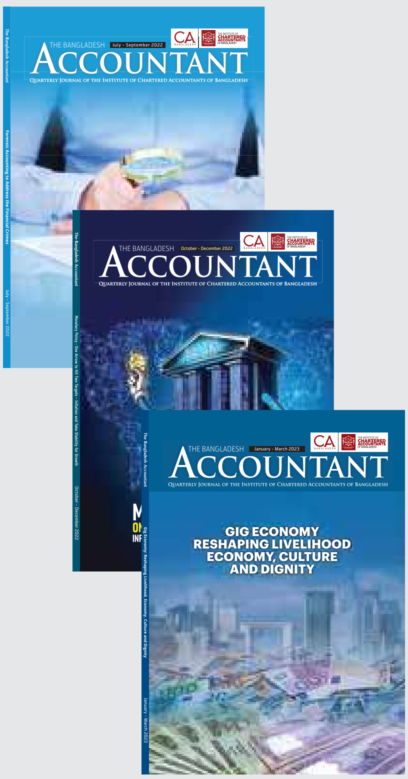
ICAB PUBLICATIONS

ICAB publications include, inter alia, a quarterly journal titled 'The Bangladesh Accountant', half yearly Journal 'Bangladesh Economia' 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.

In half yearly journal, articles focus on macro-economy of the country 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.



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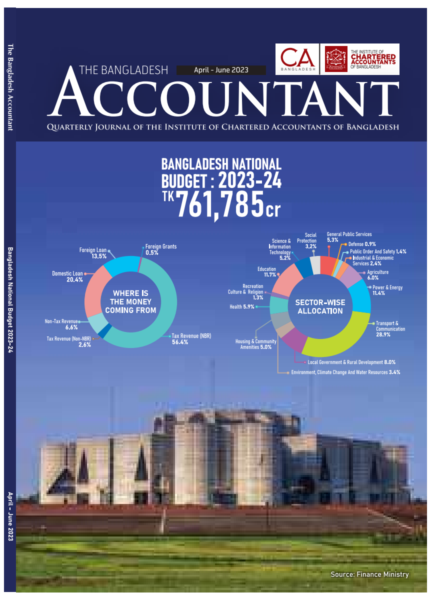
Contents

April - June 2023



Interview of Mr. Mohammad Muslim Chowdhury
the Comptroller and Auditor General (CAG), Bangladesh

Digital Highlights
www.icab.org.bd

Editorial

"As the economy is expanding day by day, the financial sector is flourishing needing the presence of Chartered Accountants in greater number, ultimately resulting in solidifying the foundation of the economy."

Vigilance and austerity are the needs of the day. Imbalanced imports and rising commodity prices mean that every penny must now be saved amid dwindling of foreign reserves and doubtful trend in revenue inflow. Inflation is alarmingly creeping up creating anxiety among people and they are looking at the Government to take measures to come forward to their rescue.

In this backdrop of the country's economy, The Bangladesh Accountant, April-June 2023 issue has been brought out with a number of articles delineating the current state of economy, the National Budget 2023 and the way forward, along with many contemporary issues.

The Russia-Ukraine war, high inflation, rising commodity prices, global crisis, dollar crunch, slowdown in business-investment and employment and other global uncertainties are the issues to be dealt with prudently. One of the most critical issues of the country is the commodity price. The two main reasons for the increase in prices of daily necessities are the disruption of supply-chain management of commodities, and the unprecedented rise of fuel and transportation costs. The Government has been trying all the way to mitigate the adverse impact. For example, it has changed office, school and market timing to save energy which will ultimately save foreign currency. It has imposed strict conditions on imports of unnecessary and luxury items. Restriction has been imposed on the foreign tours of Govt. officers.

Stress on revenue collection in the budget this year has received a concentrated attention of the Government and we believe, Chartered Accountants can play a very significant role in this regard, that is to facilitate

collection of revenue through their professional activities. They assist taxpayers and the concerned department of the Govt. in tax planning, advise tax payers to comply with regulations and ensure collection and payment of proper tax.

As the economy is expanding day by day, the financial sector is flourishing needing the presence of Chartered Accountants in greater number, ultimately resulting in solidifying the foundation of the economy. They are helping directly and indirectly by bringing FDI into the country and encouraging and advising entrepreneurs in new productive businesses, and ensuring ease of doing business ultimately.

Dear readers, this issue of the Bangladesh Accountant has more insights into contemporary economic trends and development.

We appreciate your valuable suggestions in terms of contents, layout and design of ICAB's publications.

Best regards,

Md. Shahadat Hossain FCA
Chairman - Editorial Board and
Council Member - ICAB

President's Desk

"ICAB has taken many initiatives including several roundtable discussions to analyse those issues which may affect the economic growth of the country as well as other economic indicators and therefore disseminated expert opinion so that the government could take precautionary measures to uphold the overall economic development of the country."

Md. Moniruzzaman FCA
President-ICAB

The Bangladesh Accountant adds value to the decision making process of the Government for the economic advancement of the country as well as enhance the professional skills of ICAB members in pursuance of their duties and responsibilities bestowed on them by virtue of their professional engagements whether in practice or in service.

We all are generally concerned about Russia-Ukraine war, rising value of dollar against Taka, global recession, unusual hike in the price of daily commodities within the country, etc.

In this situation, the Government has announced the national budget for the fiscal year 2023-24 worth Tk 7.61 trillion. The revenue target has been fixed at Tk 5 trillion. Considering the overall situation of the country, there is a high possibility that this revenue target would be tough to achieve. As a result, the budget deficit may increase.

ICAB has taken many initiatives including several roundtable discussions to analyse those issues which may a¬ffect the economic growth of the country as well as other economic indicators and therefore disseminated expert opinion so that the Government could take precautionary measures to uphold the overall economic development of the country.

Above all, with the existing inflationary situation, prices of goods and services are increasing spirally, posing instability in the economy. The pace of implementation of the Annual Development Project or ADP will slow down as the cost of construction materials has increased significantly.

To bring the economy back on right track, the Government has reduced revenue expenditure. The cost of Government development projects would not be enhanced. We believe, ICAB's recently introduced document verification system (DVS) could play a pivotal role not only in the Government's revenue collection but also in ensuring transparency, accountability, integrity and good governance, thereby turning the financial sector more healthy.

We also fear that if the Government's expenditure increases more, it will put pressure on the foreign exchange, which may diminish the reserves quickly. On the other hand, to maintain the value of the currency, the Government has to release more dollars in the market, or depreciate the currency.

The figure of our import is much bigger than that of our export. Remittances from expatriates have been playing a very important role in maintaining our balance of trade for a long time. We know that the earning of expatriates that comes into the country through the banking channel is directly contributing to the country's reserves. Apart from this, many people deliberately or ignorantly, send money

into the country through hundi. This money is not added to our reserves even though it has a major economic impact within the country, specially to the informal economy. Expatriates should be encouraged to send money through banking channels and for this, the remitters should be motivated through awareness and incentives. The Ministry of Expatriates' Welfare and Overseas Employment, the Financial Institutions Division of Ministry of Commerce, and the Bangladesh Missions abroad are working on this issue by motivating Bangladeshi diaspora to remit money to the country.

Private sector entrepreneurs are seriously worried about the dollar-crisis. As the war in Ukraine has been lasting for long, there is an apprehension about the lower growth of exports. Some say the country's economy is facing a major crisis within a decade. So, the crisis has to be tackled with short and medium term measures.

The reform in the financial sector, especially the banking sector, is very important. There should be a sustainable policy in this regard. To keep the country's economy healthy and stable, prospective entrepreneurs must be explored. With this end in view, the Government should encourage new entrepreneurs so that more employment could be generated.

It is my firm conviction that the journal has dealt with issues in terms of analytical data of the current economic situation and indicators of the country. It will be thought-provoking for everybody while going through the interior of the journal.

In fine, I extend my heartfelt thanks to the Chairman, the Co-chairman, Editorial Board and everyone associated with this publication for bringing out this issue successfully.

Collaboration Can Bring Synergy Between Govt. Auditors and CAs

Says Mr. Mohammad Muslim Chowdhury
Comptroller and Auditor General (CAG), Bangladesh

The Office of the Comptroller and Auditor General (OCAG), is responsible for auditing government receipts and public spending and to ascertain whether expenditures have yielded value for money in government offices, public bodies and statutory organisations.

Mr. Mohammad Muslim Chowdhury, CAG

Mr. Mohammad Muslim Chowdhury is a highly accomplished person, had an illustrious career in the civil service spanning over 33 years before taking Oath as 12th Comptroller and Auditor General (CAG) of Bangladesh. Mr. Chowdhury, a member of Bangladesh Civil Service (Audit and Accounts Cadre) 1984 batch, has an in-depth and broad-based knowledge and experience on matters of Public Financial Management, Administration and Governance. Prior to assuming the office of Comptroller and Auditor General of Bangladesh on 17th July, 2018, Mr. Chowdhury was Finance Secretary. Before his elevation to the position of Secretary to the Government of Bangladesh, he had served as Deputy Secretary, Joint Secretary and Additional Secretary in the Finance Division, Ministry of Finance. He had also held various positions under the Office of the Comptroller and Auditor General (OCAG), Controller General of Accounts and Controller General Defense Finance. Recently, Mr. Chowdhury has shared with "The Bangladesh Accountant" about his various roles and initiatives for the improvement of public service delivery system and strengthening public accountability, in his previous capacity as a civil servant and also in his present position as CAG.

The Bangladesh Accountant: What is the role of OCAG in strengthening the foundation of democracy in Bangladesh?

CAG: You know that the Comptroller and Auditor General (CAG) is a Constitutional position; our Constitution makes specific provision for his service terms and conditions, functions, protection from removal and independence. It is worth mentioning here that the framers of our Constitution have farsightedly placed the CAG in PART VIII, separate from the PARTS reserved for Executive (PART IV), Legislature(PART V) and Judiciary(PART VI). Obviously, it is to ensure his functional independence in discharging auditorial functions without control and intervention by any other authority. The role of OCAG in strengthening the foundation of democracy lies in its work. On behalf of the CAG, government auditors scrutinises the expenditure and receipts of the government to see whether these expenditures and receipts have complied with the rules and regulations; and also observed the standard of financial propriety i.e., whether the public official spent the taxpayers' money as his own money as a person of ordinary prudence. They also through Performance Audit, evaluate public expenditures using the lens of economy, efficiency and effectiveness to determine whether the expenditures have achieved the best value for taxpayers' money. CAG reports the findings to the Parliament and the Parliament has got a Constitutional Committee called the Public Accounts Committee (PAC). This committee, on the basis of CAG Reports, summons the respective Principal Accounting Officers (usually Secretaries) of spending authorities and calls for explanations about the irregularities identified in the reports; recommends for corrective measures and punitive actions to be taken against the errant officials. The CAG always makes him available as friend, philosopher and guide to the PAC. It should be obvious by now that the OCAG is in effect functions as a bridge between the Parliament and the Executives so that the taxpayers' money can be best utilized for the maximum public benefit. In that way the CAG plays a vital role in strengthening good governance which is the main attribute of democracy. I can also add that it is an important independent institutional arrangement within the Constitutional Scheme for ensuring public accountability.

The Bangladesh Accountant: During your illustrious career, you achieved the "Jana Prashashan (Public Administration) Award, 2017" for the improvement of Public Service delivery system. How will this system protect the interest of the common people of the country?

CAG: The Jana Proshashan Award is given to those public servants who contribute significantly to the improvement of the public service delivery system and what was given to me and my team for improvement of the Public Financial Management System (PFM) to bring qualitative change in the public service delivery system by leveraging the technology. Previously, pensioners used to get their pensions in a decentralized way from different offices throughout the country. Every month pensioners had to stand in queue in the Accounts Offices or Sonali Bank branches. We developed a comprehensive electronic database identifying all the pensioners with their details including their NID and Bank Account number. A Central Payment and Accounts Office, for one stop service for pensioners was established. From that office every month pension amount is being transferred to the pensioners' chosen bank accounts. This how we could do away with the long queue of pensioners every month in different offices. This has given comfort to the pensioners as they are getting their pensions into their bank accounts with minimum human interface and have a single point of contact for grievance redressal. Also there is an improvement in the process of the salary and allowance payments of the government employees and there is also employees' database. Every month salaries are transferred to the employees' chosen bank accounts. In this respect as well, you can say, that human interface is much reduced, service delivery level significantly improved and peoples' satisfaction scaled up.

These developments have triggered many other positive improvements in public service delivery system. As of today, different allowances under

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social safety nets like old age allowance, education allowance, maternity allowance etc. are being transferred to the respective recipient bank account that has reduced the middlemen intervention and gradually the service is getting improved. So, what I want to say is that we have begun the journey to eliminate the middlemen intervention in the government service delivery system through digital platforms, I mean, the Integrated Budgeting and Accounting System (iBAS++). For all these initiatives, the government awarded me and my team "Jana Prashashan Padak".

The Bangladesh Accountant: You were actively involved in the initial formulation and implementation of PPP Framework in Bangladesh and instrumental in drafting the PPP Strategy and Policy issued by the Government of Bangladesh. Despite all the endeavors of the Govt., the objective of PPP has not been achieved at a satisfactory level. Do you see any pitfalls in the policy?

CAG: We know that the traditional mode of public service delivery including infrastructure development is implemented through public officials by utilizing public funds. This mode is beset with perennial multiple problems such as lack of adequate and timely financing, bureaucratic inertia, cost and time overrun, lack of innovation and technology transfer. Moral hazard is also paramount. Public Private Partnership (PPP) came into practice in various countries as an innovative arrangement to overcome these Problems. In PPP, public officials engage private party on a competitive basis as a partner to implement the projects mostly with private fund and risks; the partner is remunerated against certain predetermined performance criteria. The public officials' role changes to that of a regulator from implementor. So, the shift requires mammoth change in the institutional framework, civil service ethos, skillsets of officials; which are not easy to come by. So, the change of mind set requires time. I want to call it a long journey and along the way we have to keep a watch whether we are on the right track or not. We have PPP office, PPP Law, and some big infrastructure projects like Dhaka elevated expressway, Dhaka bypass, etc. being implemented through PPP initiatives. Many other projects are at various stages of implementation. We have begun our journey, but we have rough terrain before us. The government is also very much keen in having more PPP Projects and the PPP authority and the ministries /authorities have been working on it. Change management is an immense issue in PPP, it's a change in the structure of the service delivery system, which may warrant even change in the civil service structure. Political commitment also a factor. So it does not happen overnight. Moreover, skilled workforce development with change mindset is still a big issue for PPP.

The Bangladesh Accountant: We came to know from different sources that thousands of audit objections raised by the CAG office have been pending for several decades. How can a time bound framework be formulated for the settlement of every audit objection in future? Do you have any plan to automate this area to ensure more accountability?

CAG: When I took over, I saw that many of the audit objections were lying unsettled for a long time. There were about three hundred thousand or something like that. These were pending for the last forty years. As long time has elapsed, the monetary impact of many objections was close to zero. Moreover, many officials involved with those cases, are retired and even dead. The objections are also labelled as general objections not triggering very serious financial irregularities. So, I thought that keeping these unsettled issues for a long time is the waste of time and energy from both sides: auditors and auditees. So, I decided to save money, time and energy. As the impacts of these objections were not serious, I decided to settle all these cases labelled as the general observations. However, the serious financial irregularities are still being followed up.

You know that quite often it takes longer time than expected to settle audit objections because the appropriate response from the executive does not come by, even sometimes auditors do not take necessary actions as required. Since the records are maintained manually in written files, sometimes there is an audit reconciliation issue like auditors say, "these are the objections", but the auditees say, "we have no records of it". So, that sort of problem was there. We thought that, why not take advantage of technological innovation when changes are occurring at a faster pace than expected in every sector of human life due to various technological development under 4IR. So, we deployed Audit Monitoring and Management Software (AMMS) that deals with pending and new audit findings. Even auditees have the access to the software so that they can see what objections are pending and can also reply online. This platform communicates between the auditors and the auditees in a faster way. Thus the reconciliation time is being minimized. Also the Final audit report can be generated through this system. So, hopefully in two years' time the whole cycle of audit starting from planning, conducting to reporting will be paperless and the audit reports and their submission will be done through the AMMS. The Public Accounts Committee will have the softcopy of the report; the spending agencies will write response to the audit observations that will be communicated to the audit department for compliance. It will make communication between auditors and auditees seamless and responsive. Parliamentary committees will be better equipped to make the executives more accountable and responsible in dealing with public funds.

The Bangladesh Accountant: New Budget and Accounting

Collaboration Can Bring Synergy Between Govt. Auditors and CAs

Says Mr. Mohammad Muslim Chowdhury
Comptroller and Auditor General (CAG), Bangladesh

Classification System (BACS) in Government planning, budgeting and accounting has been introduced from Fiscal Year 2018-19. How BACS is different from the conventional system and what are the competitive advantages achieved from BACS?

CAG: Before introducing the BACS in FY19, we had a 13 digit code structure, previous to that we had major heads, minor heads. In FY98, the list of major heads and minor heads were converted into 13 digit code. The problem of 13 digit code classification was that it was not following exactly the international practice. Moreover, because of its fixed coding feature, flexibility to generate MIS for decision making was restricted. To overcome these limitations, we had decided to overhaul and redesign the whole classification system, taking into account international best practices like requirements of the IMF and International Public Sector Accounting Standards (IPSAS). By sieging the opportunity of digital platform, we made a big shift; converted thirteen-digit code to 56-digit code so that more information could be generated for decision makers and at the same time it ensures public accountability. The 56-digit coding system was divided into different segments; some are posted and some are non-posted segments. There are: organization, functions, fund, economic, locations, programs and all these are coded. The most important feature of the 56-digit coding system is that unlike 13- digit coding structure, it is flexible both vertically and horizontally, say for example, under organization segment, if you feel like adding more sub unit within organization, you can easily do that without any programming effort. It is also horizontally flexible because you can add new segments; for example, climate or gender sensitive expenditure segments. Even though it is 56-digit, you need to remember only seven-digits economic code. For example, if you are an officer of education department in an Upazila, spending money for education supply services, you need to know only 'supply service code', once you enter the code, the system will identify location, and other related segments. Users only need to know the economic code under which they are making transactions. This is the big difference between the 13-digit code and the 56-digit code. This system take care of all the information, once you input it and it will give you scope of generating a report the way you want. These are the big achievements through BACS. Another very important feature of BACS design is that it can capture accrual transactions, though kept dormant for the time being because government accounting system is still cash based. So, transition to accrual based reporting will be possible, if the government so desires, without resorting to reprogramming of the system. All budgeting information including allocation of budget to various spending units and also actual spending are now recorded using 56 digit code in iBAS++. Electronic Fund Transfer (EFT) generated from the system mostly at the instances of Pay and Accounting Offices situated across the country. Bangladesh Bank on receipt of EFT Order, transfer the fund to the claimant's account debiting the Treasury Single Account (TSA), an account maintained by the government with Bangladesh Bank. Human interface, through the process, drastically reduced, beneficiary satisfaction significantly enhanced. Audit also becomes easier. 56- digit based iBAS data now send to CAG Audit Directorates electronically to analyse by Audit for planning, execution and reporting. Now, hopefully, it will be apparent to you that the activities around the whole cycle of PFM are carried out on the electronic platform, the tools being, iBAS++, 56 digit Codes, EFT, Magnetic Ink Character Reader (MICR) Cheque etc. It will not be out of place, if I mention that the 56 digit classification has been designed in such a way as it will be able to accommodate future transition of government accounting from cash based to accrual based. Everyday new strings of public service are being added to this platform for further improvement and

consolidation. Finally, I would say, a positive journey has started; though we have got to go a long way; foundation has been well laid for smoothening the journey forward.

The Bangladesh Accountant: We are aware that lack of transparency and accountability exists in public procurement and thereby public money is wasted. How can CAG office work in this area and ensure maximum utilization of public money?

CAG: Most of the procurement, now a days, is handled through e-GP. The Government spend significant amount in public procurement and because of its sensitive nature, possibility of irregularities is much higher than the irregularities in salary and all other standing charges. In coordination with the Central Procurement Technical Unit (CPTU) of IMED, Ministry of Planning, we have developed an 'e-procurement audit module'. The auditors will now have access to the module and they will get to know all relevant information on procurement of goods, services and works. So, we can say, that digitization of audit through e-procurement audit module is happening. Let me explain it a bit further. Now, every audit directorate has access to e-GP Module to get information electronically, through e-GP audit Module. They can analyze and identify which of the spending units have got more budget and more expenditure and on top of that what percentage of expenditure is more prone to irregularities. Now audit can decide how many man-days are required for that unit. Previously, under manual system, common sense approach being applied, there were plenty of examples of wasting audit resources like deploying auditors for 5-days for the spending unit which transacted very low amount of money whereas auditors sent to big spending units only for 3 days. Situation has changed now; Audit can assess how many man-days are required for auditing a spending unit by analysing data from the system. So, we can say, overall digitization efforts have created a win-win situation for the auditors, auditees and the public at large. Because of digitization, all things are set in the right direction and hopefully, in a few years' time through further development, replacement of 'Annual Compliance Audit' by 'Real Time Compliance Audit' will not be a distant idea paving the way for enhanced Public Accountability by strengthening oversight function both vertically and horizontally.

The Bangladesh Accountant: Given the growing size of the economy and various internal and external factors, do you think the current intervention of audit by CAG office is adequate to meet the constitutional mandate? Is the workforce of CAG office and other logistics support adequate for it?

CAG: In this mundane world no sphere of life is immune from demand and supply mismatches. Audit is no exception. So, like many other jurisdiction, in our case also, we do not have sufficient and

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Comptroller and Auditor General (CAG), Bangladesh

adequately skilled workforce to meet the requirements. But, the good news is that through digital intervention, the requirement of the workforce to do the routine work is drastically reduced. Resources are being optimized through training/retraining, updating and modernising syllabuses and upskilling initiatives by conducting continuous professional development courses at different level of the government auditors' career. Having said that, due to the impact of disruptive 4IR, specially recent innovation and deployment of Chat GPT like Artificial Intelligence (AI) tool, as is happening in many other professions, the accountants and auditors are in a critical juncture and only future can tell how the profession will shape and reshape in coming days. I can conclude here by saying that only thing constant in life is 'Change'.

The Bangladesh Accountant: Do you think the expertise of Chartered Accountants in practice can be a supporting resource for CAG office in carrying out routine and special audits, inspections? If yes, do you have any plan to integrate them with the existing workforce?

CAG: Generally speaking, government audits are a bit different from the private sector audit. Chartered Accountants by education, training and practice, gain the expertise of expressing opinion on the financial Statements of the audited entities, which is technically known as financial audit. In the case of government audit, the auditors not only have to carry out financial audit; they have to carry out, compliance audit and performance audit as well. Moreover, private sector audit mostly is an annual affairs, while government audit is an in-year intervention. So, these are the audits which require some professional upbringing through training and on the job experience. Government auditors has to gain knowledge about whole regulatory framework of governance starting from understanding the constitution and then to cover all tiers of laws, viz., Act, Ordinances, rules, regulations, notifications, orders that requires continuous engagement in the process and cannot be mastered by assignment based engagement, as we see in the case of Financial Audit done by the Chartered Accountants. We have a separate group of auditors, they come from the system, learn from the system through continuous professional development training. They start their career in the civil service, spend two years in the academy to know the government rules and regulations and learn the process of evaluating performance.

I am sure, by this time, you have the feeling that I am suggesting for closure of the doors of collaboration between government auditors and Chartered Accountants. Believe me, that is not the case. I am only emphasising the areas where collaboration cannot bring synergy, until central government accounting system makes a transition to Accrual Accounting and follows IPSASs Accrual based Standards. There are definitely areas where collaboration will bring benefit for both the groups. Let me explain how I see the things. Within the Public sector, other than Budgetary Central Government (Ministries and Departments whose budget is voted by Parliament), there are many Statutory Bodies, Commissions, Autonomous Bodies and State owned Enterprises (SoEs), where Accrual based IPSAS/IFRS standards are either followed or being contemplated to follow. As per the respective statutes (Act, Ordinances, etc.) of these entities Financial Audit is conducted either by CAs or by CAG officials. In many of these statutes, provisions are made for appointment of CA by the entity's executive boards, seriously impairing the independence of auditor. Also reports are required to be submitted to the audited entity Board instead of reporting to the Parliament, again missing the public accountability loop, making the whole process of audit farcical. On the other hand, in many government entities, CAG is the sole auditor.

By training, government auditors are not specialized in financial auditing. In my opinion, financial audit of all these entities can be done under the aegis of CAG. The CAG will appoint CAs from a panel maintained by him, fix their remunerations thereby ensuring the independence of auditors. CAs and government auditors, will form joint team to conduct audit and submit report to the CAG for certification and submission to Parliament. This arrangement would bring win-win situation for both the groups of auditors. I hope, if such understanding is nurtured, collaborated and discussed, as both the group will learn from each other, in future greater collaboration can be forged. The collaboration, may be extended even to cover Budgetary Central Government, when they start adopting accrual accounting system.

The Bangladesh Accountant: How will you evaluate the ongoing economic development of the country and whether the existing level of resilience will be adequate to confront upcoming challenges for Bangladesh?

CAG: Our economic development is happening. We need an education system capable of creating skilled manpower which can accelerate the pace of the development. We do not need clerical workforce, we need a workforce who are techno-savvy. But currently, we are many steps behind.

The Bangladesh Accountant: We know that you will be relinquishing your office in July this year after serving the government for many years and finally after completing your tenure as the CAG. After retirement, how would you spend your time?

CAG: Though I didn't give serious thought on this as yet, I would prefer to work in the field of education, and other social engagements in my village in Chattogram, where I was born. I could give lectures in colleges or universities as guest speaker also.

The Interview was taken by:
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ARTICLES

The Bangladesh Accountant | April - June 2023

CA BANGLADESH

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BANGLADESH

National Budget 2024
Main Challenges of Economy Overlooked

Mohammad Zahid Hossain FCA

The Author is a Fellow Member of the Institute of Chartered Accountants of Bangladesh (ICAB)

"We can have tax cuts, but when we have tax cuts and do not have a surplus, the amount of the tax cut goes straight to the bottom line, adds to the deficit, and the deficit adds to the national debt, and sooner or later, the debt has to be paid".

John McKee Spratt Jr.
(Born: November 1, 1942)
an American politician

The Bangladesh economy has been witnessing a turbulent time since the Russia invasion of Ukraine in February 2022. The war triggered a globe-wide economic jolt. The world economy was badly hit, forcing richer nations to spend heavily in energy subsidies and safety nets. Bangladesh economy also proved to be not immune from the high energy and commodity prices sparked by the war. The government had to shut down power plants as the prices of gas sky-rocketed in the global market and in some cases rose ten times the normal spot market rates. Commodity prices, especially grains, also soared, raising food inflation and causing supply chain disruption all over the world including in Bangladesh.

Economies across the globe cut their growth outlook because of the war. The Bangladesh government had expected to grow more than seven percent in the 2022-23 fiscal year. Instead our gross domestic product expanded by only 6.03 percent, according to the provisional estimate of the state-run Bureau of Bangladesh Statistics. The International Monetary Fund, which has a history of making conservative growth predictions, estimated that the Bangladesh economy actually grew at 4.5 percent during the outgoing financial year, the lowest during the last two decades.

In this context, Finance Minister A.H.M Mustafa Kamal unveiled an ambitious 7.61 trillion taka national budget for the 2023-24 financial year in the parliament in early June. Again, the budget forecasts a bold growth rate of 7.5 percent, a way too higher than the IMF projection of six percent. The per capita income at USD 2,765 was stable in the outgoing fiscal year, owing largely to massive consumption of the country's 170 million people. Particularly it was driven by the country's rising middle class whose number is estimated to have crossed 40 million. Unfortunately, as we entered a new fiscal year, the consumption capacity of this income group has been adversely impacted due to the price hike of food and essential commodities. This overcast consumption scenario is a setback for our economy and there are fewer sign of turnaround.

For years, the execution of the budgetary expenditures has proved to be a key challenge of the Bangladesh government. The finance ministers have unveiled ambitious budgets years after years. But the government implementation wings have found it tough to spend the amount allocated in

the Annual Development Programme (ADP). This year the main challenge won't be spending the allocated money. Rather high inflation poses the biggest threat to fiscal plans. Inflationary pressures soared immediately after the start of the Russia-Ukraine conflict. And they have so far shown no signs of abating.

As a result, there is a fear it will affect the entire spending plans of the government, raising concerns over the country's macroeconomic stability. Major economies in the West have faced these kinds of challenges in the wake of the Russian-Ukraine war, the first European continental conflict since the Bosnian War in the early 1990s. Similar challenges also prevail in developing economies. So the ultimate goal of the Bangladesh government should be to tackle the "Inflation beast" at any cost. Unfortunately, the 2023-24 budget documents do not explicitly articulate the strategies and the initiatives to curb inflation.

The government has set a revenue target of BDT five Trillion in an effort to implement the large budget. The revenue target is ambitious as it is 15 percent higher than last year's revised target and it came at a time of tepid global growth. The government says the Tax-GDP ratio this financial year will hit 10 percent from 9.7 percent in the previous year. But most economists and the multilateral agencies such as the IMF and the World Bank think our tax-GDP ratio hovers around eight percent, one of lowest in the world.

The fact that economic activities have become sluggish does not bode well for the overall revenue collection target of the government. And in most cases this economic slowdown is beyond the control of the government. The government's ambitious revenue growth target, therefore, looks far-fetched, not attuned to reality. Poor cash flow will impact the execution of development projects. And poor state spending will drag the growth down. It is a vicious cycle and there is no clear remedy on the horizon.

The finance minister has said the government would keep the budget deficit at around five percent of the GDP. To meet the shortfall, the government has set a target of BDT 1.55 Trillion taka domestic borrowing, which will predominantly be generated from the banking system. The government borrowing has been growing over the past several years at a consistent rate. State borrowing suddenly spiked to 21.74 percent in 2022-23 than the preceding fiscal year. In this year's budget, the borrowing growth amount has been set at a modest 10.71 percent.

Foreign borrowing will plug the rest of the deficit gap. The target is to borrow BDT 1.27 trillion from multilateral agencies such as World Bank and ADB and bilateral donors such as JICA and USAID. The targetted amount is 25.74 percent higher than last year. This is also very ambitious. Given the ongoing financial turmoil in the world economy, chances are low to get this fund in a timely manner. If foreign

loans do not come at an expected level, the government will be forced to borrow more from local commercial banks. Again, that will impact domestic growth because it will squeeze the money flow to private manufacturers, investors and conglomerates. Excessive government borrowing from banks hinder investment and job creation, which will deepen the ongoing crisis.

Last year Bangladesh moved to the International Monetary Fund for 4.7 billion dollar support for its economy. AThe Washington-based lender took no time to approve the loan, to be released in tranches in three years. But IMF funds always come with strings attached. The government has agreed to abolish fuel subsidies and adjust the prices periodically as part of the IMF conditions by December 2023. Other strings included the scrapping of the six-nine percent interest rate regime, which some economists said did more harm to the economy than boosting growth. The government has also agreed to raise the Tax-GDP ratio by a half a percentage point every year. But so far, revenue collection remains sluggish -- way behind the IMF-fixed target. If the subsidy is completely withdrawn from fuel and price is raised again, this will spur inflation and reduce buying power of the general people.

Under the IMF loan conditions, Bangladesh will have to implement unified exchange rates across the country. Experts predict this may depreciate local currency by another 10 against the US dollar, which will make imported products and services more expensive. Since the economy is import dependent, any currency depreciation instantly fuels inflation. Tax hikes on some products in the National Budget will also shoot up prices. Some of these products are in everyone's daily grocery list, including pens, kitchenware, tissue and gas cylinders. In addition, tax incidences of cement, mobile phones, cigarettes have been increased in the budget. It means prices of these products will also rise in the domestic markets.

Like the previous budgets the government largely depends on indirect taxes to achieve its revenue target. The targetted growth rate of indirect taxes in FY 23-24 is 11 percent. Imposition of any indirect taxes also results in increased spending for consumers, which then spikes inflation. The inflation trend over the last twelve months has been alarming. Point-to-point inflation rate was 9.94 percent in May. It was 9.24 in the preceding month and 7.42 percent during the same month last year. This surging inflation trend gives clear indication that it may touch double digits any time in the near future and can even cross the record of the last 20 years.

The targetted spending for the social safety net is BDT 1.26 Trillion this year, which sees a healthy growth over the past year. People are already facing hardship. So the social safety spending can play a much needed role to support people living below the poverty line. There is no question the government wants to alleviate poverty across the country.

However, corruption in distributing this fund can undermine the objective of this noble initiative. Poorly targetted social safety nets can also encourage inflation. It is true the ongoing effort to automate the stipend payment system will cut fund misappropriation. But the government needs stringent monitoring and stricter oversight.

The national budget document did not articulate any clear guideline to reduce the price of essential commodities such as rice, flour, edible oil, lentils, vegetables, fish and eggs. A good price cut guideline sometimes plays its part to contain the potential pressure of inflation. Studies show that salary hikes of state employees can also fuel inflation. The Bangladesh government employs more than one million people and every year they receive a five per cent increment on their basic salaries. In addition, the government has announced it will raise their salaries by an extra five percent to help them ride out inflationary pressures. Around BDT 30-40 billion will be spent from the state exchequer for this additional five per cent salary hike, according to a June 26 report of the Bengali daily, Prothom Alo. This will widen the budget deficit further. Higher salaries spike inflation and create excessive pressure on the purchasing power of common people.

The Inflation busting strategy of a government is generally reflected in the Monetary Policy of its central bank. However, the central bank alone can't do the fighting. In many countries, the government unveils policies in its national budgets, detailing how it will curb price pressures. We could have done the same in our budget. But so far we haven't seen any clear guidelines in the budget documents. And the absence of these inflation tackling measures mean our economic stakeholders will be doubtful about the future stability of our 460 billion dollar economy. Investors may rethink their investment in Bangladesh if inflation remains stubbornly high, rampant and deeply entrenched. Moreover, foreign investors who have already invested here will have lower dividends and smaller return on their investment.

Recommendations

So what should the government do? The Bangladesh Government has steered the country towards a higher growth trajectory in recent years through judicious policies. The task before the government right now is to take effective measures to control prices of commodities, keep the budget deficit amount at a minimal level and reduce local bank borrowings. It is also important for the government to shun projects that are not important. It should take austerity programs in a way that it does not impact the overall growth target. Sourcing of cheaper funds from outside the country can also be a workable remedy to control inflation and reduce budget deficit.

National Budget Execution in Bangladesh
Constraining Factors and Way Forward

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Abstract

The size of the national budget of Bangladesh is increasing in each financial year. But the execution rates of the budget are lower than the expected level. This article has identified the status of budget execution rate, the reasons for deviation between budget and actual spending (i.e., inadequate execution rate of national budget) and the initiatives needed to improve the budget execution scenario based on primary and secondary data. The study finds that lack of trained and dedicated staff at budget section, lack of periodic monitoring of budget execution, inadequate knowledge on budget and procurement matters, delay in preparing annual procurement plan (APP), revisions of budget due to change in scope of work of projects, increase of cost of materials, delay in recruitment of project directors, frequent change of project directors, complexity in land acquisition for development projects and inadequate budgetary allocation (including allocation of a nominal amount to keep projects alive in the system) are the main reasons for low budget execution.

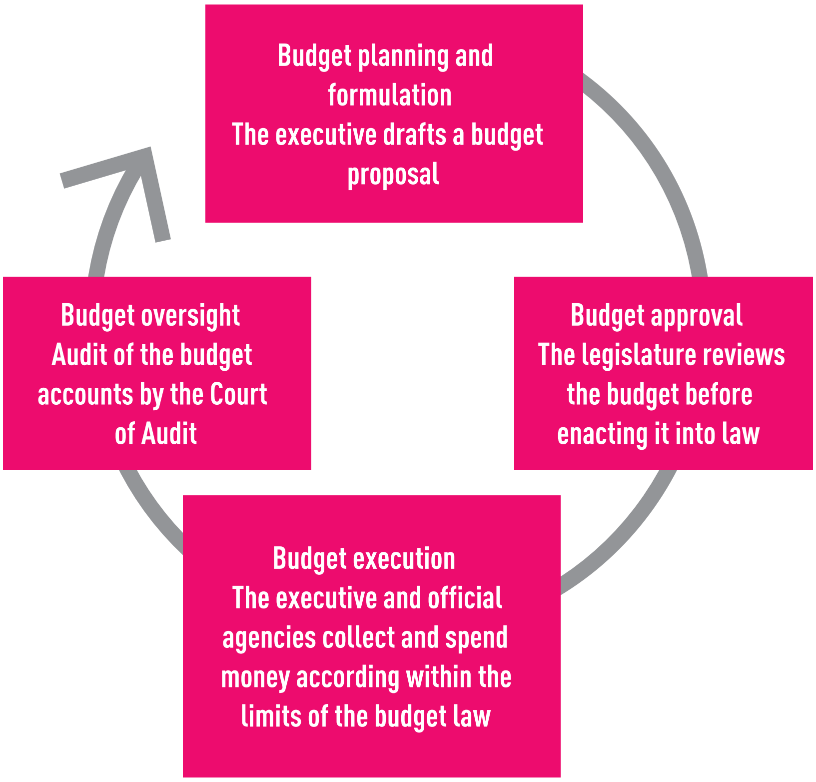
Placement of trained and adequate manpower in budget section, preparation of the development project proforma (DPP) having complete scope of work based on feasibility study, adopt projects within the Medium Term Budget Framework (MTBF) ceiling, formulation of Procurement plan and Budget implementation plan during budget preparation time (i.e. February-April), preparation of APP in the beginning of the fiscal year, timely processing of tendering and work order/Notification of Awards, appointment of Project Director (PD) on time, coordination with the office of the deputy commissioner for timely acquisition of land, and periodic monitoring of budget execution by the MDIs.

Keywords

Budget Execution, MTBF, DPP, Annual Procurement Plan, Budget Circular 1 (BC1), Annual Development Programme (ADP), Reappropriation

Introduction

Budget of a country is the document that reflects the estimated revenue receipts, expenditure, and sources of finance of a country. Budget is the manifestation of the philosophy of a political government. In preparing the budget, macroeconomic conditions (macroeconomic assessment of available revenues and financing) and constraints and global developments are usually taken into consideration. A budget is prepared every year, covering only one year; voted every year; and executed over one year (IMF, 2023). The precise legal framework for central government budgeting varies from country to country. In the



case of Bangladesh, both Article 87 and 89 of the Constitution states the system for preparation of Annual Financial Statement (AFS) commonly known as Budget. Article10 of the Public Money and |Budget Management Act, (PMBA) 2009 requires that the finance minister shall place annual budget in the Parliament before the beginning of each fiscal year.

Bangladesh government considers the following issues in its planning and budget formulation stage: Is the budget based on a realistic macroeconomic framework? Are estimates based on reasonable revenue projections? What could be the main sources of financing? What are the global factors/developments that may impact its budget size? What are the possible investments including the ratio of public and private investments, possible drivers of growth and inflation in the coming FY? Is there a realistic costing of policies and programs and hence expenditures (e.g., assumptions about inflation, exchange rates, etc. How far are spending priorities determined and agreed under the budget process?

Although Budget Circular 1 (henceforth called BC-1) usually issued in December each year, is the first official document between Finance Division (FD) and Ministries (or Divisions) with regard to budget preparation, in reality budget preparation begins a few months earlier before the issuance of BC 1. The Finance division prepares Medium Term Macroeconomic Framework (MTMF) to forecast the possible resources for funding expenditure budget, to propose the amount of total government expenditure, ADP, external funding, export and import targets etc. The Coordination Council formed under Bangladesh Bank Order 1972 headed by the Finance Minister approves the MTMF (Medium Term Macro-Economic Framework) and finalise the total resources for the upcoming Fiscal Year's budget. The total resource ceiling (approved by the Coordination Council) is then divided among 62 MDIs (Ministries/Divisions and Institutions) and communicated to them as preliminary indicative resource ceiling through BC1. The MDIs prepare their detailed budgets within the given ceiling. Finance Division, Planning Commission (PC) and the concerned Ministry then review the budget in a tripartite meeting held in FD and finalise the resource ceiling. The finalized resource ceiling is communicated to the MDIs through Budget Circular 2 (BC-2).

Before 2006 FY, the budget was prepared for a single year with no scope to look beyond the budget year. It was top-down and input based; there was no link between priority of the ministry and resource ceiling and then resource allocation and performance. In FY 2006, as part of the on-going Public Financial Management (PFM) reform initiative, the government of Bangladesh has adopted a new approach to shift from an input-based budgeting system to a results-based budgeting system. The result-based budgeting is known as Medium-Term Budget Framework (MTBF)[1] and it was adopted in Bangladesh in FY 2005-06. The MTBF and annual budget process are interlinked. The MTBF provides a framework for revenue receipts and expenditures that comprises both Operating and Development portions of the budget. The framework includes estimated budget for the proposed budget year and the projections for two outer years. Under this framework the estimates/projections for both Operating and Development expenditure need to be accommodated within the preliminary indicative expenditure ceiling[2] for the relevant year as indicated earlier. Each year, the MTBF process involves rolling forward of the previous estimate by one year and the addition of a new outer year.

Usually, the budget of next FY increases by a margin over the previous years based on expected GDP growth, inflation, potential investments etc. As a result, the budget size of Bangladesh Government has been increasing each year. In FY 2022-23, the budget size stood at BDT 678343 crore which was only BDT 250496 crore in 2014-15. The national budget size of the country is currently in 2022-23 was about 15.24% of our GDP (Source: MTMPS[3], Finance Division 2023-2024). The national budget of the country comprises both the Revenue Budget and Expenditure Budget.

It is to be noted that in Bangladesh, National Budget is prepared by the Finance Division under the Ministry of Finance in consultation with relevant stakeholders and then placed before the Parliament for approval. Once the budget is approved by the Parliament in June each year, the MDIs get their budget on the first day of July through iBAS++ (Integrated Budget and Accounting System) system, and then the MDIs start implementing the budget from the month of July in each FY.

However, it is a matter of concern that the implementation of the components of Bangladesh's national budget i.e., both the Revenue and Expenditure Budget is very low. The Budget Execution Report published by the Finance Division (FD) shows that the National Board of Revenue (NBR) could not reach revenue targets in most of the FYs. Almost every year, the collection of revenue by the NBR falls short of the revenue target assigned for it. On the expenditure side, MDIs actual spending is less than the budget (revised budget) they were given for spending. Bangladesh's ADP implementation averages 85.57% between FYs 2014-15 to 2021-22. The average implementation rate for the operating budget stood at 90.03% in the above-mentioned time. The ADP Implementation Status prepared by the IMED details the financial progress of the projects undertaken by Ministries/Divisions (also fund utilization pattern) as part of the ADP. The implementation rates (i.e. actual spending) of operating and development budgets as presented in Table-1 indicate MDIs' less than expected performance in budget execution.

1 The Medium - Term Budget Framework (MTBF) is a multi-year approach to budgeting that provides a medium-term framework for government receipts and expenditure. The MTBF links the spending plans of government to its policy objectives and requires a credible estimate of resources available for expenditure. Government spending plans must respect a reasonable view of what government revenues are likely to be over the medium term. Under MTBF system line ministries are provided with greater responsibility for resource allocation decisions and resource use.

2 The maximum amount that the government allocates in a given year to target sector or expenditure category.

3 Medium term Macro-Economic Policy Statement

For example, in Bangladesh's low budget execution is also manifested in the following statement- "The government managed to implement 85 per cent of the budget in the fiscal year 2021-22 despite distributing a huge amount as subsidies and incentives (Byron and Mahmud, 2022)". Spending less than the original budget allocation manifests lack of capacity of the Ministries and Divisions in execution of the budget.

Although a discussion of budget execution covers both Revenue side and Expenditure side, this paper is confined to Expenditure Part of the National Budget. This has been done with a view to keeping the size and focus of the paper manageable and find out the causes responsible for the less than adequate execution of budget.

This article is an analysis of the challenges/factors that held back the MDIs in full implementation of the budget. Needed initiatives/policy interventions for proper budget execution in future are also suggested based on the primary data collected through interviews and author's experience as an official in the finance division.

Budget Implementation (Execution)

Budget implementation is the responsibility of the line ministries, divisions, and spending institutions. The MDIs spend the budget within regulatory controls set by the Finance Division (IMF, 1999) in delivering services and implementing development projects.

The MDIs spend the budget in implementing operating activities, projects and delivering services as per their allocations of business. Financial information on budget execution is available centrally in the Finance Division under the Ministry of Finance through its iBAS++ system. IBAS++ is a decentralized, automated system pioneered by the Finance Division in Bangladesh to support budget formulation, execution, and monitoring, and to track the implementation of government priorities (USAID, 2022). As the iBAS++ system is used by all the MDIs for national budget, and their system is centrally linked with the Finance Division server, FD obtains information on the budget and actual expenditure of 62 MDIs through its iBAS++ system. The accounting for budget execution transactions is maintained/prepared by the Chief Accounts and Finance Officer (CAFO) in the spending ministry/division.

The following table (Table-1) shows the budget and actual spending of operating and development budget. This information has been obtained from the iBAS++ system of the finance division.

The information on budget, revised budget and actual spending reveals that in Bangladesh actual spending i.e., implementation is less than the budgeted amount. In other words, the MDIs could not implement their budgets fully. The scanty implementation rate of budget has been echoed by the former finance secretary: "I

Table-01

At a glance budget (In crore)								
Description	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**
Operating	164032	192528	223478	241253	284904	311507	352957	366603
Development	86464	102561	117127	159013	179669	211683	215043	237078
Original Budget	**250496**	**295089**	**340605**	**400266**	**464573**	**523190**	**568000**	**603681**
Operating	159062	168655	201084	217807	269092	299228	330958	371552
Development	80595	95910	116090	153688	173449	202349	208025	221948
Revised Budget	**239657**	**264565**	**317174**	**371495**	**442541**	**501577**	**538983**	**593500**
Operating	140634	157193	184568	205123	244703	260315	290685	323015
Development	68240	83622	99814	136618	153193	162146	169516	195128
Total Actual Expenditure	**208874**	**240815**	**284382**	**341741**	**397896**	**422461**	**460201**	**518143**
Rate of Expenditure (according to budget)	83.38%	81.61%	83.49%	85.38%	85.65%	80.75%	81.02%	85.83%
Rate of Expenditure (according to budget) (operating)	85.74%	81.65%	82.59%	85.02%	85.89%	83.57%	82.36%	88.11%
Rate of Expenditure (according to budget) (Development)	78.92%	81.53%	85.22%	85.92%	85.26%	76.60%	78.83%	82.31%
Rate of Expenditure (according to revised budget)	87.16%	91.02%	89.66%	91.99%	89.91%	84.23%	85.38%	87.30%
Rate of Expenditure (according to revised budget) (operating)	88.41%	93.20%	91.79%	94.18%	90.94%	87.00%	87.83%	86.94%
Rate of Expenditure (according to revised budget) (Development)	84.67%	87.19%	85.98%	88.89%	88.32%	80.13%	81.49%	87.92%

watched with surprise that the health ministry could not spend a major portion of the funds we gave them amid the pandemic," (The Daily Star, June 20, 2021). Similarly, a newspaper report reveals, "the secondary and higher education division could only spend a little more than Tk32,000 crore from the budgeted amount of Tk36,486 crore it was given in the budget for FY22. The unspent portion has been returned to the finance ministry (TBS, 2022).

As stated earlier, the budget execution rate of operating budget varied between 86.94% to 94.18% of the revised budget between FYs 2014-15 to FYs 2021-22. This is even lower if we compare budget implementation (execution) rate with the original budget. The scenario is even worse in the case of implementation of development budget (commonly known as ADP). The average implementation rate of development budget during FYs 2014-15 to 2021-22 has been 85.57%.

The considerable and persistent differences between budgeted amounts (allocation) and actual expenditure as depicted in the aforesaid table is a sign of weakness in the execution of national budget and expenditure management systems which is less than satisfactory level. Despite records of low execution, no systematic study or research paper on the causes/challenges behind low execution of national budget of Bangladesh has been found. This paper is an attempt to fill the void.

Given this backdrop the following research questions have been developed and investigated upon in this article.

- What are the factors or challenges for less than expected implementation of budget in national Budget of the Government of Bangladesh?
- What are the needed initiatives and/or policy interventions to improve the overall implementation (utilization) Budget in Bangladesh?

Methods of Data Collection

This study adopted a qualitative research design in obtaining responses to the research questions. Information from both the primary and secondary data has been collected. Data from the primary source were collected thorough in-depth interviews and informal discussions with officials/resource persons from finance division, line ministries and divisions. The respondents, ten in number, were selected through purposive sampling.

An open-ended questionnaire was used in the interview that allowed the authors to probe the respondents' minds. Open-ended questions also allowed the respondents to obtain the most important ideas and themes (Weller, 2018).

Of the interviews, 5 interviews were conducted over telephone while 5 interviews were administered face to face. Sample size for open-ended qualitative interviews were determined at the point where

little new information is obtained (thematic saturation). The thematic saturation was deemed to have reached the point during the interviews where few or no new ideas, themes, or codes appeared (Mason, 2010; Sandelowski, 1995). As such the author stopped increasing sample size after seeing that we were not getting little new info during interview no 9 and 10.

The author's engagement with the budget formulation and execution helped to observe the whole process and bring her experience and perspectives in the article.

Inability to spend full amount of the budget (i.e. less than expected execution) is a perennial problem in Bangladesh Public Financial Management. In addition to the primary sources of data, secondary sources of data were also used in identifying the reasons and challenges that held MDIs back in spending 100% of the budget (or revised budget). The reasons and/or challenges for less than expected execution are detailed below:

Reasons/Causes for Poor Budget Execution

A number of reasons are cited in secondary sources for less than adequate budget execution. The main factors include lack of implementation capacity of development budget, delay in the recruitment of project directors (PD), frequent changes of PD, complexities with land acquisition necessary for projects, late start of spending due to delay in preparation of annual procurement plan (APP) and lack of finance divisions' more engagement with budget implementation due to huge time and resources needed for budget preparation.

The large gap between budget and execution weakens the credibility of the budget and reduces effective implementation of public investment and service delivery. The inadequate execution thus affects the overall development outcomes of the government. In elaborating on status of Bangladesh Budget and the budget implementation bottlenecks, Zahid Hussain (in Parvez, 2022) a former lead economist of the WB says, “setting bigger budgets ignoring the actual implementation capability may give some political dividend but it ruins credibility”. Raihan (2022 in Parvez, 2022) says, "The budget has fallen into a cycle of low revenue collection, low implementation capacity and low spending. This cycle needs to be broken.

Development projects in Bangladesh often go through multiple phases of revision. Such revisions are caused by due to lack of quality project feasibility study, change in scope of the project work stipulated in the DPP after the projects gets started. Weak institutional capacity to implement and monitor the projects, change of rate schedule, and delay in land acquisition results in delay of project implementation, and cost escalation. In this respect, the following observation is notable:

“Institutional capacities, regulatory and enforcement regime and governance structures have failed to

develop in tandem with the country's ever-increasing size of annual development programmes and growing number of mega-projects." (Rahman, 2022, p. 26).

Delay in the Recruitment of Project Directors (PD) and frequent change of PDs is another major cause of low execution of development budget in Bangladesh. Delay in the preparation of procurement plan by Head of Procuring Entity (HOPE) and the tendering process undermines implementation of public infrastructure projects.

Problems with procurement - Bangladesh's procurement legislation, i.e., Public Procurement Act -PPA (2006) and Public Procurement Rules-PPR (2008) mandate the Procuring Entity (PE) to prepare the Annual Procurement Plan (APP) based on the budget allocation. Without approved APP no invitation of tenders/proposals can take place. The legal practice is that the Head of Procuring Entity (HOPE) approves the APP for both development budget and Operating budget only after confirmation of the budget allocation and approval of distribution of budget. Any delay in receipt of the budget allocation delays the initiation of the tendering process. Normally the gap between approval of the national budget and confirmation of the budget to the PE is about two months – the delay is mostly happening at the line ministry level (World Bank, 2020 p. 38). But due to instant release of approved budget through iBAS++ system, the spending MDIs now gets the budget in the first month i.e., July of each FY.

Delayed Procurement planning and suspensions in the tendering process causes interruption in project implementation. In the PPA 2006 and PPR 2008, procurement planning by HOPE has to be done simultaneously at the time of Budget Preparation. But often they lag behind in preparing the procurement plan. Delay also takes place when there is an obligation to observe the procurement guidelines of development partners for foreign-aided projects. In that case, the development partners have their own procurement guidelines to procuring package in project and they do not consider PPA-2006 and PPR 2008 as an only embodiment of laws/rules pertaining to public procurement of goods and services. Procurement planning, especially selection of appropriate type of contract, as is required by the PPA 2006 and PPR 2008 is one of the major problems in public procurement process (Rahman, 2020, p. 25).

The World Bank (2020) reports that approval of large value procurements' bid evaluation reports at levels higher than procuring agencies, require 45-60 days from the date of receipt of the bid evaluation report from the procuring agency delays implementation of development projects. Similarly, Limited Tendering Method (LTM) for national works contract has a number of provisions including price cap, lottery to determine the winner in case of a tied bid and not requiring any experience to get the contract. The aforesaid

provisions of LTM resulted in delays and cost-overruns. These provisions were introduced in the PPA through 2009 amendment to support development of small and new bidders (World Bank, 2020 p. 29).

Interview Findings on Reasons for Poor Budget Execution

About inadequate execution of budget, the observations and insights found from the respondents are mostly similar. These are reflected in the following paragraphs:

Drawing and Disbursing Officers (DDOs) of the Line ministries/Divisions are mostly dependent on staff members and mostly they open their ID for iBAS++ activities in June. This situation induces time constraint for expending money. Besides, there is no planning from the end of implementing agencies. Lack of proper forecasting and faulty DPP preparation and lack of institutional capacity and internal control prevents MDIs to spend the budget fully. There is no officer from the end of LM/Div to monitor execution and integrity of spending. In this regard IMED plays its full swing role after the completion of the project like the post-mortem of a body. (Respondent-1)

With regard to the reasons/contributing factors towards low budget execution, a former high official of the Finance Division states:

In case of operating budget, Line ministries distribute resources without knowing the actual needs of sub-ordinate offices. On the other hand, in the case of development budget, implementation of foreign aided projects is not satisfactory as officials are less interested to implement such projects due to rigid compliance requirements. Lack of knowledge of project directors on procurement and budget is another reason for unsatisfactory spending. (Respondent 2)

In Bangladesh, ADP implementation is lower than the expected rate. In response to a question for less than satisfactory execution of budget, a mid- level official of the Planning Division notes:

Some projects are included in the ADP with a nominal amount (in most cases BDT 1 lac) of fund which is not sufficient for the project. Such negligible amount is allocated to keep the project in the ADP system (book) and thus keep the project as a live one. Such token allocation for a project instead of adequate allocation creates a big problem in timely implementation of projects. (Respondent 3)

Frequent change of Project Directors is a constraining factor in proper execution of budget. In this regard, a senior official of the Govt states:

Frequent changes of PDs in a project life causes delay in the smooth execution of the project implementation. Often PDs change in the middle of the project period. It may sound interesting to say that in some projects, 3/4/5 PDs were in charge of the project from inception till completion of the project. About 15-20 percent of PDs also have additional responsibility either to head another project or to work in other official responsibilities. This is also another factor responsible for time overrun. (Respondent 9)

Lack of regular monitoring of project activities is another reason for lack of budget execution:

Lack of regular monitoring of projects and irregular meetings or non-occurrence of Project Implementation Committee and Project Steering Committee meetings results in slack in project execution (respondent 6)

Projects involving land acquisitions often suffer from inordinate delay in land acquisition. The common tone of most of the respondents was that- complexity and delay in land acquisition for a project is a major reason for the delay of the projects. Getting funds for land acquisition on time and lack of adequate coordination between the project implementing office and the concerned deputy commissioner's office also delay land acquisition.

About 65% respondents observed that projects progress suffers when adequate fund is not received to implement projects. This happens mainly when more projects are taken up by a Ministry or Division than their budget size could afford implementation of the projects. In this regard, a senior official mention:

The costs of projects are inconsistent with Mid-term Budgetary Framework (MTBF) i.e., projects do not follow the cost ceiling of MTBF. In the end, the project suffers from time overrun and cost overrun due to less than required funds in the fiscal year budgets during project life. (Respondent-10)

Six respondents out of ten pointed their fingers at the Budgetary Entities for their failure to spend the budget fully. The essence of their observations was that: MDIs often make delay in spending money. In the first six to eight months of the financial year, they remain passive in spending the budget amount.

The choice of contractor has been found to be a major challenge in implementing development projects. In this regard, more than 4 respondents assert the right contractors not selected to implement the projects especially in the case of mega projects.

Reasons for Inadequate Budget Execution of Operating Budget

The budget execution scenario shown in Table 1 suggests that execution of operating budgets is also not satisfactory. In other words, actual spending of operating budgets by the MDIs is also less than the main (revised) budget allocation by a considerable margin.

Out of ten respondents, seven respondents observed that inadequate planning and attention by the Line Ministries/Divisions during preparation of budget and improper allocation of budget between different economic codes (including keeping no allocation for some codes) necessitate frequent re-appropriation between economic codes. The need for such frequent re-appropriation between economic codes and getting these re-appropriations done by the Ministry or FD (in applicable cases) delay the implementation of operating budget to full extent.

The other reasons for unsatisfactory budget execution of operating budgets include slow procurement system of goods and services and spending of most of the amount at the last quarter of the FY commonly known as "May-June Syndrome", allocation/release of FY operating budget economic code wise in four quarterly instalments (such equal allocation hinders procurement of capital items i.e., items for which economic codes start with 41). In the last three FYs (2020-21, 2021-22, 2022-23), the government put few restrictions on expenditures of few economic codes such as purchase of motor vehicles/other capital items, land acquisition, entertainment, training etc. Such restrictions were necessary to face the consequences of Covid-19 induced economic pressure and global developments putting Bangladesh in a tight situation.

A former senior official of the

Finance Division mentions- “officials have to remain very busy with preparation of budget and take more than 6 months (from Dec-June) in smooth preparation of the budget. As a result, they lack time to dedicate adequate time/attention needed to monitor budget execution by line ministries to improve the budget implementation rate (respondent no. 5).

Effects of Poor Budget Execution

Delay in project implementation means not delivering the expected benefits to the public when they are needed and adding to their sufferings (Rahman, 2022). According to the World Bank, the considerable gap between budget and execution limits the ability in enforcing accountability in public finances and hampers the credibility of the budget (Byron and Mahmud, 2022).

Policy Suggestions

The following initiatives and policy interventions are imperative to improve the rate of budget execution:

- Timely preparation of Annual Procurement Plan (APP) and its approval by the Head of Procuring Entity (according to PPA 2006 and PPR 2008);
- The formulation of Procurement plan and Budget Implementation plan for the next FY should be completed during February- April of the current fiscal year i.e., with Budget preparation;
- Timely processing of tendering and work order/Notification of Awards for development budget- Start the implementation of the projects from July each FY and avoid May-June Syndrome;
- The DPP will have to be prepared taking all relevant factors into consideration with adequate care. This will reduce the need for revisions of projects for more than once
- Appointment of project directors within a month of the project approval (DPP approval);
- Prior preparation and early commencement of activities is needed for acquisition of lands on time. This will require close coordination between implementing agencies, PD and the Deputy Commissioner’s Office;
- Adopt projects within the funds available i.e. within the MTBF ceiling of the concerned MDAs
- Set budget in line with the implementation capacity of MDIs
- Laws may be enacted to ensure that no injunction is allowed on land acquisition for projects undertaken for public interest.
- If the MDIs fails to spend first and second quarter budget without any reasonable grounds money may be blocked by FD for the rest quarters through iBAS++.
- A pool of project directors (PDs) may be created with officials who have training, experience, skills and knack for project activities;
- The frequent rotation of project directors (PD) should be stopped;
- Placement of required number of manpower having training in budgetary activities is essential in the budget section of the MDIs. Adequate manpower in budget section with proper training is critical for periodic monitoring of budget execution by the MDIs.

In conclusion, it is of utmost importance for Bangladesh to take coordinated efforts by agencies involved with budget to remove the hindrances that stand in the way to smooth implementation of budget. Moreover, there should be ample opportunities for much more involvement of the common people at the budget execution stage even those who are residing at the remotest area of the villages. In this regard strengthening the different tiers of local government can contribute a lot. It is also imperative to set a realistic budget that is implementable by the administrative machinery of the Government. The enhancement of quality of DPP with proper feasibility study is expected to significantly improve the implementation of budget. Without such improvement in spending ability of MDIs to spend public money, the credibility of the budget will be in question and it will erode the confidence and motivation of the implementing agencies.

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Accounting of Taxation
Overview of Income Tax Act 2023 in the Eye of IAS 12 Income Taxes

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Income Tax in Bangladesh

During the British rule (1757-1947), the British adopted the traditional Indian land tax for financing administration. They established zamindars, or 'tax farmers' to collect the revenue from the individual tenants. The taxes were based, in general, on the produce of the land, and were often oppressive, reaching in some areas a levy of over half the net produce. The tax rates in Bengal were fixed in nominal terms at ten-elevenths of net rental receipts for zamindars at the time of the permanent settlement Act of 1793. The zamindari system was abolished in 1952. Bangladesh inherited a system of taxation from its the British and Pakistani regimes. The system, however, developed based on generally accepted canons and there had been efforts towards rationalising the tax administration for optimising revenue collection, reducing tax evasion, and preventing revenue leakage through system loss.

Income tax was first introduced in the subcontinent by the British in 1860 to make up the revenue deficit caused by the sepoy revolt, 1857. After independence of Bangladesh, income tax was made effective under the Income Tax Act 1922 passed based on the recommendations of the All-India Income Tax Committee appointed in 1921. Income tax has been imposed under the Income Tax Ordinance 1984 (ITO) promulgated based on recommendations of the Final Report of the Taxation Enquiry Commission submitted in April 1979. Income taxpayers (assessees) are classified as individuals, partnership firms, Hindu Undivided Families (HUF), Associations of Persons (AOP), companies (publicly traded and private), local authorities, and other artificial juridical persons. Tax rates and scope of taxable income differ based on residential status of an assessee (resident or non-resident). Currently, the Income Tax Bill 2023 was passed in Parliament on 18 June 2023. Finance Minister AHM Mustafa Kamal moved the bill, and it was passed by voice vote. The Act is to be termed as Income Tax Act 2023 (ITA 2023) which will replace Income Tax Ordinance 1984.

IAS-12: Income Taxes

IAS 12 prescribes the accounting treatment for income taxes. Income taxes include both current and deferred tax. Current tax for current and prior periods is, to the extent that it is unpaid, recognised as a liability. Overpayment of current tax is recognised as an asset. Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

IAS 12 requires an entity to

recognise a deferred tax liability or (subject to specified conditions) a deferred tax asset for all temporary differences, with some exceptions. Temporary differences are differences between the tax base of an asset or liability and it's carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

Accounting of Current Tax

i. Recognition of Current Tax Liabilities and Current Tax Assets

Current tax for current and prior periods shall, to the extent unpaid, be recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognised as an asset. (IAS 12.12)

The benefit relating to a tax loss that can be carried back to recover current tax of a previous period shall be recognised as an asset. (IAS 12.13)

When a tax loss is used to recover current tax of a previous period, an entity recognises the benefit as an asset in the period in which the tax loss occurs because it is probable that the benefit will flow to the entity and the benefit can be reliably measured. (IAS 12.14)

Steps in calculation of current tax as per Income Tax Act -2023

	Particulars	Section Reference
Step-01	Profit as per Audited Financial Statements	Section-73
Step-02	**Add:** Inadmissible expenses and deemed income	Section-22,23, 55,
Step-03	**Add:** Transfer pricing adjustments, if any	Section 233 to 239
Step-04	**Add:** IFRSs expenses for separate consideration as per taxation: o Depreciation/Amortization (Sec.-50), o Bad debt (Sec.-51), o Share of Profit from associate (2(81)), o Unrealized translation gain (45(f), o Interest on Lease liability and Depreciation on ROA (Sec.-55(s)), o Impairment loss (Sec.-55(t)) o Share base payments-Charged up to vesting period (Sec.-34) etc.	Section 50 (3rd Schedule), 51, 2(81), 45(f), 45(e), 34, 55(s), 55(t)
Step-05	**Less:** Admissible expense as per ITA 2023 Depreciation/Amortization, Bad debt, Share of Profit from associate, Unrealized translation gain, Interest on Lease liability and Depreciation on ROA, Impairment loss, Share base payments etc.	Section 50 (3rd Schedule), 51, 2(81), 45(f), 45(e), 34
Step-06	**Less:** Nonbusiness income	(Section- 57, 58 66,67,68,69 etc.)
Step-07	**Less:** Set off carry forwarded losses and get **Income from business**	Section-70 to 71
Step-08	**Add:** Non-business income and get **Total Taxable Income**	(Section-57,58 66, 67, 68, 69 etc.)
Step-09	Computation of Tax liability by applying applicable rate	As per Finance Act
Step-10	**Less:** Rebate on CSR and get **Tax Liability**	SRO 229/2011
Step-11	Computation of **Minimum Tax:** Higher of **a & b** **a.** Tax deducted at source mentioned in 163(2b) **b.** on Gross Receipt as per 163(5) Minimum tax on Gross receipt will be calculated proportionately in case of income subject to reduced rate or exemption (Sec.-163 (5b)(iii))	Section 163
Step-12	Compare with total tax expense calculated in Step-10 with Minimum tax calculated in step 11 and **get tax liability** (Higher of Tax at step 10 & 11)	
Step-13	**Add:** Income added under Section 55 in step-02 will be taxed at regular rate (no exemption /reduced rate) and it is not adjusted with any losses	Section 56
Step-14	**Add:** Interest on deficiency of advance tax and for filing return after Tax Day	Section 160,161 and 162
Step-15	Deduct total of tax deducted at sources, advance tax paid, and get net tax liability, which is to be paid at the time of submission of return.	Section 120-139, 152-156

ii. Accounting of Settlement of Previous Year tax in Current Year:

In Bangladesh, tax return is submitted with the audited financial statements as per Section 73 of Income Tax Act 2023 which are subject to be scrutinised by the authority and the entity may have to pay additional amount against demand of authorities. The additional amount paid which are related to previous accounting years should be charged through current year's statements of profit or loss as tax expense.

As per IAS-8, taxation is an estimate, so it does not allow retrospective implications. Any difference of previous year

provision and actual tax liability are always charged/recognised through current year profit or loss.

Accounting of Deferred Tax

To calculate deferred tax following steps can be followed:

i. Determination of the Tax Base of Assets / Liabilities:

The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. An asset's tax base is the amount that will be deductible for tax purposes against any taxable economic benefits that will flow to an entity when it recovers the asset's carrying amount. For example, calculation of tax Written Down Value (WDV) of fixed assets as per Third Schedule of ITA 2023, carried forwarded of loss etc.

ii. Identify Temporary differences:

Accounting income and taxable income as per ITA 2023 may differ for the following reasons:

Permanent Differences (Deferred Tax Not Recognized)

A permanent difference although which is not discussed in IAS 12 is a business transaction that is reported differently for financial reporting and tax reporting purposes, and for which the difference will never be eliminated. A permanent difference that results in the complete elimination of a tax liability is highly desirable since it permanently reduces an entity's tax liability. Consequently, it is a key goal of tax planning. The following transaction types represent permanent differences when accounted for within Bangladesh:

- o Transferring export quota. (Section-46(6)).
- o Payment to Un-approved funds.
- o Deduction not admissible in certain circumstances (Section-55).
- ✓ Payments not complying with TDS and TIN
- ✓ Perquisites above certain limit
- ✓ Paid in cash above certain amount to suppliers or employees etc.
- ✓ Entertainment, foreign travels, advertisement, distribution of free sample, Head office expense, royalty, technical knowhow etc. above certain limits.
- ✓ Commission or discount paid to shareholder director etc.

Temporary Difference (Deferred Tax Recognized)

A temporary difference is the difference between the carrying amount of an asset or liability in the balance sheet and its tax base. A temporary difference can be either of the following:

- o Deductible. A deductible temporary difference is a temporary difference that will yield amounts that can be deducted in the future when determining taxable profit or loss.

- o Taxable. A taxable temporary difference is a temporary difference that will yield taxable amounts in the future when determining taxable profit or loss.

In both cases, the differences are settled when the carrying amount of the asset or liability is recovered or settled.

Because of temporary differences, the expense that an entity incurs in a reporting period usually comprises both current tax expense or income, and deferred tax expense or income. The following transaction types represent Temporary differences when accounted for within Bangladesh:

- o Depreciation/Amortization (Section-50),
- o Bad debt (Section-51),
- o Share of Profit from equity investment (Section-2(81)),
- o Unrealized translation gain (Section-45(cha)),
- o Interest on Lease liability and Depreciation on ROA (Section-55(dha)),
- o Impairment loss (Section-55 (na))
- o Share base payments-Charged up to vesting period (Section-34)
- o Carry forwarded losses (Section-70 to 71)
- o Construction of School/medical for employee's children
- o Cost of Land Development in Tea Garden (3rd schedule)
- o Gratuity provision
- o Goodwill
- o Share based payments. (Section 34)
- o Any incomes or expenses shown in OCI etc.

iii. Measure Deferred Taxes Using the Enacted or Substantively Enacted Tax Rates / Laws Expected to Apply

As per Para IAS 12.46 Current tax liabilities (assets) for the current and prior periods shall be measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

As per IAS-12.46 Changes in tax rates or tax laws enacted or announced after the reporting period that have a significant effect on current and deferred tax assets and liabilities in Non-adjusting Events.

As per Para IAS -12.48 Current and deferred tax assets and

liabilities are usually measured using the tax rates (and tax laws) that have been enacted. However, in some jurisdictions, announcements of tax rates (and tax laws) by the government have the substantive effect of actual enactment, which may follow the announcement by a period of several months. In these circumstances, tax assets and liabilities are measured using the announced tax rate (and tax laws).

Practice in Bangladesh

In Bangladesh, Tax rate is fixed at the end of June, which is applicable for the next assessment year i.e. previous income year. So, there is retrospective application as per Taxation Law which means that the financial statements whose reporting date are before June, the entities did not know the applicable income tax rate at its reporting date.

As per IAS-12.46 where the change in rate which is enacted after the reporting date were considered as non-adjusting events but as per IAS 12.48 due to retrospective implication it is to be considered as an adjusting event.

iv. Recognise Deferred Taxes

Deferred Tax Liabilities

Deferred tax liabilities are recognised for taxable temporary differences, with some exceptions (IAS 12:15) (see Initial recognition exemption and Investments in subsidiaries, branches and associates, and interests in joint ventures). Taxable temporary differences are temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled. Deferred tax liabilities are typically recognised when:

- ✓ the carrying amount of an asset is higher than its tax base, or
- ✓ the carrying amount of a liability is lower than its tax base.

Taxable temporary differences arise, and deferred tax liabilities are recognised, when, for example:

- o reporting entity recognises receivable and related revenue which will not be taxable until cash receipt (IAS 12:17(a));
- o an item of property, plant and equipment (PP&E) is depreciated faster for tax purposes than or accounting purposes (IAS 12:17(b) & Section 50 of ITA 2023)
- o an expenditure is recognised as an item of PP&E or an intangible asset for accounting purposes, but treated as revenue expenditure for tax purposes (IAS 12:17(c));
- o Right of Use Asset (IFRS 16 & Section 55(s) of ITA 2023)
- o the identifiable assets acquired in a business combination are recognised at their fair values in accordance with IFRS 3 Business Combinations (IFRS 3), but no equivalent adjustment is made for tax purposes (IAS 12:19); or

- assets are revalued upwards, but this revaluation does not affect taxable profit in the current period (IAS 12:20 & Section 57 of ITA 2023)

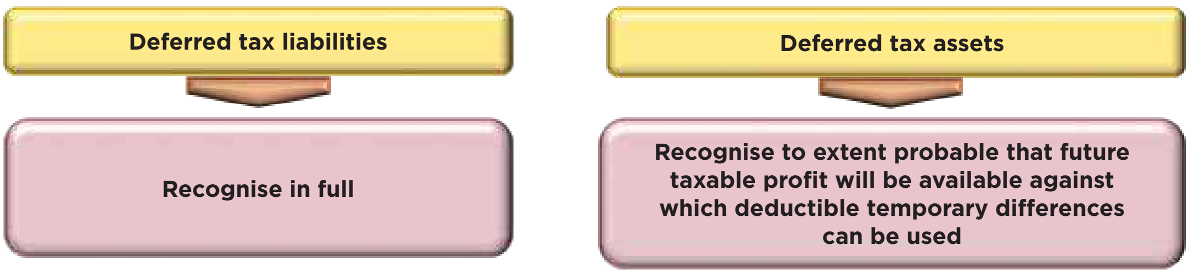
Deferred Tax Assets

Deferred tax assets are recognised for deductible temporary differences, with some exceptions (see Initial recognition exemption and Investments in subsidiaries, branches and associates, and interests in joint ventures), to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised (IAS 12:24). Deductible temporary differences are temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled. Deferred tax assets are typically recognised when:

- ✓ the carrying amount of an asset is lower than its tax base, or
- ✓ the carrying amount of a liability is higher than its tax base.

Deductible temporary differences arise, and deferred tax assets are recognised, when, for example:

- a provision is recognised under IAS 37 Provisions, Contingent Liabilities and Contingent Assets which will be tax deductible in future periods when actual cash outflow takes place (IAS 12:25 & Section 50 of ITA 2023)
- liabilities for long-term employee benefits are recognised under IAS 19 Employee Benefits which will be tax deductible in future periods when actual cash outflow takes place (IAS 12:26(a) & Section 34 of ITO 2023)
- lease liability (IFRS 16 & Section 55(na) of ITA 2023)
- research costs are recognised as an expense in determining accounting profit in the period in which they are incurred but may not be permitted as a deduction in determining taxable profit until a later period (IAS 12:26(b));
- the identifiable liabilities assumed in a business combination are recognised at their fair values in accordance with IFRS 3, but no equivalent adjustment is made for tax purposes (IAS 12:26(c)); or
- assets are revalued downwards or impaired, but this does not affect taxable profit in the current period (IAS 12:26(d) & Section 57 of ITA 2023).



b. Determine where to recognise deferred tax: in profit/loss, OCI/equity, goodwill

Deferred tax is *recognised* in the same place as the underlying transaction or events (*i.e.*item) to which it relates.

Items	Related Deferred tax	Example
Item recognised in profit or loss	Deferred tax recognised in profit or loss.	Deferred tax on temporary difference of Tax WDV and Accounting WDV of fixed assets
Item recognised in OCI / equity	Deferred tax recognised in OCI / equity.	Deferred tax on temporary difference on Revaluation of assets
Item recognised in a business combination	Generally, deferred tax recognised in goodwill.	Deferred tax on temporary difference at the time of acquisition or merger

3. Is it logical to calculate deferred tax assets/liability whose final tax is not dependent on taxable income rather it is determined on gross receipt or tax paid at source u/s 163 of Income Tax Act 2023?

Deferred tax is calculated based on assumptions that taxable income and accounting income is differed for temporary difference, but which will be adjusted over the period to calculate taxable income. So, the entities whose tax liability is not relevant with the taxable income which means that advance tax paid at source under section 163(2b) or minimum tax on gross receipts as per Section 163(5) is higher than the tax liability on taxable income at applicable rate. Resultantly, add/less of IFRSs and Taxation different items will not impact on the entity's future tax liabilities. Ultimately, the requirements of deferred tax to those entities are questionable.

In my opinion, it is not required to consider deferred tax for the entities whose future tax expense are expected not to be relevant with the taxable income and temporary difference will not increase or decrease the net tax liability (minimum tax under section 163 is expected to be higher than the regular tax).

Conclusion

The relationship between accounting and taxation is more complex than might appear first. In general, there are sound reasons for accounting principles to form the basis for calculating tax liability. However, there are also reasons why tax rules and practices should be different in some respects. Sometimes there is no absolute rule – it depends on the circumstances. It might be that the analysis of tax principles and policies is not yet sufficiently sophisticated to offer a full understanding of the ways in which tax systems can successfully achieve their objectives. With continuing developments in both accounting and in taxation, the relationship between the two is not fixed indefinitely.

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The Future of Accounting
Impact of Automation, Artificial Intelligence (AI) and Machine Learning (ML)

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Abstract

This journal article explores the transformative impact of automation, artificial intelligence (AI), machine learning (ML) and deep learning (DL) in the field of accounting. As technological advancements continue to reshape industries, the accounting profession is witnessing an exemplary shift towards increased efficiency, accuracy, and data-driven decision-making. This article examines the key trends, challenges, and opportunities that arise from the integration of automation, AI, and ML in accounting practices. It also discusses the implications for accountants, businesses, and the broader financial ecosystem, shedding light on the future of accounting in a rapidly evolving digital landscape.

Keywords

Automation, Artificial Intelligence, Machine Learning, Technology.

Introduction

In recent years, the field of accounting has witnessed a transformative shift due to the rapid advancement of automation, artificial intelligence (AI), and machine learning technologies. These disruptive technologies are revolutionizing traditional accounting practices, streamlining processes, and enhancing the overall efficiency and accuracy of financial operations. This article delves into the future of accounting and explores how automation, AI, and machine learning are reshaping the profession.

Evolution of Automation in Accounting

The advent of automation has had a profound impact on accounting processes. Tedious and repetitive tasks, such as data entry, bookkeeping, and reconciliations, can now be automated using advanced software and algorithms. This not only eliminates human error but also frees up accountants' time to focus on more strategic and value-added activities.

In the early 20th century, mechanical calculators were introduced, providing a significant improvement over manual calculation. Later on, the punched card system served as the first automated accounting system, transforming the way businesses handled financial data in the 1960s. The advent of mainframe computers in the 1970s revolutionized accounting practices. The introduction of spreadsheet software, most notably VisiCalc in the late 1970s and later Microsoft Excel, transformed financial analysis and reporting.

In the 1990s, ERP systems emerged as comprehensive software solutions that integrated various business functions, including accounting. With the proliferation of personal computers, computerized accounting systems became accessible to small and medium-sized businesses in the

1990s. The rise of cloud computing in the 2000s led to the development of online accounting software.

In recent years, advancements in artificial intelligence (AI) and machine learning have further transformed accounting. Robotic Process Automation has gained prominence in accounting by automating repetitive and rule-based tasks. Blockchain technology has the potential to revolutionize accounting processes, particularly in areas like auditing and financial transactions.

The Role of AI in Accounting

Artificial intelligence technologies, such as natural language processing and machine learning algorithms, are being integrated into accounting systems. AI can analyze vast amounts of financial data, detect patterns, and make predictions, enabling accountants to gain deeper insights into business performance and make data-driven decisions.

Some key ways AI can help accountants include AI creating invoices, streamline data entry and analysis, do tax preparation, generate reports, do enhanced data analysis, perform budget forecasting, carry out fraud detection and risk assessment, achieve improved accuracy and compliance, give real-time financial insights, do predictive analytics and achieve improved audit processes.

AI based Accounting Software

AI based accounting software refers to software applications that leverage artificial intelligence (AI) technologies to automate and enhance various accounting processes and tasks. Some key features and benefits of AI based accounting software: Automation of Routine Tasks, Intelligent Data Extraction, Advanced Data Analysis, Smart Expense Management, Integration and Scalability, Cost and Time Savings. Examples of widely used AI based accounting software's are: QuickBooks Online, Xero, Sage Intacct, Wave, Zoho Books, FreshBooks, MYOB, FreeAgent, AccountsIQ, Docyt, Gridlex, Zeni and so on.

In the early 20th Century	In the 1960s	In the 1970s	In the late 1970s	In the 1990s	In recent years
Mechanical Calculator	Punch Card System	Mainframe Computers	Spreadsheet Software	Enterprise Resource Planning (ERP) Systems	AI & Machine Learning, RPA & Blockchain Technology

Figure: Automation milestones in Accounting

Machine Learning and Predictive Analytics

Machine learning algorithms have the ability to learn from historical data and make accurate predictions. In accounting, machine learning can be used to forecast financial trends, identify anomalies and fraudulent activities, and optimize tax planning strategies. By leveraging predictive analytics, accountants can provide valuable insights to clients, mitigate risks, and drive business growth.

Challenges AI brings to Accounting

While AI brings numerous benefits to accounting, there are also several challenges that need to be addressed. Here are some of the key challenges associated with the implementation of AI in accounting: data quality and availability, ethical use of AI, skills and knowledge gap, interpretation of results, system reliability and security, regulatory and compliance issues, integration and change management, cost and return on investment.

Opportunities of AI in Accounting Industry

AI (Artificial Intelligence) brings several advantages to the field of accounting. Here are some key advantages of AI in accounting: Zero Human intervention and 24/7 Work Capacity, Continuous Auditing, Increased Efficiency, Improved Accuracy, Enhanced Data Analysis, Real-time Financial Insights, Fraud Detection and Risk Management, Compliance and Regulatory Adherence.

Threats of AI in Accounting Industry

While AI brings significant benefits to the accounting industry, there are also certain threats and challenges that need to be addressed. Some key threats associated with the use of AI in accounting: Job Displacement, Lack of Human Judgment, Data Privacy and Security Risks, Limited Accountability and Transparency, Technical Challenges and Reliability, Cost and Accessibility, Skill Gap and Learning Curve.

Conclusion

The future of accounting is being shaped by automation, AI, and machine learning technologies. These advancements offer immense opportunities to streamline processes, improve accuracy, and deliver valuable insights. Embracing these technologies, reskilling, and adapting to the evolving landscape will be crucial for accountants to remain relevant and add value to their clients and organizations. By harnessing the power of automation, AI, and machine learning, the accounting profession is poised for a new era of efficiency, effectiveness, and strategic decision-making.

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Stakeholder Engagement on Circular Economy Practices
A Case Study of a Large Garment Manufacturing Company in Bangladesh

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Abstract

Circular Economy (CE) is gaining popularity as a tool to address sustainability issues worldwide. The research on CE is growing day by day, and the research on CE in Bangladesh is still in the initial stage. In a traditional linear economy, resources are extracted from nature, produced products, and after consumption, people do wastage. However, CE brings all wastage into the production process, reduces wastage, and remanufactures the products considering environmental issues. The present study attempts to look into the issue from stakeholders' perspectives. The study adopted a qualitative method and interviewed different stakeholders working in the garments sector. We choose the garments sector because sustainability issues are crucial in this sector and one of the best sectors that earn foreign currency. Findings show that the practice of CE is growing, and awareness is developing consistently. Although sustainability issues are popular, however, the practices of CE have started in garments industries because of buyer pressures. The following are the critical stakeholders in adopting CE practices in garment industries: customers or buyers, suppliers, governments, international organizations, internal employees, banks, financial institutions, and research and development organizations. The study also provides future research direction in CE.

Keywords

Circular Economy, stakeholders, sustainability, and production process.

Introduction

The circular economy (CE) concept has gained traction in recent years due to its ability to address a wide range of environmental problems, societal expectations, economic challenges and sustainability issues (Geissdoerfer et al., 2017). The traditional linear economy model, which entails production, consumption and disposal of wastage process (Ahmed et al., 2022) over-exploitation of natural resources (University of Cambridge, 2022) endangers both present and future generations as it results in resource depletion, waste generation, and environmental degradation. In contrast, the circular economy provides a comprehensive approach to tackle these critical issues whereby waste is actually designed right out of the system from the start. Because the circular economy is a production and consumption model that eliminates waste by changing business models to produce items that close the loop on the linear model through an intentionally designed system that collects and reuses products at the end of their lives before they become waste (Acaroglu, 2023), against this backdrop, the main objective of the current research is to find stakeholders engagement,

particular focus on garments manufacturing company in Bangladesh, and look at into how do garments industries prepare to adopt CE principle and to see how are they ready to face the upcoming challenges of CE.

Although the research on garments industries and CE in the context of Bangladesh is new and in recent days, different stakeholders are now bringing this issue into the discussion, hence it is time worthy that the topic should discuss from stakeholders' perspectives. The focuses of recent research are on carbon and water flow in denim products (Zhao et al., 2021), material waste management and sustainable development goals (SDGs) in textile-apparel manufacturing (Khairul Akter et al., 2022), industrial water management in textile and garments industries (M. S. Haque et al., 2021), environmental sustainability in garments washing factories (M. S. Haque et al., 2021; Shamsuzzaman et al., 2021), challenges of effluent treatment in Bangladesh (N. Haque, 2020), sustainable management of solid waste and related issues. However, very few studies have focused on stakeholders' perspectives. The current research will fill up this gap to a large extent because entrepreneurs and stakeholders are the main actors to transition to a CE.

The increasing circularity-related requirements of global buyers will have a significant impact on Bangladesh (Rana,

Srensen, and Larsen, 2022). According to the World Bank 2022, the yearly economic loss from environmental deterioration stands around $6.5 billion, or 3.4 percent of Bangladesh's annual GDP. Air and water pollution are responsible for roughly 28% of all deaths in Bangladesh. Bangladesh scored 162nd out of 180 polluting countries in the Environmental Performance Index (EPI) report (World Bank 2022). The country ranked 5th in terms of worst air quality country (IQ Air, 2023). 'Weak waste management leaves Dhaka communities at risk from landfill sites' (Sakib, 2022). Moreover, the current heat wave in the country, which threatens people's lifestyle and food supply, raises concerns about the environment once again. Transition to a CE will mitigate many of those problems to a large extent.

Despite the fact that the circular economy concept has drawn attention globally, localised research is still needed to understand the unique challenges, opportunities, and perspectives of stakeholders, which provide valuable insights for developing effective strategies and policies tailored to the country's context. In the context of the circular economy, stakeholders play essential roles in promoting and implementing circular economy practices. Hence, the study also investigates the areas for improvement and propose strategies to enhance collaboration and participation by comprehending current state of stakeholder's involvement. Furthermore, the country's effort to achieve Sustainable Development Goals (SDGs) will be strengthened as these goals are aligned with CE concept like responsible consumption and regenerative production.

The paper is organized as follows: after introduction we provide a brief literature review in section-2, section-3 provides objectives of the study, then section-4 provides methodology, followed by respondent's profile, finding and analysis and conclusions in section 5, 6, 7 respectively.

Literature Review

The CE concept evolved variously as a result of various cultural, social, and political systems (Yu, Han and Cui, 2015). In industrialised nations like Japan, Belgium, Germany, Sweden, Denmark, and the former USSR are the pioneer in eco-industrial development (EID) which considered one of the major roots of CE (Geng and Doberstein, 2008). The Chinese CE concept with more close looped system influenced from Germany and Japan (Geng and Doberstein, 2008 as cited in Wanget al. 2004). The CE concept gained popularity in China in the 1990s due to rapid economic growth and the depletion of resources (Winans, Kendall and Deng, 2017). The idea of CE is now widely accepted by global organisations like the European Commission and the Ellen MacArthur Foundation (EMF) which promote significant aspect of CE such as materials design and flow assessment (Geng and Doberstein, 2008). The establishment of a network of 100 global corporations in the name of 'Circular Economy 100' by EMF in 2013 gave momentum to the corporate world (Mah, 2022).

Banque Internationale à Luxembourg (2021) defines linear economic model as existing approach of extracting raw materials from the earth, processing them, then producing goods which are eventually thrown away as seen in the image below:

Ellen Macarthur Foundation (2019) defines circular economy as a systematic approach which 'tackles climate change and other global challenges like biodiversity loss, waste, and pollution, by decoupling economic activity from the consumption of finite resources'.

Ellen Macarthur Foundation (2019) depicts circular economy system through following (Fig-2) butterfly diagram which consists of two main cycles- the technological cycle and the biological cycle. In technological cycle, products and materials are kept in circulation by reusing, repairing, remanufacturing, and recycling. On the other side, the biological cycle depicts that the nutrients from biodegradable materials are returned to the Earth to renew nature.

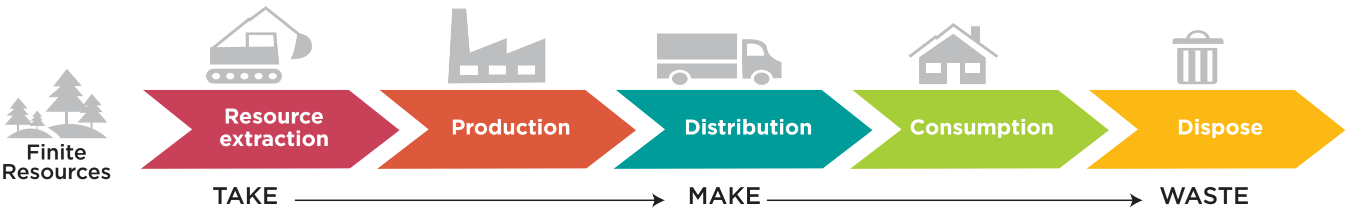

Fig-1: Linear Economy Model from Banque Internationale à Luxembourg (2021)

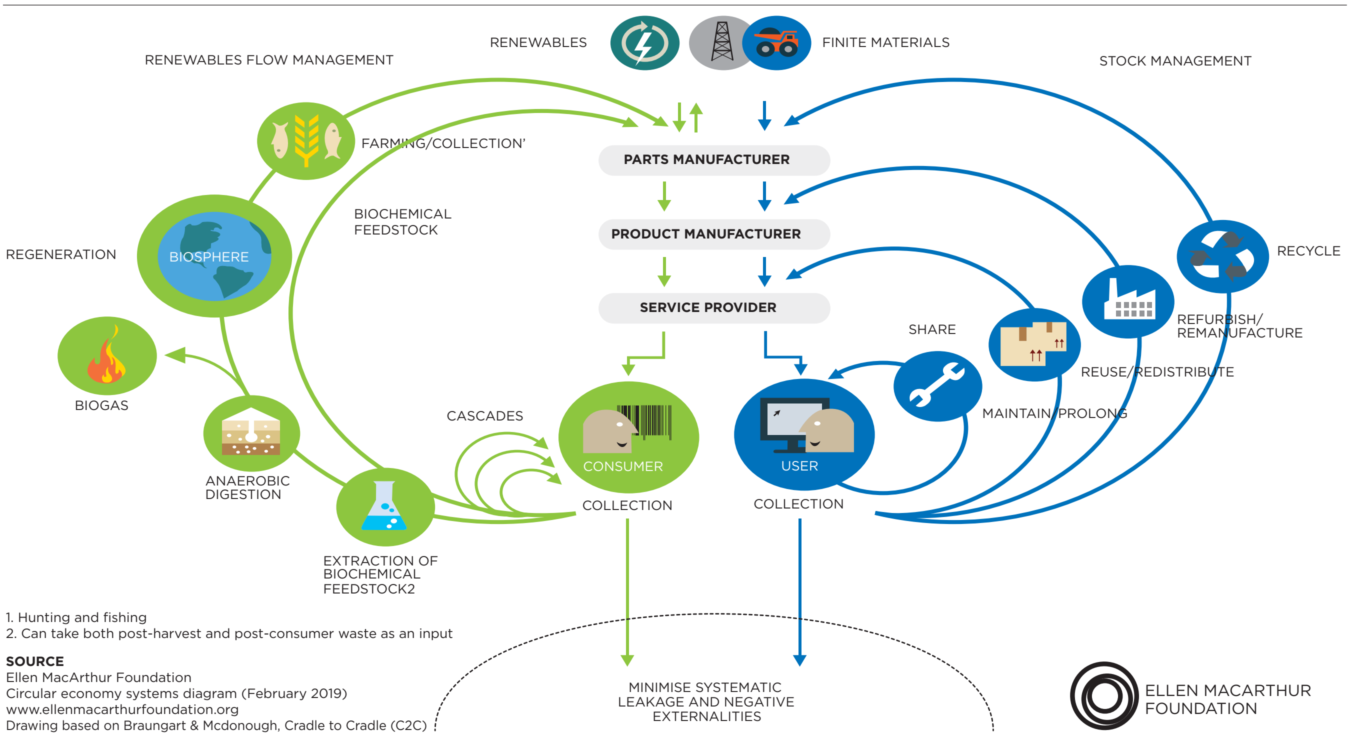

Fig-2: Circular Economy Model from Ellen Macarthur Foundation (2019)

In addition to above diagram, following 9R Framework (Fig-3) adapted from Plotting et. Al (2019) also elaborates the circular economic process:

In the context of CE, Ellen Macarthur Foundation (2019) finds out three key principles: eliminating waste and pollution, circulating products and materials at their highest value, and regenerating nature. This approach aims to minimise waste generation, pollution, and resource depletion by rethinking how goods are designed, manufactured, and remade. Additionally, this entails keeping materials in use as a product or, if that is no longer possible, as components or raw materials. Moreover, the circular economy focuses on the regeneration and restoration of natural resources, promoting practices that align with ecological cycles and support the health and resilience of ecosystems. Though sustainability is conceptually related to circular economy, Geissdoerfer et al. (2017, p.767) revealed that 'Circular Economy is viewed as a condition for sustainability'. They define Circular Economy as 'a regenerative system in which resource input and waste, emission, and energy leakage are minimised by slowing, closing, and narrowing material and energy loops' whereas 'sustainability as the balanced integration of economic performance, social

Circular Economy ↑ Increasing Circulanty ↑ Linear Economy

	Strategies	
Smarter product use and manu-facture	R0 Refuse	Make product redundant by abandoning its function or by offering the same funcation with a radically different product
	R1 Rethink	Make product use more intensive (e.g. by sharing product)
	R2 Reduce	Increase efficiency in product manufacture or use by consu-ming fewer natural resources and materials
Extend lifespan of product and its parts	R3 Reuse	Reuse by another consumer of discarded product which is still in good condition and fulfils its original function
	R4 Repair	Repair and maintenance of defective product so it can be used with its original function
	R5 Refurbish	Restore an old product and bring it up to date
	R6 Remanufacture	Use parts of discarded product in a new product with the same function
	R7 Repurpose	Use discarded product or its parts in a new product with a different function
Useful application of mate-rials	R8 Recycle	Process materials to obtain the same (high grade) or lower (low grade) quality
	R9 Recover	Incineration of material with energy recovery

Fig-3: 9R framework from Potting et al. (2017)

inclusiveness, and environmental resilience, to the benefit of current and future generations' (Geissdoerfer et al., 2017, p.766). Ahmed, Mahmud and Acet, 2022 asserted that in Bangladesh, the circular economy is partly followed through recycling in major industries though the concept of reuse is gaining attention among general people.

On the other hand, Frynas (2014, p.384) defines 'a stakeholder is any group or individual that can affect or is affected by the achievement of the organisation's objectives. Therefore, individuals, organisations, or groups having vested interest or who are actively involved in the development, implementation, and consequences of circular economy practises and initiatives are referred to as stakeholders in the context of the circular economy. Frynas (2014, p.384) describes a list of stakeholders which includes employees, customers, suppliers, stockholders, banks, pressure groups, governments, and other groups that can either help or damage the firm. Hence, business entities (from manufacturers to retailers), governments and regulatory bodies, consumers, non-government organisations (NGOs), academic and research institutions, professional bodies and local communities are considered to be significant stakeholders in circular economy framework. These stakeholders shape and influence the transition to a circular economy by actively involving in decision-making processes, contributing resources, and influencing the behaviour of other players in the system.

Frynas (2014) also asserted that the stakeholder view of the firm opposes the assumption that a firm should just maximise profits for shareholders, rather than satisfying the aspirations of all major stakeholders. In this connection, the CE paradigm emphasises a holistic approach that incorporates the interests and aspirations of diverse stakeholders rather than short-term financial gains for vested parties.

With a view to defining the role of stakeholders, it is required to extract the barriers of CE practices. Ahmed, Mahmud and Acet (2022) identified four cross-cutting categories of barriers which are- (a) institutional and regulatory barriers, (b) technological and material barriers, (c) social and cultural barriers, and (d) market, economic, and financial barriers. Their identification provides a base for CE development framework and role of stakeholders especially governments for policy formulation, academics and professional institutes for capacity building, businesses, manufacturers, suppliers and technology providers for removing technological and material barriers, buyers, and consumers for social and cultural barriers, investors, banks, and Financial Institutions for removing financial barriers are significant.

Jakhar et al., 2019 discussed that industries are pushing to reconcile the entire life cycle of a product, including sourcing, manufacturing, use, disposal, and recovering the value of the product at its end of life, as a

result of growing stakeholder awareness and knowledge on sustainability concerns. Ewan et al., 2023 also found the relationship between a circular economy and the SDGs in Bangladesh in addition to addresses the necessity and importance of mapping involved stakeholders in Bangladesh and identifying their role in successfully achieving the SDGs and transitioning to a national circular economy.

The literature on the role of stakeholders in the implementation of circular economy practices within the garments industry reveals a growing trend in current times. Several studies have explored the importance of stakeholder engagement and collaboration in driving sustainability initiatives and transitioning towards a circular economy. However, a noticeable knowledge gap exists regarding the specific role of stakeholders, such as manufacturers, suppliers, retailers, consumers, and government bodies, in the garments industry context. While some research has touched upon stakeholder involvement, there is limited empirical evidence that comprehensively examines their motivations, challenges, and contributions to circular economy practices in the garments industry. Furthermore, there is a need to explore the interplay between stakeholders, including the dynamics of power, collaboration, and communication, to better understand how these factors influence the successful implementation of circular economy initiatives. Addressing this knowledge gap is crucial for developing effective strategies and policies that foster stakeholder engagement and drive the adoption of circular economy principles in the garments industry.

Objectives of the Study

The study's main goal is to examine the role of stakeholder engagement in driving the transition of circular economy practises in Bangladesh, as well as to identify best practises, strategies, and policy recommendations for improving stakeholder engagement in the country's implementation of circular economy initiatives. In this context, research objectives are-

1. To comprehend the perspectives and motivations of stakeholders in the circular economy.

2. To investigate the level of stakeholder engagement in circular economy initiatives.

3. To analyse the influence and impact of stakeholder involvement on the success and effectiveness of circular economy practices in Bangladesh with special reference to gain under garment unit.

Research Methodology

The study adopts a qualitative approach which emphasizes on understanding and interpreting the subjective experiences, perspectives, and behaviours of stakeholders in the context of the circular economy. As a result, the paper pursues a case study design, which entails conducting an in-depth investigation of one of the largest garments manufacturers in Bangladesh. By conducting

interviews with stakeholders of a large garment manufacturing company involved in circular initiatives in Bangladesh, the study can capture their perspectives, motivations, challenges, and actions related to the circular economy. These interviews can offer valuable insights into the complexities and contextual aspects that shape stakeholder roles and their level of engagement. Before interview a semi-structure questionnaire has been developed based on the available research. The respondents have been chosen based on their experiences and industry involvement. They have been contacted via Zoom Meeting.

Throughout the study, ethical considerations are rigorously handled which included obtaining informed consent from participants, ensuring confidentiality and anonymity, and adhering to ethical guidelines for research involving human subjects. The paper admits potential limitations such as the limited generalization of findings due to the specific context of the case study. However, the in-depth and detailed nature of the case study can provide useful insights and serve as a foundation for additional research and comparison studies.

Respondents' Profiles

The researchers conducted a qualitative interview with the Managing Director and Sustainable Manager of the largest garment manufacturers in Bangladesh, who participated provided that the name of their company would be anonymous. Therefore, where applicable, we use ABC as a name to maintain anonymity.

Company Profile

Year of Establishment	1992
Nature of the Company	Privately owned
Number of Production Units	16
Number of work forces	30,000
Sewing Machines	15,000+
Location of Units	Dhaka & Chittagong

Finding and Analyse

The implementation of circular economy practices is significantly buyer driven, particularly in the context of Bangladesh. Throughout the supply chain, international buyers are emphasising sustainability and environmental responsibility. This demand has significant implications for businesses operating in Bangladesh, as it serves as a strong motivation to adopt and integrate circular economy principles into their operations. Meeting the circular economy expectations of buyers not only ensures the maintenance of business relationships but also positions organizations as responsible and environmentally conscious suppliers. To meet these demands, businesses in Bangladesh are implementing various initiatives such as resource-efficient production processes, product design with recyclable materials, and establishing partnerships with local recycling facilities. By meeting buyer demand for circular economy practices, organizations contribute to their own sustainability goals and play a crucial role in the development and advancement of the circular economy in

Bangladesh. Regarding motivation toward CE, Managing Director (MD) of the presented case said, "Certainly, there are two main motivations that drive us towards adopting circular economy practices. The first is 'consciousness', and the other one is the 'demand from the business community'. In this case, I'd like to mention worsening water logging problem in Chittagong, which is man-made, can be alleviated through our collective consciousness and combined efforts. Implementing circular economy practices allows us to make more sustainable choices and reduce our impact on the environment. Demand from the business community' means many buyers have set specific targets for renewable energy adoption, for example aiming to achieve certain percentages by 2025 and 2030". It is important that now business owners and top level executives understand that environmental effects and the buyers' pressures are mounting to adopt sustainability and circularity in the business process.

Not only buyers create pressures on industry but also government and regulatory bodies are now concern regarding environmental issues. Oishee (2021) asserted that although government policies, research and industrial practices play significant role in executing Circular Economy practices, the main initiative is on the part of the consumer and conscious consumption. The government plays a crucial role in promoting and facilitating the implementation of circular economy practices in Bangladesh. Recognizing the importance of sustainability and the need to address environmental challenges, the government has taken several initiatives to support and encourage circular economy approaches. One of the key roles of the government is to establish policies and regulations that create an enabling environment for circular economy practices. This includes the development and implementation of comprehensive waste management and recycling policies, setting targets for resource efficiency and waste reduction, and promoting the use of renewable energy sources. However, from entrepreneurial perspectives, MD and founder of case company said, "While there are international standards and regulations in place, the implementation of these standards is not up to the mark..."This clearly indicates that entrepreneurs are looking for involvement of government actions and support for adopting CE.

Government can also play significant role creating awareness and promoting education about circular economy concepts. In addition, the government provides financial incentives and support to businesses and industries to encourage the transition towards circular economy practices. Government has already set reduced tax rate 10% for green factories garments, which is an effective step towards circular economy. These incentives help businesses overcome initial barriers and make the adoption of circular practices more economically viable.

Employees are the internal stakeholders, and they are the first who will adopt the CE practices. Regarding internal stakeholders and CE practices, MD of the case company said, "....Employees are collaborative if they can be pursued and motivated properly. For instance, they are vigilant and

proactive in implementing measures to capture and store rainwater, which helps to reduce our reliance on surface water or groundwater for a period of around two to three months..." It is an important indication that employees need motivation and education to adopt CE practices. Most of the companies are not aware of this training.

Supply chain issues always concern CE practices and supply chains can make an ecosystem adopt CE. If there is no good supply chain for waste management and recycling, then it would be challenging to transform into CE. In this case, MD asserted, "We lag behind developed countries, especially in using modern technologies and machinery and suppliers. Suppose renewable polybags should be used instead of traditional polybags despite its cheapness producing huge waste. In this case, the government should come forward to reconsider the duty of such items. Additionally, technical know-how and expertise need to be improved to facilitate the adoption of modern technologies and machinery.

International buyers are the important stakeholders, actors and forces in the garments sectors to transform into CE. According to the sustainability manager of the case company, "....Due to pressure of buyer, our target is to achieve zero emissions by the year 2040. Additionally, we aim for zero liquid discharge, meaning no harmful substances will be released into the land. The demand for rainwater harvesting is increasing gradually, and our company is actively working to meet this demand". He further stated that, "The motivation and influence from buyers, such as Walmart, Target and carter's. They have set targets and utilize their extensive database to track energy, water, and gas consumption. Additionally, there is a growing demand for better disclosure on Circular Economy

practices, where stakeholders expect transparency and accountability in terms of resource management and sustainable practices. This external pressure and the need to meet buyer expectations drive organizations to implement Circular Economy practices and improve their environmental performance."

It is praiseworthy initiatives by Bangladesh Bank to formulate Sustainable Finance Policy for Banks and Financial Institutions, 2020. Banks play a significant role in promoting and supporting the implementation of circular economy practices in Bangladesh. By providing access to capital, banks enable businesses to implement circular practices, which often require upfront investments but result in long-term cost savings and environmental benefits. By incorporating sustainability factors into their risk assessment and due diligence processes, banks can incentivize businesses to adopt circular economy practices. In summary, banks in Bangladesh have the potential to act as catalysts for the transition to a circular economy.

The role of professional accountants in promoting and advancing circular economy practices in Bangladesh is crucial. Accountants play a significant role in managing financial information and providing insights that support decision-making processes related to circular economy initiatives.

Cost Analysis and Reporting:

Accountants can conduct cost analyses to identify the financial implications of adopting circular economy practices. They can assess the costs associated with resource efficiency, waste reduction, and recycling initiatives, as well as the potential savings and benefits derived from such practices.

Investment Appraisals: Accountants can assess the financial viability and return on investment of circular economy projects and initiatives. By considering factors such as capital expenditure, operating costs, revenue generation, and potential cost savings, accountants can help organizations make informed decisions regarding investments in circular economy practices. They can also evaluate the financial risks and opportunities associated with circular economy projects.

Sustainability Reporting: Accountants can contribute to sustainability reporting by ensuring accurate and reliable financial data related to circular economy activities. They can assist in the preparation of sustainability reports that disclose information on environmental impacts, resource consumption, waste management, and other relevant metrics.

Overall, accountants in Bangladesh can actively contribute to the advancement of circular economy practices by providing financial analysis, investment appraisal, performance measurement, sustainability reporting, and compliance

Educational institutes in Bangladesh can play a crucial role in promoting and advancing circular economy practices through extensive curriculum development and conducting research work. They have the potential to shape the mindset and skills of future generations, fostering a culture of sustainability and responsible consumption.

Conclusion

The finding and analyse from the interviews indicate that the implementation of circular economy practices in Bangladesh is largely driven by buyer demands. Businesses in the country are motivated to adopt circular economy practices to maintain business relationships with buyers and position themselves as responsible and environmentally conscious suppliers. The government plays a crucial role in promoting and facilitating the implementation of circular economy practices by establishing policies and regulations, creating awareness, providing financial incentives, and enforcing compliance.

The government's initiatives include developing comprehensive waste management and recycling policies, setting targets for resource efficiency and waste reduction, promoting renewable energy sources, and conducting campaigns and training programs to raise awareness. Financial incentives and support are provided to businesses, such as tax incentives, subsidies, and funding for research and development. The government also monitors and enforces environmental regulations and sustainable production practices to ensure compliance.

Banks in Bangladesh have the potential to drive the transition to a circular economy by providing access to capital for businesses to implement circular practices. They can integrate environmental and social criteria into their lending and investment policies, collaborate with stakeholders, and develop innovative financial products that support circular economy initiatives.

Accountants play a crucial role in managing financial information related to circular economy practices. They can conduct cost analyses, assess the financial viability of projects, and provide insights through financial reporting. Accountants can contribute to sustainability reporting and help organizations make informed decisions about circular economy investments.

Overall, the interviews highlight the importance of stakeholder engagement, in driving the transition to a circular economy in Bangladesh. Their collective efforts and support are essential for businesses to adopt circular economy practices and contribute to sustainable development and environmental conservation.

Limitations and Future Research Directions

The paper is based on a single case study that doesn't cover the whole picture of CE practices in Bangladesh's garment industries. More case studies will give an in-depth analysis of the issue. Future research must look at this issue and bring a more theoretical lens for getting a clear picture. Furthermore, getting more stakeholder interviews and involvement with the research process will also give more qualitative data; hence, future researchers should go tor elaborate studies for a better picture of CE practices.

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Head of Internal Audit and Compliance
A Challenging Role in Bangladesh Corporate Sector

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Abstract

Evaluating the adequacy of the system of internal controls, recommending improvements in controls, assessing compliance with policies and procedures and sound business practices, assessing compliance with country's laws and contractual obligations are not an easy role as one might think. If you expect comfortable career, the role of Head of Internal Audit and Compliance (HIAC) is not for you. Through regular support to senior management on strategic issues and assisting senior management in risk analysis and risk management, (HIAC) will be responsible to ensure compliance with international/local policies and procedures, strengthen financial integrity through recommendations for improving systems, controls and processes and reduce fraud and errors through internal auditing and executing audit committee decisions. HIAC H/She needs to manage a multi-skilled internal audit team and has to supervise internal audit team members with the target of ensuring internal control mechanisms are in line with the organizational policy, practices, and structures. From Bangladesh corporate sector perspective, this is the biggest challenging role for a professional accountant.

Keywords

Challenging role, Management expectation, Vulnerable people relationship, Technical and soft skills, Mind change.

Introduction

The Head of Internal Audit and Compliance (HIAC) leads an internal audit and compliance team function which is a process that allows a company to self-select an audit team to carry out review of its operations. The company can often define the scope of the internal audit and compliance. In addition, the company can often choose almost any reason to conduct an internal audit. Though internal audits are less useful for meeting external reporting requirements, they hold tremendous value for improving internal operations as well as informing management ways the company can function better minimizing risk and developing controls. Internal auditing is an independent and consultative role that adds value to the operations of the organization. Management can improve internal controls with the help of an internal audit. It helps in identifying the weaknesses in the system and also provides an opportunity to rectify them. Internal auditors deal with issues of importance to the continued existence and prosperity of any organization. An internal audit is conducted at specific intervals to check if a company follows the internal protocols and standards. An internal audit manages risk and monitors the effectiveness of a company's internal controls and governance. As the BSEC Corporate Governance Code BSEC/CMRRCD/2006-158/207/Admin/80, point 3, the Board shall appoint a Head of

Internal Audit and Compliance (HIAC) as like MD or CEO, CS and CFO. The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS. All companies follow their own process and procedures for the Head of Audit position function.

Challenges Faced by Head of Internal Audit and Compliance (HIAC)

There are multiple types of challenges or complications or problems that an internal audit head may come across while performing internal audit:

Inadequate Preparation

It is a recurring theme that audit teams tend to be ill prepared in terms of readiness and execution when audit calendar is published at the start of the year. But as the audit completion date draws closer, lack of preparation becomes a major roadblock. When the audit is conducted for the first time, it generally turns out to be quite difficult as there is no checklist and they may not have adequate documents on the basis of which the audit should be conducted. Audit head must carefully prepare the auditors by setting audit plan well ahead of schedule and prepare team well in advance.

Handling Difficult Auditees

To get the best out of any audit, the auditor must interact with the owner of the process while reviewing his processes and procedures. In some cases, auditor may come across auditees who constantly exhibit difficult behavior. Their behavior will not be professional with auditor and do not respond to auditor's questions and show lack of interest in the audit. Usually this is reflected on the behaviors of influential staff, often relative of owners and old staff who are used to environment where audit used to play an insignificant role. They cannot accept easily the auditing approaches on their work. Best remedy in such cases is for the audit head to stop the audit immediately and notify company management or audit committee. The role of audit to the organization should be communicated throughout and lack of cooperation must be addressed by senior management.

Preparation and Publication of Audit Reports

The audit report must be generated to communicate audit findings to management with the audit recommendations so that they can make appropriate decisions. A standardized audit report must be created that can be used by all the auditors. The preparation of audit reports is one of the hectic tasks involved in the audit processes, as it must be prepared in line with regulations. Mostly, there is no internationally accepted internal audit reporting format. It is imperative to develop a standard report format to convey the findings and recommendations based on the business types and audit assignment. It is the independent duty of audit head to prepare the audit report mentioning the observations, effect, risk and clear recommendation which is understandable to users' group, on which a management can take decision and undertake prompt action.

Lack of Management Support

There is often lack of support in terms of resource and backing from senior management where internal audit function is concerned. The audit head must make sure that the senior management understands the importance of auditing. H/She must communicate the cost of audit observations with the management and also the greater cost when recommendations are not implemented. Sometime the superiors may not consider internal audit as an important aspect and conflict of interest may arise which may result in disagreement. The mitigation should involve nurturing an environment where audit function gets maximum support and top management must sit periodically with audit function to ensure the status of the audit recommendations and its implementation.

Management Perception About Audit

Internal auditing is a third line of defense. The principal function of the third line is to provide risk assurance. Internal audit provides assurance on the effectiveness of governance, risk management and internal controls, including first- and second-line controls. Internal audit head is independent of management with a direct reporting line to the Governing body/Audit Committee. But sometime, the company's management treat the internal audit as the first line and second line of defense. Often management seeks direct involvement of the head of internal audit and compliance in the operational issues such as policy preparation, operational approval and decision, feasibility analysis, review the accounting and financial treatments, work as procurement committee member, tax benefit activities, data authorization etc. It is imperative that scope should be defined and roles and responsibilities of first line, second line and third line of defense are communicated throughout the organization.

Job Stress

Audit roles are inherently stressful and takes a toll on the mental health of the auditor. Over time, the role of an auditor has not only become overburdened with additional auditing rigor but also less intellectually stimulating. For auditing, one has more checklists and more testing, with decreasing need for auditor judgement and creativity, not only does this increase the amount of work an auditor must do, but it also makes the work more mundane and less appealing. These are all stressing factors for many auditors. Head of Internal Audit and Compliance has no scope to compromise this sort of stress.

Lack of Professional and Skilled Auditors

It has turned out to be a difficult task to find creative auditors with professional experiences who can perform the internal audit in the best possible manner. Auditors with a flexible mindset are very hard to find these days, hence a company must always try to stick on to one perfect internal audit head which may fulfill all their expectations. Adequate training needs to be imparted to all audit

staff and updated from time to time. People with right certification must be sought out for the role of internal audit.

Management Expectation from Head of Internal Audit and Compliance

Traditionally, the internal audit function focused on providing core assurance around business process risk and controls. But, over time, internal audit is being asked to deliver deeper insights and value beyond assurance, particularly in the areas of strategy execution, emerging risk, and increasing use of analytics. Delivering on these new and increased expectations presents many challenges for internal audit departments today specially for the head of internal audit and compliance. An ongoing challenge for internal audit relates to multiple stakeholder expectations which, at times, may differ. It is generally considered that, to ensure the independence of the function, internal audit should report functionally to the Audit Committee of the Board of Directors. Audit Committees, however, have a very clear fiduciary and governance responsibility with respect to value preservation and ensuring that principal business risks are effectively managed across the organization. These responsibilities translate directly into an expectation that internal audit provide assurance to the Audit Committee (and more broadly to the Board of Directors) that key risks are identified and managed effectively. Without question, this independent assurance role is a basic expectation for all internal audit departments and is at the core of internal audit's mandate. Other stakeholders, including regulatory bodies for regulated entities, have similar expectations of internal audit. Management, as one key stakeholder, looks to internal audit for similar assurances; however, increasingly, management expectations extend beyond this core assurance role in search of greater value in effect, a greater return for the organization's internal audit investment.

Outdated Technological Resources

As the technological advancement is foreseeing unprecedented change, the internal auditors must ensure they have the right tool and technology to perform their activity. The advancement in technology has resulted in the rise in demand for accurate results. Reports of auditing and the internal auditors must ensure to meet this demand. Internal audit personnel must be capable of using software and tools in their practice so they do not lag behind.

Vulnerable People Relationship

Internal audit plays the role of watchdog; but it also should be a business partner. HIAC can add real value to business by developing and managing mutually beneficial business relationships with auditee. But in practicality, scenario is different. Most of the division heads and business peoples thinks that "auditor take credit identifying the error and observations against their work and area and report to the Board of Directors or owners' group, though their main duties are to develop

them, guide them and solve their issues, without informing Board of Directors or owners' group at once". On the other hand, internal auditor should report unbiased to the audit committee/ board of directors/ management with their full and clear recommendation so that they can take prompt action on that. As the role is unique in the fact that being a partner and auditor at the same time, it creates misunderstanding and often impair interpersonal relationship. In Bangladesh scenario most of the HoD's and business peoples do not like the audit head roles. Sometimes auditee group fear about the audit and auditor. Sometimes, auditor mindset is to seek fault only. A harder or softer stance can be taken depending on the nature of the audit, but, in general, the auditor who has learnt the particulars of the business, built a professional relationship, and maintained a sceptic's approach can do the job effectively without shutting anyone down. Auditee should view auditor as a business partner while the auditor should develop better understanding of the business and operational issues. This will facilitate audit methodology that is based on mutual understanding of audit and business needs. Internal audit head can build relationships without compromising independence and understanding business leaders' perspective and their communication style.

Reporting, Committee and Board

In Bangladesh corporate scenario, practice and culture of Audit Committee meeting are more formal addressing only financial performance (quarterly/ half yearly/ annual) as presented by CFO and recommendation to the Board of Directors meeting. Rarely, the fact and findings of internal audit team along with recommendation and follow up actions relating to business operations and management performance are being discussed in the audit committee meeting. According to Corporate Governance guidelines overall business performance and management performance should be discussed and presented through its report by the Head of Internal Audit and compliance to the Audit committee. Audit head should make sure that reports to the Audit Committee are in a consistent format meeting-to-meeting and year-on-year, and agree this with the Secretary and Chair of the committee.

Need Perception Change from Governing Bodies / Owners' Group

The internal audit spends majority of their time looking into what is called regulatory controls and the operational controls. The internal audit department should be able to justify their merit through performance and show how they contribute to the company's bottom line. If the department fails to do that, then the internal audit department will lose credibility. Internal audits are a major part of an organization's risk management strategy. They are used to handling risk by having internal control over financial records and operations and maintaining the financial stability of their organization. The head of internal audit and compliance role are very supportive to the CEO's role as h/she has to review every functional and operational efficiency of the organization. If h/she cannot work or put up his report independently or the environment is not favorable then the owner's investment in internal audit and compliance department becomes worthless.

The suggestions and recommendations coming from head of internal audit and compliance desk should be addressed and discussed in open minded approach in audit committee meeting for sustainable growth of the company.

Conclusion

The Head of Internal Audit and Compliance plays an important role in business where his work and subsequent suggestions can impact the future of the company. To be successful in his role, technical skills in accounting and finance are naturally essential, but aforementioned soft skills are critical as well along with IT skills. Achieving success as an internal audit head means making continued education, limitless curiosity, healthy skepticism, and effective communication top priorities, and auditors who share these skills are often more inclined to perform better in their roles. A good head of internal audit and compliance regularly provides feedback on progress, the overall status, and the results of the audit. He should also respond to any inquiry raised throughout and make himself available to discuss any concerns as they arise. He needs to know about accounting, finance, process improvement, information technology and cybersecurity, risk management and fraud schemes. But soft skills are also more essential to play the role as head of internal audit and compliance to make better and quicker decisions.There is lack of understanding on the role of auditor and how it impacts the bottom line. Obviously, culture is more challenging to change by his/her regulatory and compliance position. After all, positive mind set of owners group, audit committee, management and other stakeholders are essential about internal audit and compliances department and though activities can only uphold the image and importance of this vibrant role in their organization.

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Impact of Internet Banking using Mobile Banking Apps on the Financial Performance
Bangladesh Perspective

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Introduction

Mobile banking (m-banking) is the technique of using an electronic device especially smartphone by a user to access bank account and other financial services offered by banks. It permits customers to check their account balance, conduct online transactions, fund transfer, pay bills, etc., without going to banks. Busy lifestyles and, more recently, the COVID-19 pandemic have made it obligatory by people to pick mobile banking. Round-the-clock banking services at the fingertips offer customers with a relaxed, prompt, and hassle-free experience. At the same time, banks also get assistance from decreased operating costs due to savings in time and resources. Though advantageous m-banking is unprotected to safety issues like hacking that elevates customer security warnings. To secure transactions, banks modernize their m-banking app's security features frequently. Moreover, they also procure a virtual private network (VPN), biometric login, and two-step OTP-based verification to safeguard the customers' account. To access m-banking, customers must download the bank's m-banking app from the app store. Then, proceed to create an online account to register for the same. It involves answering questions, selecting usernames and passwords, and setting up security preferences. After that, set an MPIN to be used every time a transaction is made.

The earliest form of m-banking was performed using SMS in the 1990s. However, with the introduction of the mobile web and smartphones with wireless access protocol (WAP) in 1999, European banks started offering m-banking platforms to their account holders.

Until 2010, banks utilized the mobile web and SMS to offer banking services on the Customer's mobile. But after 2010, the advent of the following factors revolutionized the m-banking completely:

- Development of iOS by Apple and Android by Google for smartphones
- the Emergence of web-based technologies (WBT) like CSS3, HTML 5, and JavaScript

WBT enabled the launch of web-based and mobile-based applications for banks on Android and Apple devices. As a result, banks started incorporating advanced features in their apps to attract customers. The enhanced functionality of apps with easy accessibility worked as bait for the customers. Thus, these m-banking apps emerged as the new normal globally.

Objectives

This article aims to go through the current mobile banking scenario and to grow some real sense of the topic of "Impact of Mobile Banking Apps on the Financial Performance: Bangladesh Perspective." Therefore, there

are mainly two types of objectives for this paper.

Primary Objective

- To identify the existing impacts of Mobile Banking Apps towards financial performance

Secondary Objective

- To give an overview of mobile banking in the context of Bangladesh.
- To show the analysis of the Transaction of mobile banking.
- To show the contribution of mobile banking to the bank's overall profit.
- To highlight some post Covid-19 challenges.
- To provide some recommendations

Methodology

The article is naturally qualitative, but some quantitative data have been used to analyze the trend and growth of mobile banking. To ensure the authentication of the paper, data have been collected from two types of sources; Primary and Secondary. Purposive interview with officials of Bangladesh Bank and other commercial banks offering mobile-banking services have been conducted as well as the questionnaire survey on customers. Annual reports, Published journals, Bank Circular, Relevant articles, Expert write-ups have been used as the sources of secondary data. Trend Analysis and simple growth calculation formula have been used to measure the growth rate and for presentation purpose, bar diagrams, line charts,pie charts and MS Excel have been used.

Scope

This paper contains the mobile banking background, operation and performance in Bangladesh. It was carried out based on the quarterly reports published by the Bangladesh Bank. Besides, to explore the latest challenges during the pandemic, data from COVID- 19 was also considered in preparing this article.

Limitations

If the quantity of data of this paper had been adequate enough, this article could be an effective and resourceful piece of work on this topic.

There are some other limitations of this study like -

- Shortage of time
- Lack of experience of using these apps both by banks as well as the users
- New service
- Less Information
- Less scope for research.

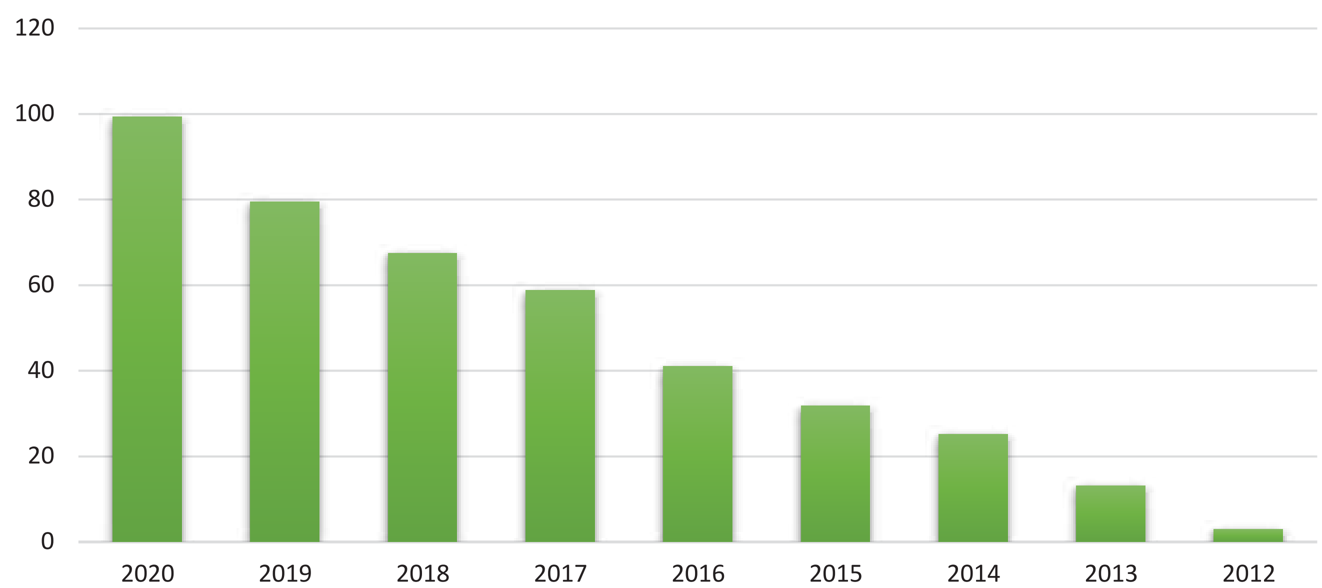
Prior Research and Literature Gap

From Bangladesh perspective, mobile banking is expected to grow significantly due to its convenience, accessibility, and cost-effectiveness compared to traditional banking methods. However, government regulations, consumer trust, and security concerns may impact its adoption and growth.

Theoretical Overview

Generally, many private commercial banks run mobile banking activities all over the country at a faster pace. On the other hand, a few state-owned commercial banks have just started their journey in this direction. At the same time, technological development and foreign commercial banks areyet to start mobile banking services. Rocket by Dutch Bangla Bank Limited launched the first mobile banking service named "Rocket" in May 2011 in Bangladesh.

In 2020, 48 percent of the adult population was under the umbrella of formal financial services, mainly due to the expansion of mobile banking services, which was only 20 percent in 2013 when there was limited MFS. The number of mobile banking customer has increased gradually over the years in Bangladesh have been shown below:



Mobile Banking Customers (In Million)

Features of Mobile Banking Apps

App Name/ Features	Balance Inquiry	Statement View	Fund Transfer	Bills Pay	Branch & ATM Locator	Pay Order /FDD Issuance	Account Management	Mobile Recharge	Credit Card Bill
Padma Wallet	✓	✓	✓	✓	✓	×	✓	✓	×
UniOn	✓	✓	✓	✓	×	×	✓	✓	×
Unet	✓	✓	✓	✓	×	×	✓	×	×
NRBC Planet	✓	✓	✓	✓	✓	×	✓	×	×
One Bank App	✓	✓	✓	✓	✓	✓	✓	✓	✓
Uttara eWallet	✓	✓	✓	✓	×	×	✓	×	×
SEBL App	✓	✓	✓	✓	✓	×	✓	✓	✓
PI Banking	✓	✓	✓	✓	✓	×	✓	✓	×
Modhumoti Digital Banking	✓	✓	✓	✓	×	×	✓	✓	×
Just Pay	✓	✓	✓	✓	×	×	✓	✓	✓

Data Analysis

Statistics of Internet Banking

The E-banking customers and transactions ratio in the last five years shows how e-banking in Bangladesh is growing daily.

Period	Internet Banking Customers No	Transactions No.	Amount (TK in Crore)
Dec 2018	1971984	873443	3798.2
Dec 2019	2472151	1652318	6063.0
Dec 2020	3245333	2344411	8092.6
Dec 2021	4439938	4299401	20558.9
March 2022	4826551	5177824	23140.8

Source: Bangladesh Bank, Statistics Department, e-Banking and e-Commerce Statistics Unit

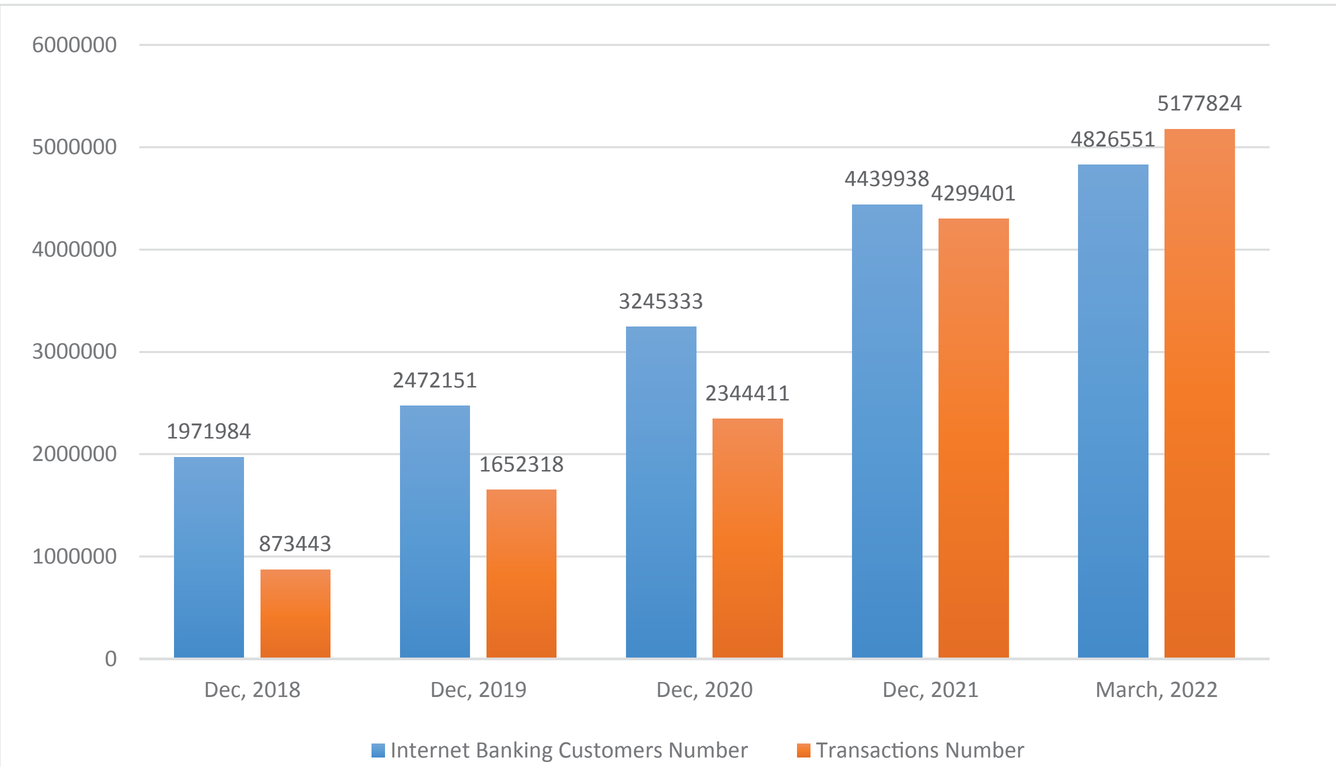


Fig-1: Histogram Of Customer No & Transaction No

Growth Rate Measurement

The percentage growth rates are calculated from the given data using simple formula for measuring growth rate:

Period	The growth rate of Customer No.	The growth rate of Transaction No.	The growth rate of Transactions Amount (Tk in Crore)
Dec 2018	NA	NA	NA
Dec 2019	25.36%	89.17%	59.63%
Dec 2020	31.27%	41.89%	33.48%
Dec 2021	36.81%	83.39%	154.04%
March 2022	8.71 (quarterly)	20.43% (quarterly)	12.56%

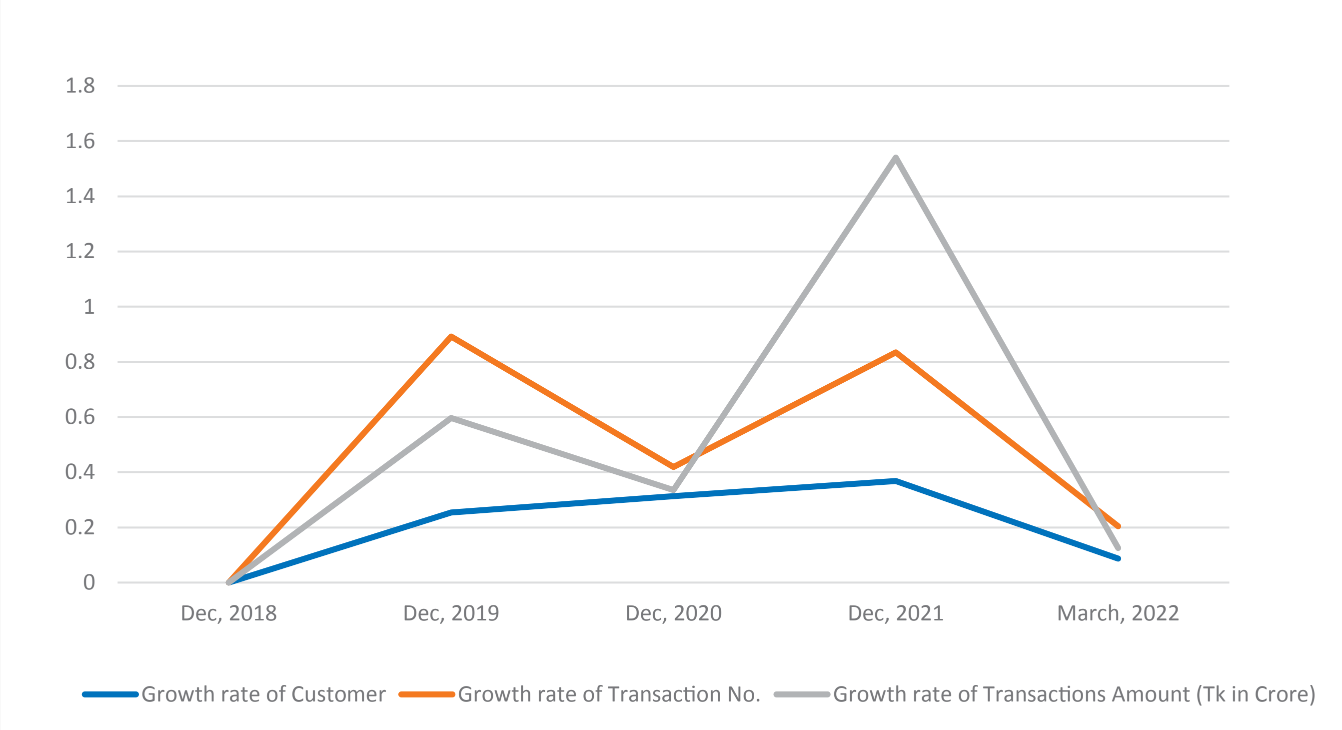
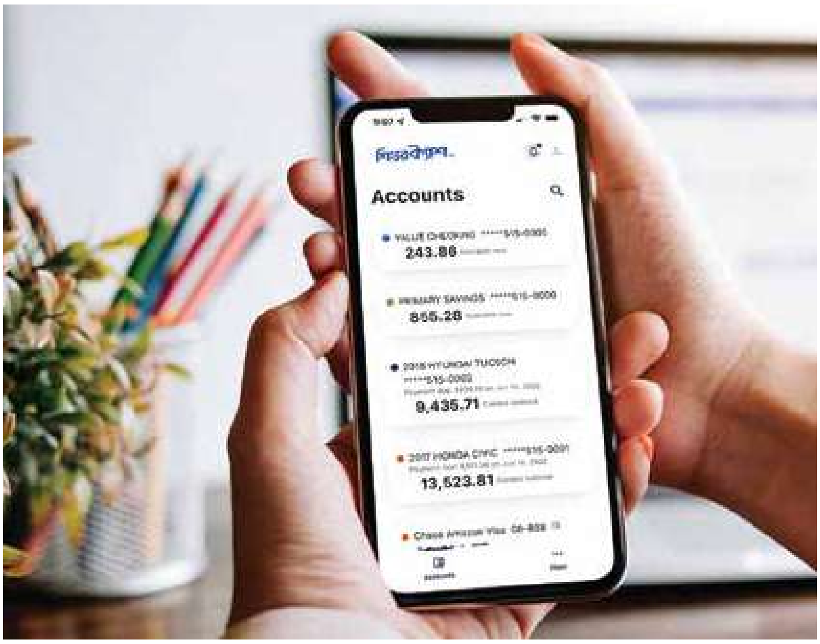


Fig-2: Comparison of growth rate with a transaction over time



In 2019, E-banking customers increased by 25.36%, and the Transactions number rose by 89.17%, where the transaction amountrose by 59.63%. In 2020, despite the percentage growth of number of clients using internet banking increased dramatically to 31.27%, the other two sectors of the three mentioned above increased at a decreasing rate; it has been investigated when the economy was hampered by the starting shock of COVID-19. But in the following year, the scenario was different. That year, Customers' and transaction numbers were increased by 36.81% and 83.31%, respectively, whereas transaction amounts increased by an eye-catching percentage of 154.04%. The latest update is that in 2022 till march, the part of transactions is 23140.8 crore taka.

Economic Prospects of Mobile Banking Apps

The transition from manual banking to digital means is undoubtedly a phenomenon that has been around for Bangladesh's banking sector. But the advent of the coronavirus pandemic has had clients from all walks of life honing in on internet banking to cut the chances of contracting the deadly flu. Transactions through internet banking amounted to Tk 20,559 crore in December, up 154 percent year-on-year and 21 percent from that a month ago, showed data from the Bangladesh Bank. Officials of the central bank and commercial banks say the banking sector has started taking up a wide range of initiatives since 2010 to encourage the adoption of digital means. Still, most clients had long resisted embracing digital methods due to their long habit of working with manual ones.

From Bangladesh perspective, mobile banking is expected to grow significantly due to its convenience, accessibility, and cost-effectiveness compared to traditional banking methods. However, government regulations, consumer trust, and security concerns may impact its adoption and growth.

Mobile Banking Trends

Mobile banking has risen in Bangladesh over the past few years due to the increasing popularity of digital transactions and the government's push towards a cashless economy. Here is a trend analysis of mobile banking in Bangladesh:

Increasing Mobile Phone Penetration: According to the Bangladesh Telecommunication Regulatory Commission, the number of mobile phone subscribers in Bangladesh reached 171.5 million at the end of 2020, more than the country's population. This has made it easier for people to access mobile banking services.

Growing Number of Mobile Banking Users: The number of mobile banking users in Bangladesh has steadily increased. According to the Bangladesh Bank, the central bank of Bangladesh, the number of mobile banking users reached

103.8 million in December 2020, up from 70.9 million in December 2018.

Rise in Mobile Banking Transactions: The total value of mobile banking transactions has also increased in Bangladesh. According to the Bangladesh Bank, the total value of mobile banking transactions reached BDT 2.54 trillion in December 2020, up from BDT 1.7 trillion in December 2018.

Introduction of New Mobile Banking Services: Mobile banking services in Bangladesh have been expanding rapidly. Apart from essential services like money transfer, bill payment, and mobile top-up, mobile banking services now include loan disbursement, insurance premium payment, and online shopping. This has attracted more customers to use mobile banking.

Increased Awareness and Acceptance of Mobile Banking: Due to various campaigns and initiatives taken by the government, banks, and mobile network operators, people in Bangladesh have become more aware and accepting of mobile banking. Also, the COVID-19 pandemic has accelerated the adoption of mobile banking, as people have been encouraged to use contactless digital transactions to prevent the spread of the virus.

Overall, the trend for mobile banking in Bangladesh is expected to continue in the coming years, driven by factors such as increasing mobile phone penetration, a growing number of mobile banking users, and the introduction of new mobile banking services.

Findings

I. Mobile banking has proven to be an alternative delivery channel to branch banking, which is introduced to achieve the goal of financial inclusion.

II. The growth of mobile banking apps and accounts follows an upward trend in Bangladesh.

III. The growth of deposit balance, loan disbursement, utility bill payments, and inward foreign remittance was positive in the pre-COVID- 19 period and experienced a decline during the COVID-19 period.

V. The exploratory analysis finds out that, in Bangladesh, men have more mobile banking accounts than women.

V. Dutch Bangla Bank Limited is the pioneer of the mobile banking business in Bangladesh and holds the top position regarding the number of accounts and mobiles.

VI. The survey finds out that young people of Bangladesh are interested in the mobile banking system, and most of the users of mobile banking services believe that it will grow well and have a promising prospect in the upcoming days.

Recommendations

I. There should be more campaigns and workshops to spread the message of mobile banking services and to create awareness among people.

II. Banks should build medium-term (4-8 months) contingency plans for the mobile banking to improve financial, business, and operations of customer service outlets to scale up product offerings.

III. Banks should find an easy solution to teach tech-illiterate people in society how to use the app properly.

IV. More mobile banking customer service points should be opened in rural and geographically dispersed locations.

V. Banks should concentrate on secured mobile banking apps.

VI. Banks should hire expert programmers to strengthen their servers so clients do not suffer from system failures.

VII. Banks should design low-cost, innovative, and digital communication collateral.

VIII. Banks should always come forward to solve client inconveniences and create an impression on the client's mind, "showing clients you care."

IX. Bangladesh Bank should be more vigilant in supervising the banks as their actions might affect the rural economy in the long run. Frequent audits should be carried out in this regard.

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Confiscation of Illegal Assets Laying Abroad

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It is both ethically & morally incorrect to let the corrupt enjoy their ill-gotten wealth. Tacitly it constitutes a crime if we allow the ill-gotten wealth holders to benefit from these resources. The corrupt wealth acquirers must not be allowed to live handsomely out of the profits of their ill-gotten wealth while millions of law-abiding citizens work hard to earn their mere means of livings. The confiscation of these assets would restore trust of people in the governance of state and also confidence in the rule of law. The confiscation and return of the assets to the State will result in some form of restorative justice. Confiscation of these assets prevents the assets being used to fund further bribery and corruption. Post confiscation the holders of such wealth may be asked to sue & seek legality from Legal procedures of the State Judicial system.

Bangladesh's Commitment

Bangladesh is a party to the United Nations Convention against Corruption (UNCAC). On ratification, the UNCAC created legal obligations to be enforced through the Executive branch and/or the Judiciary state parties. Thus, state parties have a duty under international law, as laid out in Article 31 of the UNCAC, to confiscate the proceeds of crime. Article 51 of the UNCAC makes the return of assets which are proceeds of crime as a fundamental principle of the UNCAC. As such all proceeds of crime acquired by any citizen using a corrupt scheme, are to be returned to the state of corruption. Article 53 mandates provisions for the direct recovery of corruption assets, including laws permitting private civil causes of action to recover damages owed to victim states and the recognition of a victim state's claim as a legitimate owner of stolen assets. Article 54 requires State Parties to give effect to any confiscation order for corruption proceeds issued in another State Party, and to "consider taking such measures as may be necessary to allow confiscation...without a criminal conviction."

As a legally binding international anti-corruption agreement, UNCAC provides a comprehensive set of measures to be implemented by state parties to prevent, combat, and prosecute corruption. UNCAC require their state parties to enable confiscation of instruments, proceeds, and property of corresponding value to the proceeds of convention offences. UNCAC calls for national efforts to punish the offenders' conduct and prevent criminals from gaining profit, that frequently motivate doing the crime once and again.

Seizure, Confiscation and Return of Assets

An effective deterrent against corruption is the seizure, confiscation and return of the proceeds of corruption. UNCAC contains elaborate mechanism

and procedure for seizure, confiscation and return of assets. The relevant provisions of UNCAC provides on article 31. Freezing, seizure and confiscation:

1. Each State Party shall take, to the greatest extent possible within its domestic legal system, such measures as may be necessary to enable confiscation of: (a) Proceeds of crime derived from offences established in accordance with this Convention or property the value of which corresponds to that of such proceeds; (b) Property, equipment or other instrumentalities used in or destined for use in offences established in accordance with this Convention.

2. Each State Party shall take such measures as may be necessary to enable the identification, tracing, freezing or seizure of any item referred to in paragraph 1 of this article for the purpose of eventual confiscation.

3. Each State Party shall adopt, in accordance with its domestic law, such legislative and other measures as may be necessary to regulate the administration by the competent authorities of frozen, seized or confiscated property covered in paragraphs 1 and 2 of this article.

4. If such proceeds of crime have been transformed or converted, in part or in full, into other property, such property shall be liable to the measures referred to in this article instead of the proceeds.

5. If such proceeds of crime have been intermingled with

property acquired from legitimate sources, such property shall, without prejudice to any powers relating to freezing or seizure, be liable to confiscation up to the assessed value of the intermingled proceeds.

6. Income or other benefits derived from such proceeds of crime, from property into which such proceeds of crime have been transformed or converted or from property with which such proceeds of crime have been intermingled shall also be liable to the measures referred to in this article, in the same manner and to the same extent as proceeds of crime.

7. For the purpose of this article and article 55 of this Convention, each State Party shall empower its courts or other competent authorities to order that bank, financial or commercial records be made available or seized. A State Party shall not decline to act under the provisions of this paragraph on the ground of bank secrecy.

8. States Parties may consider the possibility of requiring that an offender demonstrate the lawful origin of such alleged proceeds of crime or other property liable to confiscation, to the extent that such a requirement is consistent with the fundamental principles of their domestic law and with the nature of judicial and other proceedings.

9. The provisions of this article shall not be so construed as to prejudice the rights of bona fide third parties.

10. Nothing contained in this article shall affect the principle that the measures to which it refers shall be defined and implemented in accordance with and subject to the provisions of the domestic law of a State Party."

Decision of the Courts

There are many Courts decision in Bangladesh, Pakistan and India in support to confiscate the assets of the accused as per the principles laid down in UNCAC:

In the case of Dr. Mobashir Hassan and Others vs. Federation of Pakistan PLD 2010 Supreme Court 265, the Supreme Court of Pakistan, discussed the corruption and confiscation. It agreed with the following: in perusal of UN Convention Against Corruption indicates that the state had responsibility to develop and implement or maintain effective, coordinated anticorruption policies; to take measures to prevent money laundering; to take measures for freezing, seizure and confiscation of proceeds of crime, derived from offences established in accordance with the Convention, or the property the value of which corresponds to that of such proceeds, property, equipment or other instrumentalities used in or destined for use in offences established in accordance with the Convention, etc.; State parties shall consider assisting each other in investigations of

and proceedings in civil and administrative matters relating to' corruption; as well as affording to one another the widest measure of mutual legal assistance in investigations, prosecutions, and judicial proceedings in relation to the offences covered by the Convention; prevention and detection of transfers of proceeds of crime."

In another case, in Biswanath Bhattacharya vs. Union of India (UOI) AIR (2014) SC 1003, the Supreme Court of India discussed the confiscation of proceeds of crime: "If a subject acquires property by means which are not legally approved, sovereign would be perfectly justified to deprive such persons of the enjoyment of such ill-gotten wealth. There is a public interest in ensuring that persons who cannot establish that they have legitimate sources to acquire the assets held by them do not enjoy such wealth. Such a deprivation, in our opinion, would certainly be consistent with the requirement of Article 300A and 14 of the Constitution which prevent the State from arbitrarily depriving a subject of his property.

The primary purpose of confiscation of the assets of the offender is to prevent them from financially benefitting from the fruits of their illicit actions. This deprivation is an important aspect of the penalty imposed for engaging in corrupt practices. The confiscation of the assets will also deter others from engaging in similar corruption making them to imbibe the old adage 'crime does not pay'.

The Bangladesh High Court of Ms. Justice Naima Haider and Mr. Justice Abu Taher Md. Saifur Rahman in the Writ Petition No. 5673 of 2016 have expressed the same view that Bangladesh has a duty under international law, as laid out in Article 31 of the UNCAC, to confiscate the proceeds of crime. Article 51 of the UNCAC makes the return of assets which are proceeds of crime a fundamental principle of the UNCAC. The Court also observed that politically influential persons and government officials who illegally enrich themselves through the abuse of power, and unscrupulous investors who facilitate such corruption, deprive the State of its property and hinder the economic development of the country. The laws of Bangladesh envisage the creation of a fair and just society in which crime does not pay.

Obligation of Bangladesh's Authority

It now befalls upon the policy makers to decide whether Bangladesh will perform its legal duty & obligation as signatory of UNCAC. Moreover, observation of honorable High Court of Bangladesh to use UNCAC protocol to recover the ill-gotten assets shifted to other countries by the concerned crime doer citizens has to be abided by the governance mechanism tiers.

Audit in Telecom Sector in Bangladesh
Consideration of Licensing Conditions

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Telecommunication sector is experiencing impressive growth toward the journey to 'Smart Bangladesh'. Bangladesh Telecommunication Regulatory Commission (BTRC) is the statutory body to regulate the entities operating in the telecom sector with a view to ensuring stable socio-economic development and dependable telecommunication services. As of 31.12.2022, total 3,412 entities under 27 different categories of licenses/registration certificates are operating in Bangladesh. Since these entities are to follow licensing provisions and different rules and regulations from BTRC, audit of financial statements of these entities calls for some additional procedures. This article strives to elaborate some key points typical to audit of financial statements of telecom sector, specifically mobile operators.

Why to Consider Licensing Conditions

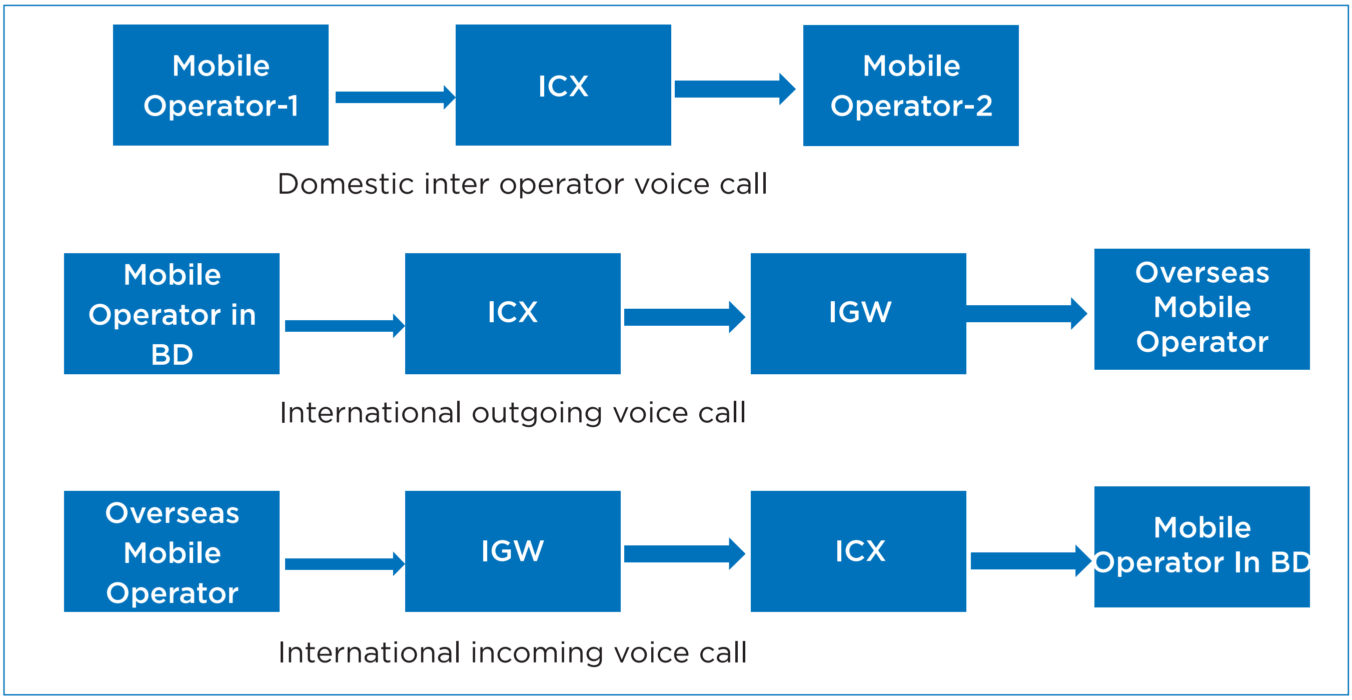
Auditors perform the audit of financial statements in accordance with International Standards of Auditing. Applicable legal and regulatory framework is taken into account in conducting audit of financial statements. ISA 250 (Revised): 'Consideration of Laws and Regulations in An Audit of Financial Statements' provides us the guideline how to deal with applicable laws and regulations during an audit. ISA 250 (Revised) differentiates the auditor's responsibilities in relation to compliance with two separate types of laws and regulations as follows:

(a) Laws and regulations generally recognized to have a direct effect on the determination of material amounts and disclosures in

the financial statements; and

(b) Other laws and regulations that do not have a direct effect on the determination of the amount and disclosures in the financial statements, but compliance with which may be fundamental to the operating aspects of the business, to an entity's ability to continue its business, or to avoid material penalties; non-compliance with such laws and regulations may therefore have a material effect on the financial statements.

For a mobile company, its licensing conditions along with directives/circulars from BTRC certainly fall under category (a) as they directly impact revenue and operations of the company. Mobile operators have to follow the tariff circuit when to come up with an offer for its subscribers. Revenue is earned based on charging the subscribers following the licensing conditions and circulars from BTRC. Revenue and expenses related with other telecom operators are also governed with regulations from BTRC. Significant Market Power Directives have huge impact on interconnection revenue and interconnection expense. BTRC fees (License fee, Revenue share, Contribution to Social Obligation Fund, Spectrum charges, Charge of share transfer/network equipment sale) are calculated and paid in line with licensing conditions/ circulars from BTRC.



Non-compliance with licensing conditions may attract material penalty which may lead to cancellation of license.

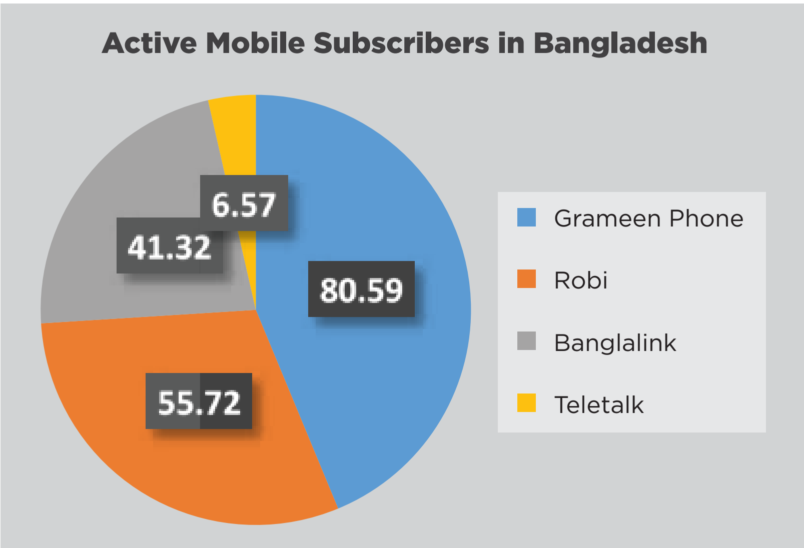
As such, the auditor is required to obtain sufficient appropriate audit evidence regarding the determination of amounts and disclosures in the financial statements in compliance with the licensing conditions along with circulars from BTRC in accordance with ISA 250 (Revised). ISA 250 (Revised) explains the audit procedures that are required to be performed when NOCLAR is identified or suspected, which include:

- Obtaining an understanding of the nature of the act and the circumstances in which it has occurred and further information to evaluate the possible effect on the financial statements;
- Discussing the matter with management and those charged with governance and obtaining legal advice in certain circumstances;
- Evaluating the implications of NOCLAR in relation to other aspects of the audit;
- Evaluating the impact of NOCLAR on the audit opinion; and
- Determining whether to report NOCLAR to an appropriate authority outside the entity.

Key Licensing Conditions Relevant to Audit

Mobile operators got their license to start their operation in 1996 which has been renewed in 2012 (effective from 2011). Subsequently, operators got 3G license and 4G license in 2013 and 2018 respectively. Currently, for audit of financial statements of a cellular mobile operator company, following licenses/regulations are to be considered:

1. Cellular Mobile Phone Operator License (Renewed)
2. 3G Cellular Mobile Phone Services Operator License 2013



Source: BTRC, subscribers in million in April 2023

3. 4G/LTE Cellular Mobile Phone Services Operator License

4. Relevant directives/circulars from BTRC

Disclosure and Submission Requirements

As per section 28.03 of 4G cellular Mobile phone service operator License 2018, "the licensee shall submit to commission at least 10 copies of audited financial reports that will contain its balance sheet, Profit and Loss account, cash flow statement, network expansion, position of different services provided offered to the subscriber, Number of Subscribers connected or waiting for connection etc." Similar provision has been included in 2G (renewed) and 3G licenses. Hence, following disclosures are required to be included in the financial statements:

- Number of subscribers (2G, 3G and 4G separately)
- Information regarding network expansion
- position of different services provided/ offered to the subscribers

And audited financial statements are to be duly submitted to BTRC.

Payment of BTRC Fees

BTRC fees represent material amounts in the financial statements of a mobile operator. Different types of BTRC fees are to be paid in line with licensing conditions, such as, license acquisition fees, license renewal fees, spectrum assignment fees, annual license fees, revenue share (5.5%), 30% of Z value sharing in case of international outgoing call, contribution to Social Obligation fund (1%), Spectrum charge for access frequency, Spectrum charge for microwave frequency, Charge of share transfer/network equipment sale.

Amount in BDT, million

Particulars	Grameen Phone[i]		Robi[i]	
	2022	2021	2022	2021
Revenue	150,403	143,066	85,778	81,315
BTRC fees	12,583	10,895	5,609	6,805
Profit before tax	51,990	60,821	4,498	4,804
BTRC fees as % of Revenue	8.37%	7.62%	6.54%	8.37%
BTRC fees as % of PBT	24.20%	17.91%	124.70%	141.65%

Source: i. Annual Report of Grameenphone Ltd., 2022 ii. Annual Report of Robi Axiata Limited, 2022

Allocation of Consideration in Case of Bundle Offer

As per Directives on Service and Tariff 2015 (para 5 of part iv. Tariff and Charging), "If the whole or part of an offer entails any service/product (airtime, talk-time, etc., whether on-net or off-net) as freebies or at a rate lower than the lowest rate approved through the relevant tariff structure or cost model, the revenue share and VAT for that free or discounted service/product actually consumed shall be calculated considering the approved lowest rate for that service/product."

Hence, in case of item wise revenue recognition from bundle offer, floor rate of the item should be considered.

Acquisition and Sale of Telecom Equipment

With reference to Clause #8.12 of 4G/LTE Cellular Mobile Phone Services Operator License, mobile operators are mandated to take prior permission of the BTRC for import/purchase of any telecommunication/radio equipment for their network.

Moreover, the licensee is mandated to take prior written permission from BTRC before selling any of its telecom equipment (ref. Clause 57.23 of 4G cellular mobile phone service operator License).

Investment in a Company Providing Telecom Service

As per Clause # 57.15 of 4G cellular Mobile phone services operator License, 'The licensee shall take prior written permission for formation any Company/ Joint venture entity/ Partnership entity in Bangladesh for providing any type of telecom related service. The Licensee shall also have to take prior written permission for holding share in or being a partner of the existing entity who is providing any telecom service in Bangladesh'.

Hence, approval is to be taken from BTRC for forming a company or holding share in a company providing telecom service.

Ratio of Local and Foreign Employees

Clause # 54.02 of 3G Cellular Mobile Phone Service Operator License 2013 mentions that,

(a) No Licensee shall employ more than 1% (one percent) of foreign nationals as its employee.

(b) The License shall appoint at least 50% (fifty percent) of each of the top two-tier management posts from the Bangladeshi nationals.

Hence, total foreign employee is not to be more than 1% of total employee and at least 50% (fifty percent) of each of the top two-tier management posts are to be from the Bangladeshi nationals.

Audit Procedures for BTRC Fees

License Acquisition Fees, License Renewal Fees, Spectrum Assignment Fees

IFRS 16 is applicable for license acquisition fees (3G and 4G), license renewal fees (2G), spectrum assignment fees. As payment of the certain fees include installments over the years, present value of the installment amounts needs to be considered as cost of the license. As different licenses have different terms of validity, depreciation of Right-of-Use assets need to be confirmed in line with license term.

Annual License fee, Revenue share and Contribution to Social Obligation Fund

As per clause 5.1.1 of Renewed 2G Cellular Mobile Phone License, following non-refundable fees and charges shall be applicable to the Licensees without any kind of deduction:

1	Annual License Fee	Tk. 50,000,000/-
2	Revenue Sharing	5.5% (Five-point five percent) of annual audited gross revenue)
3	Social Obligation Fund	1.0% (One percent) of annual audited gross revenue)

Similar regulations are asserted in clause 5.01 of 3G Cellular Mobile Phone Services Operator License and clause 5.01 of 4G Cellular Mobile Phone Services Operator License.

Hence, payment of annual license fee of Tk. 5 crore for 2G, 3G and 4G each is to be verified.

As per circular and interpretations from BTRC, gross revenue, after allowing related deduction, are to be shared with BTRC- 5.5% as revenue share and 1% as contribution to social obligation fund. These payments are to be made quarterly. As per licensing condition (clause 5.1.3 (iii) of 2G renewed license), annual reconciliation is to be made based on yearly financial statements. If there is any underpayment identified, that needs to be paid within ninety days of the year-end. If overpayment is identified in annual reconciliation, excess amount may be set off against next quarterly payment with permission of BTRC.

Hence, it is to be verified that whether gross revenue as per financial statements matches with total revenue shown in quarterly Revenue sharing statements during the year.

Adjustment for identified underpayment/overpayment needs to be proposed if that is material.

30% of Z Value Sharing in Case of International Outgoing Call

Mobile operators need to share 30% of Z value for international outgoing call.

'Z' Balance amount (in BDT) = 'X' Call rate (in BDT) - "Y" specific settlement rate (in BDT) payable to overseas carriers.

Hence, it is to be verified that whether gross revenue on international outgoing call as per financial statements match with total revenue ('X' value) shown in quarterly Revenue sharing statements during the year.

IGWs raise invoice for 'Y' value and 15% of Z value to mobile operators for international outgoing call. Verification of 'Y' value and 'Z' value can be performed from invoice summary from IGWs.

Spectrum Charge for Access Frequency

As per 2G (Renewed), 3G and 4G license, spectrum charge for access frequency is to be paid quarterly. Spectrum charge is to be calculated in the following formula:

Annual Spectrum charge = STU x CF x BW x AF x BF

Where STU = Spectrum Tariff Unit = 70,

CF = Contribution Factor, [it depends on subscriber base. slab is given in 2G/3G/4G license]

BW = Bandwidth as allocated by BTRC

AF = Area Factor = 1,47,570 Sq. Km

BF = Band Factor = 0.5

Quarterly amount is to be calculated based on active subscriber base as of the last day of the quarter. These amounts can be recalculated with reference to subscriber base report submitted to BTRC.

Spectrum Charge for Microwave Frequency

As per 2G (Renewed), 3G and 4G license, spectrum charge for microwave frequency is to be paid quarterly. Spectrum charge is to be calculated in the following formula:

Annual Spectrum charge = STU x CF x BW x AF x BF

Where STU = Spectrum Tariff Unit = 70,

CF = Contribution Factor =1.0

BW = Bandwidth occupied for Microwave frequency in MHz

AF = Area Factor = 0.273 * (Link Length in Km)2 [minimum distance of 10 km]

BF = Band Factor (depends on link frequency)

If any share is transferred, 5.5% of consideration of the share transfer is to be paid to BTRC. It is to be verified that payment is duly made.

If any network equipment/ infrastructure is sold, 5.5% of sales price is to be paid to BTRC. It is to be verified that payment is duly made.

Verification of Item Wise Revenue Recognition

From sample bundle offers, it is to be verified whether approved floor rate is considered for item wise revenue recognition.

Review of Compliance Regarding Investment

If there is any investment in a company providing telecom service, it is to be reviewed that approval from BTRC is taken.

Review of Compliance Regarding Acquisition and Sale of Telecom Equipment

From sample purchase/import of telecom equipment, it is to be verified whether prior approval from BTRC was taken.

From list of disposed assets, it is to be checked whether any telecom equipment is sold, if so, whether permission from BTRC is taken.

Review of Compliance Regarding ratio of Local and Foreign Employees

From list of employees, review the number of local and foreign employees and verify that whether foreign employee is more than 1% of total employee and at least 50% (fifty percent) of each of the top two-tier management posts are from the Bangladeshi nationals.

Short Term Charges for New Microwave Links Depending on the date of Installation

SL	Installation Time	Percentage of Fee
1	January - March	100%
2	April - June	75%
3	July - September	50%
4	October - December	25%

For calculating link length, Haversine formula is to be followed.

Charge of Share Transfer/Network Equipment Sale

As per BTRC Circular (Ref # 14.32.0000.007.51.006.15.1128) dated 03-07-2017, following fees/charges is to be paid:

Sl.	Categories of Service	Fees/ Charges
15	Charge of share transfer/network equipment sale of all types of licenses	5.5% of the selling price of the share/infrastructure/Network equipment

Review of Correspondences with BTRC

Auditors need to check correspondences to and from BTRC to identify whether there is any material impact of those on recognition and disclosures in the financial statements.

Use of Auditor's Expert

For verifying revenue, BTRC fees and other relevant compliance issues, auditor may venture to use auditor's expert in line with ISA 620.

Conclusion

Mobile operators are very instrumental in the socio-economic development of Bangladesh. Huge amount of foreign direct investment has come over the years to the mobile operator companies in Bangladesh. Audit of financial statements of mobile operators is of enormous significance. Auditors need to ensure that licensing conditions along with circulars from BTRC are duly considered during audit and to play their vital role in increasing government revenue and improving the compliance environment.

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Opinion

Industry-Academia Link Works Wonders for Job Growth

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Abstract

What is industry is known to all. Yet to recap, industry is a hive of economic activity concerned with the processing of raw materials and manufacturing of goods in plants and factories. It is the generator of jobs, employment opportunities and services. Who then does the work? It is labour, the labour of a workforce. Who produces the manpower then? It is academia. Academia churns out the workforce. Industry will persist, so will academia. So, there is a never-ending bonding between industry and academia, the essential collaboration between business and university, the nexus between work and workforce. Most of the white-collar executive jobs other than the blue-collar jobs are done by graduates from tertiary education in universities and university-affiliated accredited colleges. This article thus hammers home the importance of the industry-academia tie-up for essential employment and job growth in this ICT-driven fifth-generation digital world.

Keywords

Industry, academia, industry - academia linkage, employment, development

Introduction

The industry - academia collaboration in the twenty-first century holds the key to make the nation's youth future-ready and worthy to cater to market demands in all social-economic sectors. Human cannot do anything alone, be it in the family, society or job sector. They need the right help from the right place or person to prepare themselves for market-oriented jobs. Universities are a right place to take industry-first initiatives to rightly upskill and reskill the youth with an eye to unleashing their true potential into future drivers of economic progress and tapping into Fourth Industrial Revolution (4IR) opportunities. This industry-university link can ensure technical knowledge, know-how and expertise of the workforce in the big, heavy and light industries in operation in Bangladesh.

Industry-academia Relations

The harmonious development of a country completely hinges on how it exploits its manpower as man sans power is useless and, in turn, it turns into a burden on a company or an enterprise and the culmination of which is their liability on society. For sustained socio-economic growth, for the resilient development of the country, the economic and industrial activities need workers of different types. Universities are the factories of producing the right graduates to work for the industry. They are the makers and suppliers of the right employees to meet requirements of a business house. The tie-up between industry and academia is thus something to be mastered.

Bangladesh is on the cusp of 4IR, which will bring with it a whole new raft of challenges such as transforming the manufacturing sector, automating old jobs and increasing creativity as well as efficiency. These disruptions to industries and job markets have put Bangladesh in a position where automation will eliminate many occupations, including low-skilled repetitive jobs. On the other hand, the country will need to quickly identify the skills gap and redesign its higher education system to stay competitive and innovative.

Partnership for Progress

Collaboration between industry and academia is a burning topic in emerging Bangladesh as a way of boosting economic progress through creating human capital. Partnership with companies tends to have a favourable influence on graduates' chances of employability. Besides, it increases graduates' confidence to deal with their employers. Academics, industry insiders, economic sages and corporate experts accentuate this tie-up to address market and 4IR needs. The gap between university and industry is becoming more of a problem, especially in emerging nations like Bangladesh. The link between industry and academia is mutually reinforcing. Industry turns to academia for competent people to fill open positions in their workforce. To narrow the gap, businesses and academic institutions should work in harness for mutual gains.

The University Grants Commission (UGC), the regulatory body of the higher educational institutions in Bangladesh, has recently woken up to rightly focus on the industry-academia relationship in question as it has recently initiated to establish an industry- academic collaboration platform with intent to improve camaraderie and rapport with industry while generating a qualified and competent workforce. Such a move between private firms and academic institutions is very timely and opportune for job creation and it always results in excellent outcomes for both industries and academia.

Case Studies of Partnership

The Department of Japanese Studies (DJS), a Japan-focused area study outlet at Dhaka University for churning out Japanologists, is a case in point here. The DJS has conducted a joint research to gauge the prospects of job placement for its pupils in Japanese companies and organisations. Accordingly, the department keeps in close touch with potential companies, trade organisations and trade bodies like JBCCI, JETRO, Mitsui Corporation, Mitsubishi Corporation, Toyota Motor Corporation, Tokyu Construction and many more for internship, placement and volunteering by the DJS students. The DJS has also conducted research in collaboration with JETRO on the expectation of Bangladeshi graduates from Japanese companies. Its 'Japanese Business Management' course lets learners understand Japanese companies' culture and develop themselves as a good fit for Japanese.

The flagship FutureNation, a new coalition of the government, private and development sectors to create sustainable economic opportunities for all graduate youths through decent employment, is spearheading the 'Graduate Employment in Private Sector' programme to facilitate a skilled workforce required for the industry and to reduce the unemployment ratio of graduate youth groups.

Brac University has a deal with the leading local steel-maker BSRM to recruit world-class faculty, conduct cutting-edge research in key impact areas and promote curriculum innovation under the renamed BSRM School of Engineering. Again, the biochemistry and molecular biology department of Dhaka University has a deal with Janata Jute Mills, a subsidiary of Akij Group, to research the method of jute retting with a view to making it suitable for cultivation twice a year for increased production.

Chinese tech giant Huawei wants the youth to know more about newer technologies and become more skilled with these. With this in view, Huawei took up a global project styled 'Huawei ICT Academy', which is a partnership between Huawei and academies around the world. The conglomerate has also struck similar deals in five Bangladeshi universities, including Bangladesh University of Engineering and Technology (Buet).

Boeing, one of the top global manufacturers of commercial aeroplanes, defence, space and security systems, has overarching, long-term research agreements with some of the world's top research universities in specific critical technology areas. Procter and Gamble (P&G), the world's largest consumer goods company, works with the University of Cincinnati as a strategic academic partner to develop modelling and simulation capabilities for advancing product and process development.

In addition to these exemplary collaborative initiatives, the world's top-ranking universities attract a lot of industry funding. According to studies, the pharmaceutical industry is one of the biggest investors in academia. The IT industry is also increasingly engaging in universities, as innovations are beneficial to both. Traditionally, universities focused more on theories, while the industry developed products and services for profit. In the case of science and engineering, it is easier to see the potential of collaboration which would help the industry and academia.

Employment in Tech-savvy World

We are virtually living in cyberspace, a tech-driven world with the ubiquity of digital technologies to reshape and transform our lives and make things a lot easier for us through innovations. We are set to live in "Society 5.0", which is fast approaching with all its boom and bust of digital technologies, as the world has already entered into the age of the rapid march of superfast internet, big data, artificial intelligence (AI), intelligent computing, cloud computing, internet of things (IoT) and robotics, also known as Fourth Industrial Revolution (4IR). This neo-tech revolution fundamentally alters how we live and work, courtesy of the ever-evolving catalyst of

technology, in this humane age. Mankind can benefit from this tech-dictated industry-academia nexus for job growth.

Employment Opportunities in Multinationals

Scope is aplenty to collaborate with multinational companies in Bangladesh. Due to economic liberalisation policies by Bangladesh, Japanese investment here increased in the 1990s. Since the mutual visit of the prime ministers of the two countries in 2014, Japanese investment has increased manifold. Bangladesh has become one of the next investment destinations for Japanese companies for a number of factors, including the country's growing geostrategic importance, cheap labour, natural resources and economic growth. The number of Japanese companies operating in Bangladesh has been steadily increasing over the years. So, prospects are here for local universities to collaborate with these companies for jobs.

Bridging Industry-academia Gap

Academia and the industry are interdependent, yet there is a basic gap between them. Employers often complain that they do not get industry-fit skilled manpower even from top universities. That there is a gap between academia and the industries has been acknowledged by many from both sides. Inter-institutional collaboration or networking with academic institutions is necessary to increase quality, resources and capacity of both teachers and students alongside doing collaborative research and policy-planning contributions. Regular market visits, industry visits and industrialist teaching classes can be really helpful in bridging the gap.

Only after entering the job market do fresh graduates realise a lot of things they learned are of no use at their jobs. In fact, they do not learn many things they actually need to know. For this reason, teachers need to know from the industry what their students need to know. Academics across the institutions acknowledge the academia-industry gap. There are multiple ways to bridge this gap. Internship is one good example of such collaboration.

What to Do to Fortify This Link

It is crucial to establish a stronger academia-industry relationship to develop a research environment at universities and ensure job placement of graduates. Universities can enter into MoUs and agreements with multiple industrial sectors, joint ventures and multinational operations in Bangladesh to provide them with qualified graduates. After their placement, the universities can launch on-the-job training for giving them the nuts and bolts and rudiments of the work they have been hired for and also for the growth of the particular industry.

Bangladesh has connections with both developing and developed worlds like China, Japan, America, Germany, South Korea. JETRO (Japan External Trade Organisation), JICA (Japan International Cooperation Agency), Japan-Bangladesh Chamber of

Commerce and Industry (JBCCI), Embassy of Japan, Shapla Neer, Kazuko Bhuiyan Welfare Trust, Japan Foundation, Bangladesh-China Chamber of Commerce and Industry (BCCCI), KOICA (Korea International Cooperation Agency) and GIZ Bangladesh, to name but a few of the bilateral development and donor agencies. The country can create job opportunities for its unemployed youths through technical training and skills development initiatives in sync with those organisations.

Youth Skills and Employment

Bangladesh has a big young demographic that we can describe as a youthquake. Putting them in work or harnessing this demographic dividend is of underlying importance to address jobless economic growth and cope with the ever-developing world of future challenges. A jobless growth is an economic phenomenon in which a macro-economy experiences growth while maintaining or decreasing its level of employment. But higher investment in education, boosting skills development and access to finance for start-ups can play a pivotal part in addressing employment of skilled people. Bangladesh should utilise the full potential of its youth in the sectors from agriculture to manufacturing to service industry.

But one thing must be kept in mind that building a creative workforce is no alternative, and for this quality education is the key. The government must ensure that education is just cramming to win a certificate. The nation's brains must work collaboratively with stakeholders to put thrust on modern education with a special focus on the fulfilment of industry needs. In the era of automation and machine-driven workplace, right skills must be achieved to survive. Shockingly enough, media reports show hundreds of thousands of jobs are shed in the information technology sector in Europe and America in the recent months, although the sector boomed during lockdown periods of the Covid-19 pandemic when home office or flexitime work were in full force across countries and borders.

Nurturing Ties thru Career Talks

Career talk can be a fruitful forum for networking and cultivating good ties with companies and industry leaders, especially with C-suite executives like MDs, CEOs and top management officials, who can pave the way for fresh students to start their professional career in their entities as rookies. For example, the DJS routinely arranges meet-and-greet events, lectures, orientations and knowledge-sharing seminars with guests, dignitaries, business leaders and representatives from well-known Japanese corporates for students to meet and mingle with them as a precursor to, as a launch pad for their job placement in the not so distant future. The aspiring students get an opportunity to build themselves for their career

as the invitees share their ideas and insights with them.

Concluding Remarks

Recession and inflation have stalked Bangladesh and its peers in South Asia and others beyond borders. Added to this, the bogey of mass unemployment is a real headache of the country with millions are in the line to enter the job market. The government has taken multiple workfare projects to get the nation out of the black hole of unemployment. Against this backdrop, time is ripe enough to strengthen the industry-academia bonding and make the most out of it to advance the country towards its goal of graduating to a higher middle-income country by 2026 and a prosperous Bangladesh by 2041. Time is now to recognise the value of the industry-academia partnership and, to make things happen, the universities should make a holistic collaborative approach to introduce need-based, market-oriented courses and curriculum that might serve as a potential link between industry and academia. Without fostering the academia-industry link, sustainable as well as resilient progress in the country will probably be a far cry.

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(Facts and figures garnered from the information superhighway have contributed to making this opinion piece more analytical, insightful and illustrative.)

Factors Affecting Consumer Purchasing Decision A Study on SHWAPNO Super Shop in Bangladesh

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Abstract

This study aimed to determine factors of consumer behavior that affect purchasing decision of super shop items tested on SHWAPNO. Using a sampling technique that was convenient and appropriate for the purpose data was collected from 105 randomly related customers of SWAPO super shop in the city of Dhaka. The purpose of the study was to examine and analyze cultural, social, personal and psychological factors that affect buyers in the decision to buy from SHWAPNO and know the dominant factors that influence the purchase decision. The analysis used the method of linear regression analysis that tests hypothesis and also reliability using SPSS (Statistical Package for the Social Science). The analysis shows that there is significant effect between the factors of cultural, social, personal, and psychological on purchasing decisions where R square is worth .589 which means 58.9% of purchase decisions are influenced by cultural, social, personal and psychological factors and the rest 41.1% are influenced by other variables.

Keywords

Consumer Purchasing Decision, SHWAPNO, cultural factors, social factors, personal factors, psychological factors.

Introduction

SHWAPNO is one of an interesting area for the study where features of consumer behavior can easily be seen. It is one of the largest retail chains in Bangladesh with 56 outlets across the country that currently feeds over 150,0000 families each month focusing on food products, which are needed by the consumers on a daily basis, giving the impression that the consumers have little thought in purchasing other products like cloths, mobile phones and cars, etc. While a person does his shopping on a typical Sunday morning, he enters the local super market with a basket on hands, scans for a cereal box, he grabs one, checks out the box carefully, puts it back to the shelf; eventually, he/she picks up the other box lies next to it; it takes him two or three seconds... So, what persuade consumers on randomly or intentionally selecting food products? What decide them to buy or not to buy? The study of consumer behavior and factors affecting consumers purchasing decision will help to explain such type of buying behavior of customers in our study.

Objectives of the Study

In order to understand how a consumer makes actual buying decisions, the marketers must identify who makes the buying decisions. They should also constantly be watchful into what types of buying decisions are made and the steps involved

in consumers' decision making process in a social unit.

The broad objective of this study is to analyze the consumer buying behavior that affects purchasing from super shop markets. The specific objectives of this study are as follows:

- The impact of cultural factors on consumer purchase decision
- The impact of social factors on consumer purchase decision
- The impact of personal factors on consumer purchase decision
- The impact of psychological factors on consumer purchase decision

Research Questions

The following research questions are going to be answered in this study:

i. What are the factors relating to the cultural aspects that impact consumer purchase decision?

ii. What are the factors relating to the social aspects that impact consumer purchase decision?

iii. What are the factors relating to the personal aspects that impact consumer purchase decision?

iv. What are the factors relating to the psychological aspects that impact consumer purchase decision?

Literature Review

According to Uddin, et al. (2014), the super-shop has diverse purchase pattern to different buyers in accordance with their necessities. With the significant increase in super-shop in recent years, people take into account various factors while they decide to purchase any item from super-shop. This study has put efforts to uncover the underlying factors those affect customers in choosing super-shop for buying.

Consumers are more educated and informed than ever, and they have the tools to verify companies' claims and seek out superior alternatives. They tend to be value-maximizers, within the bounds of search costs and limited knowledge, mobility, and income. Customers estimate which offer will deliver the most perceived value and act on it. Whether or not the offer lives up to expectation affects customer satisfaction and the probability that he or she will purchase the product again (Kotler & Keller, 2015). Although the term may be considered new, the customer experience management has always been a fundamental consideration in the way most companies do business. A major part of serving and satisfying

consumers are accomplished by influencing what they experience in relation to products and services through advertising, merchandising, store design, lighting, and personal services (Monster & Pettit, 2002).

Consumer behavior by Swastha et al. (2012) is defined as the activities of individuals who are directly involved in obtaining and using goods and services, including the decision-making process on the preparation and determine the specific activities. While according to Schiffman, et al. (2011), consumer behavior is the behavior exhibited by consumers in search of the purchase, use, evaluation and replacement products, and services that able to satisfy their needs. Factors that influence consumer behavior is the cultural, social, personal, psychological. Most of these factors are not considered by marketers but in fact should be taken into account to determine how far the factors that affect consumer behavior consumer purchases (Kotler & Keller, 2012). It can be seen in Figure 1.

Figure 1, states that culture is what determines the desire and behavior to get the most basic values, perceptions, preferences, and behaviors of other important institutions. Cultural factors provide the most comprehensive and influential areas in the behavior of consumers. Marketers need to know the role played by culture, subculture, and social class. Culture is a set of basic values, perceptions, desires, and behavior that learned by a member of the community of family and other important institutions. According to Kotler and Armstrong (2016) have included in this culture is a culture shift as well as the values in the family. While subculture is a group of people with a separate value system based on experience and common life situations. Sub-cultures include nationality, religious, racial, and geographic region. And then the social class division of society is relatively permanent and organized by the members embraced the values, interests, and behavior that are similar.

Social class division of society is relatively homogeneous and permanent structured hierarchically and whose members embrace the values, interests, and similar behavior. Social class is determined by a single factor, such as revenue but measured as a combination of occupation, income,

Cultural factors	Social factors	Personal factors	Psychological factors
Culture	Reference group	Age	Motivation
Subcultures	Family	personality	Perception
Social class	Roles and status	Lifestyle	Attitude

Figure 1: Factors Affecting Consumer Behavior ***(Source: Kotler & Keller, 2016)***

education, wealth, and other variables. In some social systems, members of different classes maintain a certain role and cannot change their social position. Consumer behavior is also influenced by social factors, namely group, family, and the role and status.

A group is two or more people who interact to achieve individual or collective goals. Some of the primary groups that have a regular but informal interaction, such as family, friends, neighbors, and colleagues. Some of the secondary group, which has a more formal interaction and less regular. It includes organizations such as religious groups, professional associations, and unions. While the family is the organization that most important purchased by consumers in the community and have been thoroughly studied. Marketers are interested in the role and influence of the husband, wife, and children in purchasing a variety of products and services. Whereas, role consists of expected activity carried out by someone according to people who are nearby. Each role carries a status reflecting an award that given by people. People often choose products that show their status in society.

The personal factor is defined as a person's psychological characteristics that are different from other people to cause a response relatively consistent and enduring to the environment. Buying decisions are also influenced by personal characteristics (Moutinho, 1987), namely:

(1) The age and stage of life cycle, people change the goods and services that they buy during his lifetime. Taste for food, clothing, furniture, and recreation are often associated with age. Buying is also shaped by the family life cycle stages that may be passed by the family in accordance with maturity. Marketers often determine the target market in the form of life cycle stages and develop appropriate products and marketing plans for each stage.

(2) Work, one's job affects goods and services that they purchase. Marketers try to identify the occupational groups who have an interest in the above-average products and services. A company can even specialize in marketing the product according to specific occupational groups.

(3) The economic situation, the current economic situation will affect the choice of products. Marketers of products that are sensitive to income observing trends in personal income, savings, and the level of interest. When the economic indicators point to recession, marketers can take steps to redesign, reposition, and change the product's price.

(4) Lifestyle, the pattern of a person's life that is embodied in the activities (work, hobbies, shopping, sports, social activities), interests (food, fashion, family, recreation), and opinions that are more than just a social class and a person's personality, lifestyle featuring patterns react and interact with someone overall in the world.

(5) Personality and self-concept, personality of each person clearly affect

behavior to buy it. Personality refers to the unique psychological characteristics that cause a response relatively consistent and enduring to the environment itself. Personality is usually described in terms of properties such as self-confidence, dominance, easy to get along, autonomy, self-defense, adaptability, and aggressiveness. Personality can be useful for analyzing consumer behavior for the selection of specific products or brands. The last factor that influences consumer behavior is psychological factors. It is as part of the influence of environment where someone's live in the present without ignoring the influence of the past or anticipating the future.

Consumer decision in buying a product is influenced by many factors, both from within oneself and from beyond the self or the environment. Consumer behavior is a process a customer in making a buying decision, using and set goods and services purchased including the factors that influence purchasing decisions and product usage (Lamb et al., 2010). The main factor influencing consumer behavior is the need factors such as culture and social class. Meanwhile, according to Berkowitz (2010), there are four factors affecting consumer purchase decisions, some of them are socio-cultural influences.

The main factor influencing consumer behavior is the need factors such as culture and social class. Social factors such as the reference group, the family, the role and social status of consumers, personal factors such as age, stage of life cycle, personality and self-concept, and psychological factors such as motivation, perception, learning beliefs, and attitudes. Meanwhile, according to Berkowitz (2010), there are four factors that influence consumer purchase decisions, namely the influence of situational (situational influences), the psychological influences, the influence of socio-cultural, and the influence of marketing mix.

While, the main factor influencing consumer behavior is the need factors such as culture and social class. Personal factors such as age, stage of life cycle, personality and self-concept also influence consumer purchase decisions. According to Berkowitz (2010), there are four factors that influence consumer purchase decisions, namely the influence of situational, the psychological influences, the influence of socio-cultural, and marketing mix influences. From these four factors, psychological factors are factors that arise from the consumers themselves. Berkowitz (2010) has said that psychological factors that influence consumer decisions can be translated into five variables, namely motivation, personality, perception, attitude, and lifestyle. These five variables also give influence to the brand image in the minds of consumers. Psychological factors include motivation, perception, learning beliefs, and attitudes. There are four factors that influence consumer purchase decisions that one of them is a psychological impact (psychological influences), in

which psychological factors are factors that arise from within consumers. Psychological factors that influence the consumer's decision can be translated into five variables, namely motivation, personality, perception, attitude, and lifestyle (Berkowitz, 2010).

One of the renowned super-shops in Bangladesh is SHWAPNO. With over 56 outlets, SHWAPNO is the largest grocery chain in Bangladesh and Best Retail Brand in the country. As part of the SHWAPNO family, customers' satisfaction and wellbeing are what they work diligently to ensure. Most of all, they want to always leave customers with a smile, whether you visit our stores or order online, and they are happy to serve you in whatever way they can. Since 2008, SHWAPNO has been providing customers with the very best fresh produce, local and imported household needs, as well as an exquisite range of fashions, home accessories, appliances, and more. In 2016, SHWAPNO was recognized as the best retail brand in the country, as awarded jointly by Kantar Millward Brown and Bangladesh Brand Forum. By partnering directly with farmers, SHWAPNO is changing the way food is brought from pristine fields to your table, to give you that authentic farm fresh taste. Their dedicated food safety and nutrition teams make sure that what customers take back to their family is safe, healthy and wholesome. SHWAPNO has also been a leader in the movement against unsafe food and a major advocate in promoting healthy living.

Research Methodology

This research is a quantitative study conducted using primary data. Survey questionnaires will be used as the instruments to collect data and opinions about factors influencing consumers' purchasing decisions in super-shop retailing business in Dhaka. Data collection was conducted by using non-probability sampling techniques in types of convenient sampling. The questionnaires were distributed to the sample group who had been using either products or services from the outlets of SHWAPNO for the time being, and who live in Dhaka.

Population and Sample Size

The population of this study is all the buyers of SHWAPNO who frequently purchase from their outlets and live in Dhaka. The numbers of sample are 105 in this study.

Type of Data

This research is a quantitative study conducted using primary data. Survey questionnaires were used as the instruments to collect data and opinions about factors influencing consumers' purchasing decisions in super-shop retailing business in Dhaka.

Data Collection Procedure

Instruments for collecting data in this study were personal surveys using constructed survey questionnaires. The data collecting procedures are as follows:

1) The researchers collected secondary data from various sources such as books, journals, government publications, reports, and the internet.

2) The constructed survey questionnaires translated

into Bengali for respondents in order to ensure the reliability and validity of the research instrument, and then will be distributed to people who have been using either products or services of SHWAPNO.

3) The researchers analyzed the data and tested the hypotheses.

4) The researchers summarized the findings and made recommendations.

Questionnaire Design Procedure

We designed the Questionnaire ourselves keeping in mind the aimed result at the study.

The constructed-questionnaires were distributed to 105 people who have been purchasing either products or services from the outlets of SHWAPNO via Google docs file due to pandemic issue who live in Dhaka.

The questionnaire is composed of two parts including:

Part 1: Consisting of questions asking about personal data about respondents; questions number 1-4.

Part 2: Consisting of questions asking respondents to rate the agreement/disagreement level of factors influencing purchasing decisions; questions number 5-15.

The questionnaire is designed using likert scale. Therefore; the result of the data analysis regarding each variable was defined using the following classification:

Data Analysis Procedure

The researchers analyzed the data using the SPSS program to compute for the result. The following tests were performed:

1) Reliability test was done to test contents and questions in the questionnaire.

2) Linear Regressions were employed to test hypothesis regarding the relationship between the factors and purchasing decisions at a significance level of 0.05

3) Correlations were employed to test the relationship between the factors and purchasing decisions at a significant level of 0.01.

Hypotheses of the Study

This study aims to test the following hypotheses:

H_1 There is a strong relationship between cultural factors and consumer purchase decision.

H_2 There is a strong relationship between social factors and consumer purchase decision.

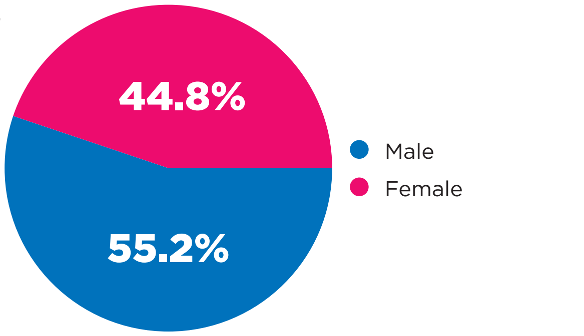
H_3 There is a strong relationship between personal factors and consumer purchase decision.

H_4 There is a strong relationship between psychological factors and consumer purchase decision.

Analyses of the Study

Gender of the Participants

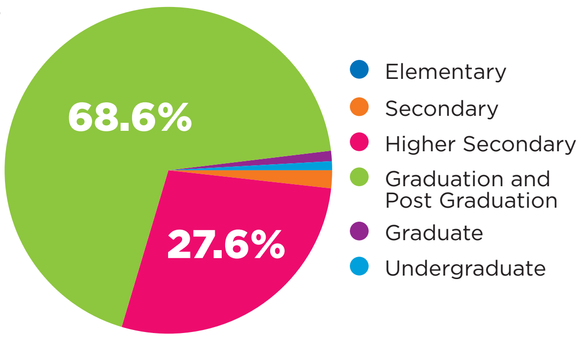
105 Respondents



From the figure, it can well be said that 55.2% of the respondents are male and 44.8% of the respondents are female.

Educational Status of the Participants

105 Respondents



From the figure, we observed that major proportion of educational status includes graduation and post-graduation level.

Reliability Test

Scale: All

Case Processing Summary

		N	%
Cases	Valid	101	96.2
	Excluded	4	3.8
	Total	105	100.0

a. Listwise deletion based on all variables in the procedure.

Realiability Statistics

Cronbach's Alpha	N of Items
0.774	13

Based on primary data that has been processed and analyzed using SPSS, then each item Cronbach's Alpha generates weighting variables Cronbach's alpha values > 0.60 as the minimum requirements.
It shows that all the variables in this study revealed reliable.

Linear Regression

Explanation of the results of each variable to answer the hypothesis in this study is as following:

(1) Based on the results of the analysis conducted on SPSS calculations that significant value of cultural variables in name of culture and subculture which are lower than 0.05. Therefore, the hypothesis H0 is rejected, and H1 is accepted hypothesis. This means that there is the significant influence of cultural factors on purchasing decisions.

(2) Based on the results of the analysis conducted on SPSS calculations that significant value of social variables in name of social status, family demand and society beliefs which are lower than 0.05. Therefore, the hypothesis H0 is rejected, and H1 is accepted hypothesis. This means that there is the significant influence of social factors on purchasing decisions.

(3) Based on the results of the analysis conducted on SPSS calculations that significant value of personal variables in name of product price which are lower than 0.05. Therefore, the hypothesis H0 is rejected, and H1 is accepted hypothesis. This means that there is the significant influence of personal factors on purchasing decisions.

Co-efficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.611	.323		1.892	.037
	Culture	.013	.104	.014	.126	.018
	Subculture	.195	.105	.212	1.868	.014
	Social _status	.164	.083	.200	1.979	.046
	Family demands	.062	.098	.071	.635	.022
	Society beliefs	.059	.092	.064	.645	.011
	Product usage	.054	.094	.057	.579	.015
	Product price	.098	.121	.108	.812	.004
	Quality compromise	.302	.108	.365	2.810	.006
	Product variety	.150	.090	.166	1.669	.041
	Perceived price	.044	.093	.050	.470	.009
	Satisfaction	.014	.093	.015	.145	.034
a. Dependent Variable: Purchasing Decision						

(4) Based on the results of the analysis conducted on SPSS calculations that significant value of psychological variables in name of product variety, quality compromise and satisfaction which are lower than 0.05. Therefore, the hypothesis H0 is rejected, and H1 is accepted hypothesis. This means that there is the significant influence of psychological factors on purchasing decisions.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.589 [a]	.347	.267	.57677
a. Predictors: (Constant), Satisfaction, Society beliefs, Quality compromise, Social status, Product usage, Product variety, Culture, Perceived price, Family demands, Subculture, Product price				

This table explains that the regression coefficient (R) of 0.589 (58.9%), which means independent variables that can explain the effect of 58.9% and the remaining 41.1% is explained by other variables outside this research model.

Correlations Table

Cultural Factor Correlations:

		Culture	Subculture
Culture	Pearson Correlation	1	.576"
	Sig. (2-tailed)		.000
	N	105	105
Subculture	Pearson Correlation	.576"	1
	Sig. (2-tailed)	.000	
	N	105	105

** Correlation is significant at the 0.01 level (2-tailed).

This correlation shows that culture and subculture have effect on the purchasing decision at the 0.01 significant level.

Social Factor Correlation

Correlation

		Social Status	Family demands	Society beliefs
Social_Status	Pearson Correclation	1	.452''	.223'
	Sig. (2-tailed)		.000	.023
	N	105	105	104
Family_demands	Pearson Correclation	.452''	1	.318''
	Sig. (2-tailed)	.000		.001
	N	105	105	104
Society_beliefs	Pearson Correclation	.223'	.318''	1
	Sig. (2-tailed)	.023	.001	
	N	104	104	104

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

This correlation shows that social status, family demands and society beliefs have effect on the purchasing decision at the 0.01 significant level.

Personal Factor Correlation

Correlation

		Product usage	Personality	Lifestyle
Product_usage	Pearson correlation	1	.402''	.144
	Sig. (2-tailed)		.000	.146
	N	105	105	104
Personality	Pearson correlation	.402''	1	.262''
	Sig. (2-tailed)	.000		.007
	N	105	105	104
Lifestyle	Pearson correlation	.144	.262''	1
	Sig. (2-tailed)	.146	.007	
	N	104	104	104

** Correlation is significant at the 0.01 level (2-tailed).

This correlation shows that product usage, personality and lifestyle have effect on the purchasing decision at the 0.01 significant level.

Psychological Factor Correlation

Correlations

		Product price	Quality compromise	Product variety	Perceived price	Satisfaction
Product price	Pearson Correlation	1	.715''	.131	-.149	.207'
	Sig. (2-tailed)		.000	.185	.130	.035
	N	104	103	104	104	104
Quality compromise	Pearson Correlation	.715''	1	.219'	-.082	.276
	Sig. (2-tailed)	.000		.026	.406	.443
	N	103	104	103	104	104
Product variety	Pearson Correlation	.131	.219'	1	.276''	.230'
	Sig. (2-tailed)	.185	.026		.005	.019
	N	104	103	104	104	104
Perceived price	Pearson Correlation	-.149	-.082	.276''	1	.356''
	Sig. (2-tailed)	.130	.406	.005		.000
	N	104	104	104	105	105
Satisfaction	Pearson Correlation	-.207'	.076	.230'	.356''	1
	Sig. (2-tailed)	.035	.443	.019	.000	
	N	104	104	104	105	105

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

This correlation shows that product price, quality compromise, product variety, perceived price and satisfaction have effect on the purchasing decision at the 0.01 significant levels. Based on the above information; it can be formulated hypothesis as follows:

(a) There is a significant influence of cultural factors on purchase decision of the buyers of SHWAPNO.

(b) There is a significant influence of social factors on purchase decision of the buyers of SHWAPNO.

(c) There is a significant influence of personal factors on purchase decision of the buyers of SHWAPNO.

(d) There is a significant influence of psychological factors on purchase decision of the buyers of SHWAPNO.

Recommendation

SHWAPNO can consider the following recommendations to enhance their business:

1. They may use the information of this study to make a proper segmentation.

2. They may use interactive online ads to keep customers engaged.

3. They may personalize their communication to their customer through e-mail.

4. They may use discount and other complimentary product offer for a family package purchasing.

5. They may create customer profile based on the purchase pattern to have a better idea about customers purchase preferences.

They should become more involved in social media to create a positive image about their product quality and service.

Conclusion

Based on the analysis and discussion above, it is concluded that SHWAPNO should consider above all (cultural, social, personal, and psychological) factors properly to sustain in the market and to provide greater value to end customers. The examination of the direct effects of cultural factors, social factors, personal factors and psychological factors on purchase decision in the retail industry provides a theoretical contribution to the existing literature in this field. Particularly, the findings have theoretical significance by giving empirical evidence with regard to the relationships between the stated factors and purchase decision. Furthermore, there are useful practical implications for the business practitioners of retail stores. Marketers can benefit from the results of this research to achieve better recognition and sustainable competitive advantage.

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Exchange Rate Rollercoaster

Unraveling the Impact of Currency Fluctuations on Private Sector Entities

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Introduction

Foreign exchange fluctuations occur when the value of one currency changes in relation to another. This can happen for a variety of reasons, including changes in interest rates, inflation, political instability, and global economic trends. In Bangladesh, foreign exchange fluctuations have become a major concern for businesses, investors, and the economy as a whole.

Bangladesh is a developing country with a growing economy that heavily relies on its exports. In 2021-22 according to the Economics Time (2022), the country's exports were worth $52.08 billion, which accounted for 85% of its total foreign exchange earnings. This makes Bangladesh highly dependent on foreign exchange earnings to finance its imports, which include raw materials, machinery, and consumer goods.

Unfortunately, Bangladesh has been facing negative foreign exchange fluctuations over the past few years, which have had a significant impact on the economy. The Bangladesh Taka (BDT) has been depreciating against major currencies like the US dollar and Euro, making imports more expensive and reducing the value of foreign exchange earnings.

The negative foreign exchange fluctuations have also led to a shortage of foreign currency, making it difficult for businesses to import necessary goods and services. This has caused disruptions in the supply chain, increased the cost of production, and lowered the competitiveness of Bangladesh's exports.

Present Scenario of Foreign Exchange in Bangladesh

Bangladesh is facing foreign currency fluctuation due to a combination of several factors, including:

- **Trade Imbalance:** Bangladesh's trade deficit has been steadily increasing, with imports exceeding exports. This has put pressure on the country's foreign currency reserves and contributed to currency depreciation.

- **Remittance Dependency:** Remittances play a vital role in Bangladesh's economy, accounting for over 7% of the country's GDP. However, the Covid-19 pandemic has

disrupted remittance flows, causing a decline in the country's foreign currency reserves.

- **Economic Shocks:** Bangladesh's economy has been hit hard by the Covid-19 pandemic, causing a slowdown in economic activity and reducing foreign investment. The Ukraine-Russia war has also contributed to economic uncertainty and affected the global economy.

- **Interest Rate Differential:** High-interest rates in developed countries make it more attractive for investors to invest their money there, resulting in lower foreign investment in Bangladesh.

- **Central Bank Intervention:** The Bangladesh Bank has intervened in the foreign exchange market to stabilize the currency, but these efforts have not been successful in the long run.

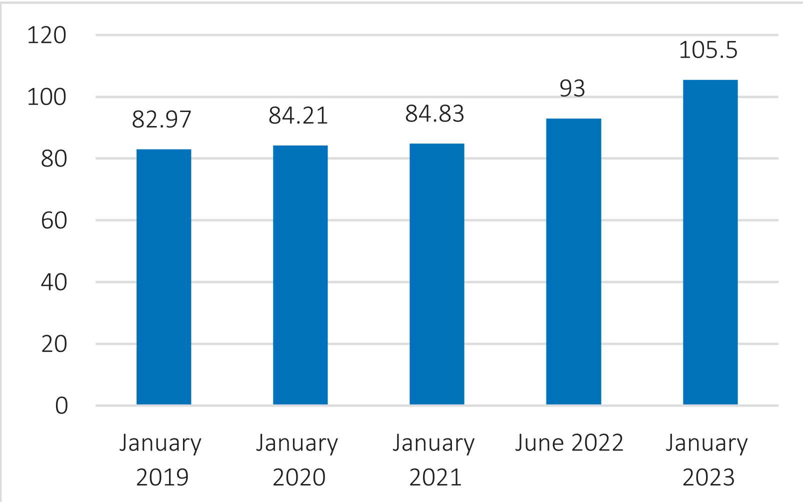
- **International Oil Prices:** Fluctuations in international oil prices also affect Bangladesh's economy, as the country is heavily dependent on oil imports.

- **Global Economic Conditions:** Bangladesh's economy is closely tied to global economic conditions, and any major economic downturn in the world economy can have a significant impact on the country.

These factors have contributed to the depreciation of the Bangladeshi Taka. According to news sources, the Taka has lost value against the US dollar, Euro, and other major currencies in recent years. The Covid-19 pandemic, the Ukraine-Russia conflict, and the overall global economic slowdown have all contributed to this trend. The Bangladesh Bank has attempted to stabilize the currency through intervention, but the Taka is expected to continue to face fluctuations in the coming years.

As you can see, there has been a significant devaluation of the Bangladeshi Taka over the past few years. The exchange rate between the US dollar and the Bangladeshi Taka has increased steadily since 2019, with the Taka losing value against the dollar. In particular, there was a significant devaluation in 2022, when the exchange rate jumped from 84.83 BDT per USD in January 2021 to 93 BDT per USD in June 2022. The devaluation continued in 2023, with the exchange rate reaching 105.50 BDT per USD in January 2023.

Bangladesh heavily relies on external borrowing to finance its development projects. The country's foreign currency reserves have been under pressure due to the negative impact of foreign exchange fluctuations and a growing loan dependency. In recent years, the country has experienced a decline in remittance inflows, which has added to the strain on its foreign currency reserves. This has led to a weakening of the Bangladeshi Taka against major currencies, making imports more expensive and contributing to inflation.



The country's loan dependency has also led to concerns about debt sustainability. In Dec 2022, Bangladesh's total external debt was USD 96.2 billion, and the debt-to-GDP ratio was 39.09%. In addition, a significant portion of the country's external debt is denominated in foreign currency, making it vulnerable to exchange rate fluctuations.

How Businesses Are Affected in Bangladesh because of the Adverse Foreign Exchange Fluctuations

The adverse foreign exchange fluctuations have had a profound impact on businesses in Bangladesh, especially those that rely heavily on imports or exports. The following are some of the ways in which businesses have been affected:

- **Increased Cost of Imports:** As the value of the Bangladesh Taka decreases against foreign currencies, the cost of importing goods and services increases. This has caused a significant increase in the cost of raw materials, machinery, and other necessary inputs for production. As a result, businesses have had to increase their prices to maintain profitability, which has made them less competitive in the global market.

- **Decreased Value of Exports:** The depreciation of the Bangladesh Taka has also reduced the value of exports, making them less profitable for businesses. This has been particularly challenging for the textile industry, which accounts for the majority of Bangladesh's exports. The decrease in the value of exports has also had a negative impact on the country's foreign exchange earnings, which are crucial for financing imports.

- **Shortage of Foreign Currency:** The negative foreign exchange fluctuations have also led to a shortage of foreign currency, which has made it difficult for businesses to import necessary goods and services. This has caused disruptions in the supply chain, leading to delays in production and delivery. The shortage of foreign currency has also led to a black market for foreign exchange, which has further increased the cost of imports.

- **Decreased Investor Confidence:** The negative foreign exchange fluctuations have also led to a decrease in investor confidence, which has made it difficult for businesses to attract foreign investment. This has further exacerbated the shortage of foreign currency, making it more difficult for businesses to import necessary goods and services.

The devaluation of the Bangladeshi Taka has had a significant impact on various business sectors in the country, including pharmaceuticals, export, import, labor, SMEs, agriculture, IT, and telecom.

- **Pharmaceuticals:** The pharmaceutical industry in Bangladesh is heavily dependent on imported raw

materials to produce medicines. With the devaluation of the Taka, the cost of importing these raw materials has significantly increased. For instance, the devaluation of the Taka against the US dollar has led to a 20-30% increase in the cost of importing raw materials for the pharmaceutical industry. This has resulted in higher production costs and decreased profit margins for pharmaceutical companies.

- **Export and Import:** Many businesses in Bangladesh rely on exporting goods to foreign markets to generate revenue. With the devaluation of the Taka, the cost of production for these businesses has increased, as importing raw materials, machinery, and other inputs has become more expensive. This has led to a decrease in the competitiveness of Bangladeshi products in the global market, making it more difficult for businesses to generate revenue through exports. Additionally, the devaluation of the Taka has made importing goods more expensive, leading to higher prices for consumers in Bangladesh.

- **Small and Medium Enterprises (SMEs):** SMEs in Bangladesh often struggle with managing currency risk due to limited financial resources and expertise. With the devaluation of the Taka, the cost of borrowing money from foreign sources has increased, making it more difficult for SMEs to access the necessary capital to grow their businesses. Additionally, many SMEs rely on importing raw materials and machinery, which has become more expensive with the devaluation of the Taka, leading to higher production costs and decreased profitability.

- **Agriculture:** The agriculture sector in Bangladesh heavily relies on imported inputs such as fertilizers, pesticides, and seeds. With the devaluation of the Taka, the cost of importing these inputs has increased, leading to higher production costs for farmers. This has led to a decrease in profitability for farmers, making it difficult for them to sustain their livelihoods

- **Labor:** The devaluation of the Taka has led to an increase in the cost of living, making it difficult for low-income earners to meet their basic needs. This has also led to an increase in inflation, which has further impacted the purchasing power of the general population.

- **IT and Telecom:** The IT and telecom sectors in Bangladesh are heavily reliant on imported equipment and technology. The devaluation of the Taka has led to an increase in the cost of imported equipment, which has impacted the profitability of these industries.

Foreign Exchange Fluctuation and Dependency on Loan

Bangladesh's foreign loans can be impacted by foreign exchange fluctuations in several ways:

- **Repayment:** Bangladesh has taken out loans denominated in foreign currencies such as the US dollar, Japanese yen, and Euro. Fluctuations in the exchange rates of these currencies can impact the repayment of these loans, making it more expensive or cheaper for Bangladesh to repay the loans. If the value of the Bangladeshi taka depreciates against the currencies in which the loans are denominated, it will cost more taka to repay the loans, leading to higher debt servicing costs.
- **Interest payments:** Bangladesh also pays interest on its foreign loans, and the interest payments can also be affected by fluctuations in foreign exchange rates. If the value of the taka depreciates against the currencies in which the loans are denominated, the interest payments will increase, adding to the debt servicing costs.
- **Borrowing costs:** Foreign exchange fluctuations can also impact Bangladesh's borrowing costs. If the value of the taka depreciates against the currencies in which the loans are denominated, lenders may require a higher interest rate to compensate for the increased risk of lending to Bangladesh. This could make it more expensive for Bangladesh to borrow in the future.

Overall, fluctuations in foreign exchange rates can have a significant impact on Bangladesh's foreign loans, making it more expensive to service its debt and potentially increasing the country's borrowing costs in the future. To mitigate these risks, Bangladesh may use hedging strategies or seek to borrow in currencies that are less volatile against the taka.

Bangladesh heavily relies on external borrowing to finance its development projects.

The country's foreign currency reserves have been under pressure due to the negative impact of foreign exchange fluctuations and a growing loan dependency. In recent years, the country has experienced a decline in remittance inflows, which has added to the strain on its foreign currency reserves. This has led to a weakening of the Bangladeshi Taka against major currencies, making imports more expensive and contributing to inflation.

The country's loan dependency has also led to concerns about debt sustainability. In Dec 2022, Bangladesh's total external debt was USD 96.2 billion, and the debt-to-GDP ratio was 39.09%. In addition, a significant portion of the country's external debt is denominated in foreign currency, making it vulnerable to exchange rate fluctuations.

PROJECT	FOREIGN INVESTMENT	TOTAL COST
Rampal Power Plant	$1.6 Billion	$2.0 Billion
Matarbari Ultra Super Critical Coal-Fired Power Project	$4.5 Billion	$5.2 Billion
Rooppur Nuclear Power Plant	$11.38 Billion (Foreign loan from Russia)	$13.6 Billion
Dhaka Metro Rail	$2.8 Billion (Foreign loan from Japan)	$3.7 Billion
Payra Port Development Project	$2.4 Billion (Foreign loan from China)	$3.0 Billion
Bangladesh-China-India-Myanmar (BCIM) Economic Corridor	$22 Billion	Not specified
Bangladesh-India Friendship Pipeline Project	$1.6 Billion	$2.0 Billion
Bangladesh-Myanmar-Thiland (BMT) Triateral Highway Project	$2.9 Billion	Not specified
Sonadia Deep Sea Port Project	$10 Billion	Not specified
Eastern Refinery Expansion Project	$3.3 Billion (Foreign loan from China)	$4.0 Billion

Like the Government, businesses in Bangladesh are heavily dependent on foreign currency liabilities, which are impacted by foreign exchange fluctuations. Here are 4-5 real examples from news articles:

RMG Sector

The Ready-Made Garments (RMG) sector is a major contributor to Bangladesh's economy, accounting for 84% of the country's total exports. According to a report by The Daily Star, the devaluation of the Taka against the US dollar has led to increased production costs and lower profit margins for RMG manufacturers in Bangladesh. Many manufacturers import raw materials and machinery, which have become more expensive with the devaluation of the Taka.

Small and Medium Enterprises (SMEs)

SMEs in Bangladesh also heavily rely on foreign currency liabilities. According to a report by The Business Standard, many SMEs in the country have foreign currency loans, which they took out to import machinery, raw materials, and other inputs. The devaluation of the Taka has made it more expensive for these businesses to service their foreign currency debt, leading to increased financial pressure.

Telecommunications Sector

The telecommunications sector in Bangladesh also heavily relies on foreign currency liabilities. According to a report by The Financial Express, the devaluation of the Taka has led to increased costs for telecom operators, as they import equipment and other inputs from foreign sources. This has led to increased tariffs for consumers, making it more expensive for them to access telecom services.

Pharmaceuticals Sector

The pharmaceuticals sector in Bangladesh is another industry heavily impacted by foreign exchange fluctuations. According to a report by The Daily Star, the devaluation of the Taka has led to a 20-30% increase in the cost of imported raw materials for the pharmaceutical industry. This has led to increased production costs and decreased profit margins for pharmaceutical companies in the country.

Importers: Importers in Bangladesh are also heavily impacted by foreign exchange fluctuations. According to a report by The Dhaka Tribune, the devaluation of the Taka has led to increased costs for importers, particularly those who import goods denominated in US dollars. This has led to increased prices for consumers, making it more expensive for them to purchase imported goods.

Why it is important to Manage Foreign Exchange Fluctuation

Foreign exchange fluctuations can have significant impacts on various aspects of a country's economy, including businesses, populations, markets, finance,

accounting, legal frameworks, and social welfare. Bangladesh, being an export-oriented economy, heavily relies on its foreign exchange reserves to maintain its economic stability. Therefore, the government of Bangladesh should take appropriate measures to mitigate the adverse impacts of foreign exchange fluctuations.

From a business perspective: foreign exchange fluctuations can significantly affect the profitability of businesses that rely on exports or imports. The depreciation of the local currency against foreign currencies increases the cost of imports, while the appreciation of the local currency makes exports more expensive and less competitive. Therefore, the government needs to ensure a stable exchange rate to facilitate international trade and support business growth.

From a population perspective: foreign exchange fluctuations can affect the prices of imported goods, which can have an impact on the cost of living for citizens. A depreciating currency can cause inflation, which can make basic necessities more expensive and reduce the purchasing power of citizens. This can lead to social unrest and political instability.

From an economic perspective: foreign exchange fluctuations can affect the overall balance of payments, which can lead to a deficit or surplus in the current account. A deficit in the current account can lead to a decline in foreign exchange reserves, which can have significant impacts on the overall economic stability of the country. Therefore, the government needs to manage foreign exchange fluctuations to maintain a favorable balance of payments.

From a market perspective: foreign exchange fluctuations can impact stock and commodity prices, which can affect investor confidence and overall market stability. Therefore, the government needs to ensure a stable exchange rate to maintain market stability and encourage investment.

From a finance and accounting perspective: foreign exchange fluctuations can impact financial statements, including balance sheets, income statements, and cash flow statements. This can make it difficult for businesses to accurately forecast and plan for the future. Therefore, the government needs to provide a stable exchange rate to ensure financial stability.

From a social welfare perspective: foreign exchange fluctuations can impact the overall economic growth and development of the country, which can affect social welfare programs and initiatives. Therefore, the government needs to manage foreign exchange fluctuations to support social welfare programs and initiatives.

In conclusion, managing foreign exchange fluctuations is crucial for the economic stability and development of Bangladesh. The government needs to take appropriate measures to mitigate the adverse impacts of foreign exchange fluctuations and ensure a stable exchange rate to support business growth, maintain market stability, and promote overall social welfare.

What are the present laws in the world that protect against Foreign Currency Fluctuation?

There are several present laws and regulations in the world that aim to protect against foreign currency fluctuations, including:

- **Foreign Exchange Management Act (FEMA) in India:** FEMA is a regulatory framework introduced by the Reserve Bank of India (RBI) that regulates all cross-border transactions, including the buying and selling of foreign currencies. The act aims to manage foreign exchange reserves, promote orderly development and maintenance of foreign exchange market in India, and facilitate external trade and payments.
- **Dodd-Frank Wall Street Reform and Consumer Protection Act in the United States:** This act was passed in 2010 and aims to protect investors and consumers from financial market abuse, including currency manipulation.
- **Basel III framework:** Basel III is a set of international banking regulations introduced by the Basel Committee on Banking Supervision that requires banks to maintain a minimum level of capital in relation to their risk exposure. The framework aims to improve the resilience of the banking system to economic shocks, including those caused by foreign currency fluctuations.

Bangladesh can adopt some of these laws and regulations for protection against foreign currency fluctuations. For example, Bangladesh Bank (BB) can introduce regulations and guidelines for managing foreign exchange risk for banks and other financial institutions operating in the country. This could include requirements for maintaining a minimum level of capital, limiting exposure to volatile currencies, and promoting transparency in foreign exchange transactions.

In addition, Bangladesh can also explore the possibility of signing bilateral currency swap agreements with other countries. These agreements would allow Bangladesh to access foreign currency reserves during times of market stress, providing a buffer against currency fluctuations. Finally, the government can also encourage businesses to adopt financial strategies for managing foreign exchange risk, such as hedging and diversification.

Financial Strategies to Counter Currency Risk in Bangladesh

Businesses in Bangladesh can adopt various financial strategies to counter currency risk. The following are some financial strategies that businesses can adopt:

- **Hedging:** Hedging involves taking positions in the foreign exchange market to protect against currency

risk. Businesses can use derivatives like forwards, options, and futures to hedge against currency risk.

- **Diversification:** Diversification involves spreading investments across different currencies and markets to reduce currency risk. Businesses can diversify their foreign currency exposure by investing in different currencies and markets.

- **Currency Swaps:** Currency swaps involve exchanging one currency for another for a specific period. This strategy can be used to lock in exchange rates and protect against currency risk.

- **Forward Contracts:** Forward contracts involve fixing the exchange rate for a future transaction. This strategy can be used to protect against currency risk by locking in an exchange rate before the transaction takes place.

At present there are companies in Bangladesh that are using these methods to effectively manage foreign exchange fluctuations. Some of the examples are given below:

- **Square Pharmaceuticals:** Square Pharmaceuticals uses currency hedging to protect against exchange rate risk. The company uses forward contracts to buy and sell foreign currency at a fixed exchange rate.

- **Beximco Pharmaceuticals:** Beximco Pharmaceuticals uses currency hedging to protect against exchange rate fluctuations. The company uses forward contracts to lock in exchange rates for future transactions.

- **Grameenphone:** Grameenphone uses currency swaps to protect against exchange rate fluctuations. The company entered into a currency swap agreement with the International Finance Corporation to hedge its foreign currency exposure.

- **British American Tobacco Bangladesh:** British American Tobacco Bangladesh uses diversification to protect against exchange rate fluctuations. The company invests in a variety of currencies to reduce its exposure to any one currency.

- **Berger Paints Bangladesh:** Berger Paints Bangladesh uses forward contracts to protect against exchange rate fluctuations. The company enters into forward contracts to lock in exchange rates for future transactions.

- **Singer Bangladesh:** Singer Bangladesh uses currency hedging to protect against exchange rate fluctuations. The company enters into forward contracts to buy and sell foreign currency at a fixed exchange rate.

- **Summit Power:** Summit Power uses currency hedging to protect against exchange rate fluctuations. The company enters into forward contracts to buy and sell foreign currency at a fixed exchange rate.

- **ACI Limited:** ACI Limited uses diversification to protect against exchange rate fluctuations. The company invests in a variety of currencies to reduce its exposure to any one currency.

- **Eastern Bank Limited:** Eastern Bank Limited uses currency swaps to protect against exchange rate fluctuations. The bank entered into a currency swap agreement with the International Finance Corporation to hedge its foreign currency exposure.

- **City Bank:** City Bank uses forward contracts to protect against exchange rate fluctuations. The bank enters into forward contracts to buy and sell foreign currency at a fixed exchange rate.

Conclusion

In conclusion, the negative foreign exchange fluctuations have had a significant impact on businesses and the economy in Bangladesh. Businesses in Bangladesh are heavily dependent on liability, which makes them vulnerable to currency risk. The shortage of foreign currency has also impacted different sectors of the economy, including the textile, construction, pharmaceuticals, and information technology industries. To protect against currency risk, businesses in Bangladesh can adopt financial strategies like hedging, diversification, currency swaps, and forward contracts. It is important for businesses to manage currency risk to ensure their profitability and sustainability in the long run. In addition, it is crucial for the government of Bangladesh to take necessary measures to manage foreign exchange fluctuations and promote a stable exchange rate. This can include building foreign exchange reserves, promoting exports, attracting foreign investment, and implementing sound monetary policies. Furthermore, it is essential for the global community to work together to promote international monetary cooperation and prevent currency wars. This can help to ensure a stable global economic environment, reduce currency risk, and promote sustainable economic growth and development. Overall, managing currency risk is crucial for businesses and the economy in Bangladesh, as well as for the global economy. By adopting sound financial strategies and promoting international monetary cooperation, we can protect against currency risk and promote sustainable economic growth and development.

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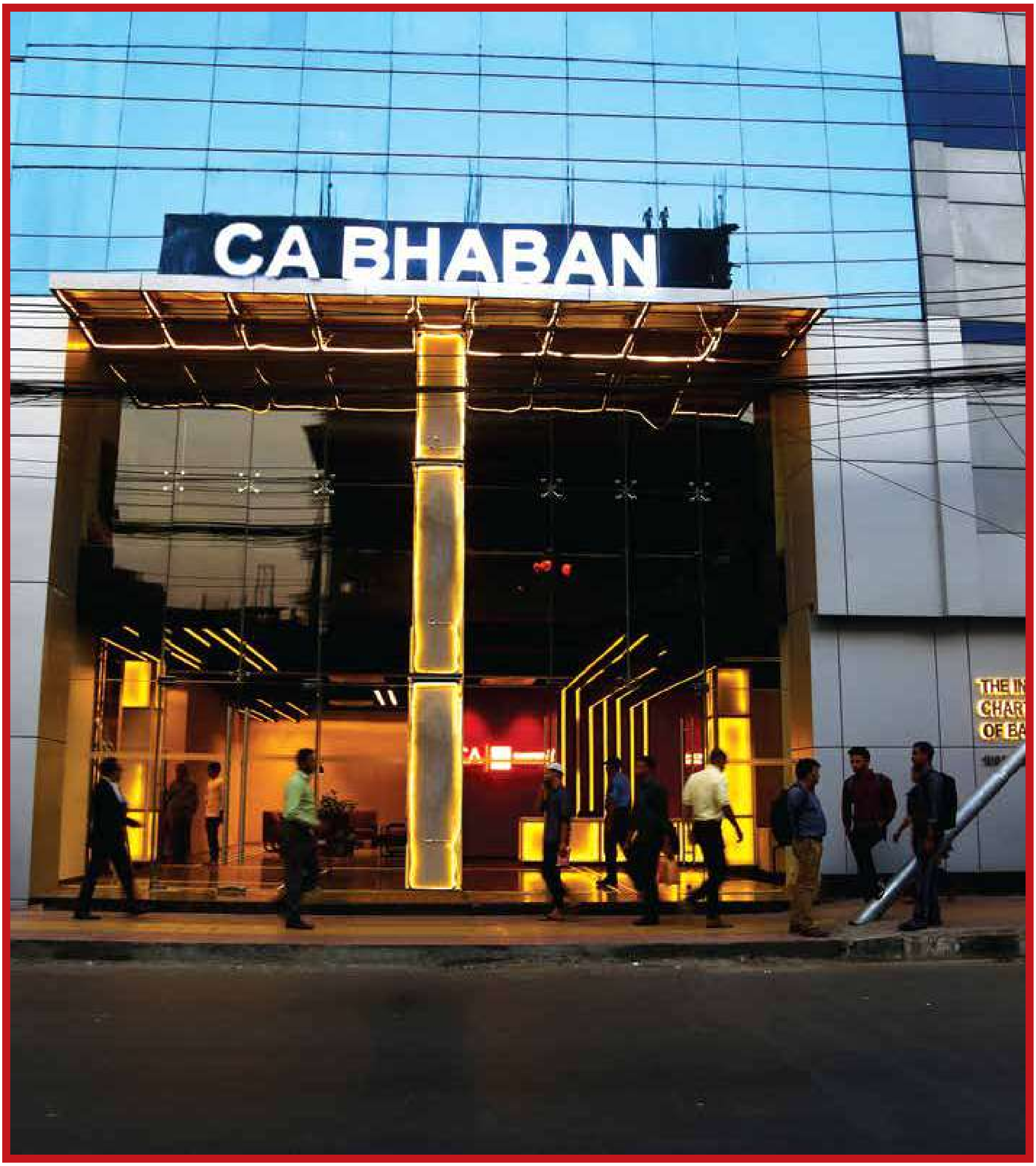

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Recognition of ICAB membership by ICAEW

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).