

CSR Talk over Television

মানুষের জন্য
manusher jonno
Promoting human rights and good governance



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PRINTED IN BANGLADESH

Published : June 2010

Design : G M Kiron

Printing : TRANSPARENT

Foreword

The second phase of TV Talk-Show, arranged by Management Resources Development Initiative (MRDI), as part of its Corporate Social Responsibility (CSR) project, has been purported to focus on issues related to public policy-support for promoting CSR activities.

Prominent personalities in the domain of corporate affairs, business bodies, public policy, financial institutions and academia, responded to the invitation of the MRDI and took part in the TV Talk-Show. Their valuable responses and inputs shed light on areas of public-policy actions for synergising CSR to make valuable contributions to sustainable development in a caring society.

This publication encapsulates the major points that the distinguished panelists highlighted for revamping public policy to support pro-actively CSR operations. The MRDI expects that such points would receive a dispassionate consideration by all concerned in order to make some effective headway with the programme of actions for facilitating the widening of CSR activities.

It is worthwhile to recall that the MRDI, in the course of its first-phase of TV Talk-Show, had sought to focus on the conceptual and contextual aspects of CSR. Invited panelists, representing different stake-holder groups, elucidated during that phase of TV Talk-Show how a proper understanding of CSR as a voluntary operational tool for corporate entities

and organised businesses, could go a long way for creating a strong base for a caring society that would make societal conditions better for long-term, sustained growth of business enterprises. The MRDI's feed-back showed that the broad goals of the TV Talk-Show on the conceptual and contextual aspects of the CSR, were served largely well. There is, thus, now a better understanding on the part of the businesses, about the relevance and importance of CSR, than before.

The fact that CSR is a voluntary process, does not, however, relegate the need for pro-active public policy-supports to the background, for encouraging the businesses to undertake and expand their CSR activities in a more focused way. An elaborate network of such voluntary activities by the business firms, with a clear perspective about the goals and objectives of their respective CSR activities, can complement government efforts for promoting public welfare in a wide array of areas. What may appear, on surface, a revenue loss on account of tax rebates or related benefits on account of CSR activities by businesses may turn out to be, in the final analysis, a public expenditure saving, if related activities do help to promote some public welfare and environmental safety through well-structured private spending, albeit on a voluntary basis.

That is precisely the reason why public policy-supports for CSR are important and do matter. The MRDI hopes that this publication, covering the related inputs and suggestions, from various stake-holder groups, will be useful for the purpose.

Moazzem Hossain
Project Anchor

Episodes & Discussants

Episode 1 Policy support to CSR in the context of Bangladeshi business and economy

Aired on 18 February, 2010 at 5.55 pm

DISCUSSANTS



Jahan Ara Siddiqui
Member
National Board of
Revenue



Mamun Rashid
Citi Country Officer
Bangladesh,
Citibank N.A.



Niaz Rahim
Group Director
Rahimafrooz
(Bangladesh) Ltd.

OUTDOOR SPEAKER



**AHM Mustafa
Kamal MP**
Chairman
Parliamentary Standing
Committee on Ministry
of Finance

Episode 2 Policy support to CSR : Viewpoint of garment and knitwear sector

Aired on 25 February, 2010 at 5.55 pm

DISCUSSANTS



Dr. Akbar Ali Khan
Former Adviser to
the Caretaker
Government &
Former Cabinet
Secretary



Aminur Rahman
Member
(Income tax policy)
National Board of
Revenue



Atiqur Rahman
Managing Director
Rahman Knit
Garments Ltd.

OUTDOOR SPEAKER



Md. Fazlul Hoque
President
BKMEA

Episode 3 Policy support to CSR : Viewpoint of pharmaceutical sector

Aired on 4 March, 2010 at 5.55 pm

DISCUSSANTS



Tapan Chowdhury
Managing Director
Square Pharmaceuticals Ltd.



Dr. Sajjad Zohir
Director
Economic Research Group



Dr. Zafar Ahmed Khan
Director General
Department of Environment
Government of the People's
Republic of Bangladesh

Episode 4 Policy support to CSR : Viewpoint of banking sector

Aired on 11 March, 2010 at 5.55 pm

DISCUSSANTS



Shitangshu Kumar
Sur Chowdhury
General Manager
Department of
Off-site Supervision
Bangladesh Bank



Dr. Fahmida Khatun
Economist



A. E. A. Muhaimen
Managing Director &
CEO
BRAC Bank Limited

OUTDOOR SPEAKER



Dr. Atiur Rahman
Governor
Bangladesh Bank

Episode 5 Policy support to CSR : Viewpoint of multi-national companies

Aired on 18 March, 2010 at 5.55 pm

DISCUSSANTS



Dr. Mirza Azizul Islam
Former Finance Adviser
to the Caretaker
Government



Kazi Rafiqul Alam
President
Dhaka Ahsania Mission



Naser Ahmed
Director
External Affairs
Chevron Bangladesh

OUTDOOR SPEAKER



Dr. Syed Ferhat Anwar
Professor, IBA
Dhaka University

Episode 6 Policy support to CSR : Expectations and realities

Aired on 1 April, 2010 at 5.55 pm

DISCUSSANTS



Dr. Mashiur Rahman
Adviser to the Prime Minister
on Economic Affairs
Government of the People's
Republic of Bangladesh



Rokia Afzal Rahman
President
Bangladesh Federation of
Women Entrepreneurs



Moazzem Hossain
Editor
The Financial Express

Issues & Discussions

M. Emamul Haque
Anchor



MRDI in its second phase of the TV talk show on CSR produced and televised six episodes of the programme. This publication presents the observations and views of the discussants. This is not a direct transcription of the episodes.

The views of the discussants have been placed under the following issue heads.

1. Views on CSR
2. Policy support to CSR: Tax incentives
3. Policy support to CSR: Non-tax incentives
4. Government perspectives on CSR for tax concession
5. CSR: Corporate outlook and practices
6. CSR: Expectation from the corporate sector
7. CSR: Expectation from the government
8. Working together to promote CSR
9. CSR: How to operate
10. CSR: Looking forward

Issue 1

Views on CSR

- ▶ Corporate social responsibility (CSR) is giving back to the society where you make money from. By providing tax waiver on CSR, National Board of Revenue (NBR) and Bangladesh Bank have recognized the importance of giving back to the society by the corporate sector.
- ▶ CSR is related to corporate citizenship. The culture of corporate citizenship has not developed in our country.

Dr. Mashiur Rahman



- ▶ Ideally, businesses stand on three columns: Profitability, People and the Planet. The issue of profitability naturally gets the priority. But the issues of people and the planet can hardly be ignored. CSR looks at the welfare of people and conservation of the planet.
- ▶ CSR is not a revenue expense. Rather it is a long term investment. Its benefit is not visible to the corporate sector in a short period. But it has got definitely a long term benefit.
- ▶ Business people should not serve the interest of its shareholders only. They should look into the interest

of other stakeholders, which means the society as a whole. This is the concept of CSR.

- ▶ Two important aspects of CSR are its sustainability, and its benefit reaching all the needy people of the community.
- ▶ Sporadic donations or charities cannot be claimed as CSR. Welfare activities and compliances for the company's internal governance are not CSR activities. CSR means doing something other than the activities done for normal company operation.



Dr. Mirza Azizul Islam

Rokia Afzal Rahman



- ▶ CSR relates to wealth sharing. Companies generate wealth through institutional efforts and it is expected that benefit of the wealth generation will partially go to the society. But this has not worked in our country. We have conceptual and practical limitations. The size and volume of our corporate sector is small. Legal provisions may facilitate the concept of wealth sharing by the society.
- ▶ CSR is a company's voluntary process to create a caring society.

Policy support to CSR : Tax incentives

- ▶ 10% tax rebate is insufficient. Bankers, who spend more than 5% of their dividend on CSR, should be allowed somewhat higher tax break—between 15% to 25%. This will encourage them to be more active on CSR.
- ▶ CSR expenses should be treated as allowable expenditure. That means 100% of CSR expenses should be tax exempted. However, proper monitoring has to be ensured to prevent misuse of the opportunity.
- ▶ CSR as a whole is yet to be put under a certain yardstick. Before allowing tax break, the possibility of its misuse has to be taken into account.
- ▶ Tax break to any sector is a form of revenue expenditure of the government. Because the amount allowed for such rebate is a deduction from the total revenue to be earned by the government. So tax rebate will be effective if sectors concerned demonstrate proper responsibility to the society.



AHM Mustafa Kamal MP

- ▶ Tax holiday facilities should be allowed only to the corporations, and not to any privately owned organizations. This will encourage development of more companies and volume of corporate sector will expand in our country.
- ▶ Claiming benefits for doing CSR sounds contradictory to the voluntary spirit of CSR. Incentives can, however, be given to encourage the corporate sector to be pro-active to CSR operations.
- ▶ Tax incentive is needed, but commitment of the companies to the social cause is equally important. Before providing tax concessions, proper monitoring mechanism has to be put in place to ensure that the funds are used for social development.
- ▶ While providing incentives for CSR, another term should be coined like corporate social irresponsibility. Punitive measures like additional tax can be imposed for irresponsible act by the corporate sector which would affect the society and the environment.

Jahan Ara Siddiqui



Policy support to CSR : Non-tax incentives

- ▶ Companies which carry out substantial volume of CSR works, achieve a sort of social recognition. Institutional recognition or reward for CSR by the government has not been introduced so far. This can be introduced in the form of Commercially Important Persons (CIPs), or any other award.

- ▶ An institutional device is needed for proper monitoring of CSR activities. Policy support to CSR beyond the tax structure in the form of recognitions, can help bring CSR under an umbrella of policy structure.
- ▶ Instead of providing direct tax benefit for CSR, government may provide business promotional incentives on import or export to the companies having good CSR programmes.
- ▶ Policy support even without any tax benefit can be of great help for the promotion of business and

Niaz Rahim



industry. The Pharmaceutical industry of Bangladesh is a very good example. It is due to the drug policy of the government that the industry has flourished to the extent of producing 96% of total medicine required in the country. So policy support in the form of non-tax incentives can also help promotion of CSR.



Tapan Chowdhury

Issue 4

Government perspectives on CSR for tax concession

- ▶ Providing public health services, protecting the environment etc., are the responsibilities of the state. If the private sector comes forward, the government will extend support in different forms of incentives. 10% tax exemption is one such incentive. The government has identified 15 sectors of environment protection and social development. Companies will receive tax exemption for investing in these sectors.

- ▶ Our corporate culture has not been developed to the desired extent. So some qualifying conditions have been imposed on the companies which would like to avail themselves of the tax rebate facility for CSR. These conditions are related with internal governance, labour rights and welfare and waste management in case of factories.
- ▶ Bangladesh Bank has also issued a circular mentioning the areas where related activities by the financial institutions are to be considered supportive of CSR. This is an analytical and forward looking circular. As



Dr. Atiur Rahman

recommended by Bangladesh Bank, a consultative committee was formed to define CSR and suggest what incentive can be provided for CSR operations.

- ▶ Our ultimate goal is to help people attain self reliance with some initial support. Too much of control and regulations may not be helpful. However, monitoring is important to see where the CSR funds are being used, before allowing tax rebate.

Aminur Rahman



- ▶ For the first time Bangladesh Bank is going to publish an Annual Report on CSR activities. This will give a total picture of the CSR activities of the banking sector. A critical assessment of such activities has also been done in the report. This is an incentive for the banking sector.
- ▶ It is mandatory on part of all financial institutions to include a chapter on CSR activities in their Annual Report.
- ▶ Bangladesh Bank has allocated 200 crore Taka for providing soft loan to industries to build effluent treatment plant. Factories can avail this loan and comply with the regulations of environment protection.



Shitangshu Kumar Sur Chowdhury

Issue 5

CSR: Corporate outlook and practices

- ▶ Welfare activities within the factory in addition to the factory compliances are also considered as CSR. If the habit of doing welfare develops, it will spread beyond the factory level.

- ▶ Positive changes are taking place in the mentality of factory owners. A positive mindset is the most important factor. Incentive can only be an auxiliary issue. Without a positive mindset, incentives will not have a long term impact.
- ▶ We do CSR out of our sense of responsibility to the society. We do not wait for tax rebate or any other incentives.
- ▶ CSR activities in our country are operated mostly by multi-national companies and financial institutes. Majority of them are either banks or telecommunication companies.



Md. Fazlul Hoque



Mamun Rashid

- ▶ A company does not exist for its shareholders. They are only the business initiators. The other stakeholders like consumers, civil society forum, media, public representatives and common people protect the brand of the company and take the business forward.
- ▶ Tax exemption is a kind of transferring the source of development fund. Revenue earned through taxes could



be used for development by the government itself. Instead of that, government provides incentive to the companies in the form of tax rebate for doing development works. The challenge here is that these companies may not have sufficient capability or experience of investing in the social development sector.

Issue 6

CSR : Expectation from the corporate sector

- ▶ Corporate sector, in general, is expected to complement the social development efforts of the government. Because, existence of everything else depends upon the existence of the society.

- ▶ Compliance with the existing laws and regulations of the government by the corporate sector has to be ensured. Otherwise, their CSR activities will have hardly any impact on the society.

Atiqur Rahman



Dr. Sajjad Zohir

Issue 7

CSR : Expectation from the government

- ▶ Government can allow private sector to use its infrastructure for doing welfare to the society. Government institutes should themselves initiate moves to help generate resources by using CSR.

Dr. Akbar Ali Khan



- ▶ Executive orders and circulars issued by the government should be expressed in simple terms to make them understandable to people.
- ▶ Laws, policies and regulations of the government should avoid complications to make compliance easier. Sometimes, it happens that a company, willing to fully comply with the government regulations, faces problem due to complicated procedure. But, a non-compliant company often easily evades regulations.

- ▶ Definition of CSR and necessary directives for its operation should come from the government. This will help CSR programmes demonstrate sustainable impact. Time bound development projects without having any elements of sustainability can hardly make social change.



Kazi Rafiqul Alam

Working together to promote CSR

- ▶ A big chunk of money has been allocated for public-private partnership in the last budget. If the private sector comes forward, particularly for health and education programmes, I am sure the government will cooperate.
- ▶ Public-private partnership (PPP) has been interpreted in different ways. PPP is aimed at inviting private investment in big public infrastructures. CSR aims at wealth sharing by the corporate sector for community benefit. These two things are a bit different from each other.
- ▶ Public-private partnership does not mean that public and private together will do business. Public-private partnership implies that together they will work to uphold the interest of the country.
- ▶ Government has some training institutes which are not in operation now. If the government allows to use its infrastructure, the private sector can utilize them for skills development training and create job opportunities for lots of young people.



Dr. Syed Farhad Anwar

Dr. Zafar Ahmed Khan



- ▶ Government offices have their limitations and the factories also have some problems. A survey shows that out of one thousand red industries in Dhaka, only 50% have Effluent Treatment Plant (ETP). Only one third of such industries having ETP are in operation on average. Remaining two thirds remain inoperative. This mindset of keeping the plant inoperative cannot be changed through regulations only. Change in mindset is required for both the corporate sector and the regulatory authority of the government. A cooperative and supportive mindset can take CSR forward to do something meaningful to the society.

Issue 9

CSR : How to operate

- ▶ CSR has not flourished in our country to the extent that it can address the overall poverty situation. Banks and financial institutions should create a separate fund out of, say 10-15% of their profit, for CSR. This is not a negligible amount.

- ▶ Several organizations can work together to do CSR of a larger volume effectively. Success of such efforts will, however, depend on broader understanding among the organizations and availability of necessary institutional facilities.
- ▶ Organizations do naturally want to do their CSR activities by themselves. It is totally a voluntary act. The initiative of working in a unified structure may be taken on a trial basis.



Dr. Fahmida Khatun

A. E. A. Muhaimen



- ▶ Small enterprises may have funds for CSR, but little capacity and experiences about using the funds. Such organizations may form groups or forums to work together. They have to be facilitated by experienced companies, development organizations and civil society organizations to carry on their CSR activities.

Issue 10

CSR : Looking forward

- ▶ CSR has to be conceptualized as a win-win situation. Both the corporate sector and the service recipients will be benefited by this. There is no scope for incurring any loss.
- ▶ To make CSR more effective, it should be made mandatory as a part of ISO standards.
- ▶ Media and civil society organizations have to play a vital role in developing a positive mindset about CSR among the members of the corporate community.



Muzzem Hossain

CSR Talk over **Television**

Planning

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In partnership with

Manusher Jonno Foundation

A production of

MRDI

Aired on

Channel i

