

## State-run companies not paying dividend to govt

AHSAN HABIB

The government is being deprived of hundreds of crores of taka every year in dividend income from listed state-run companies as no shares are issued against the government's investment in those companies.

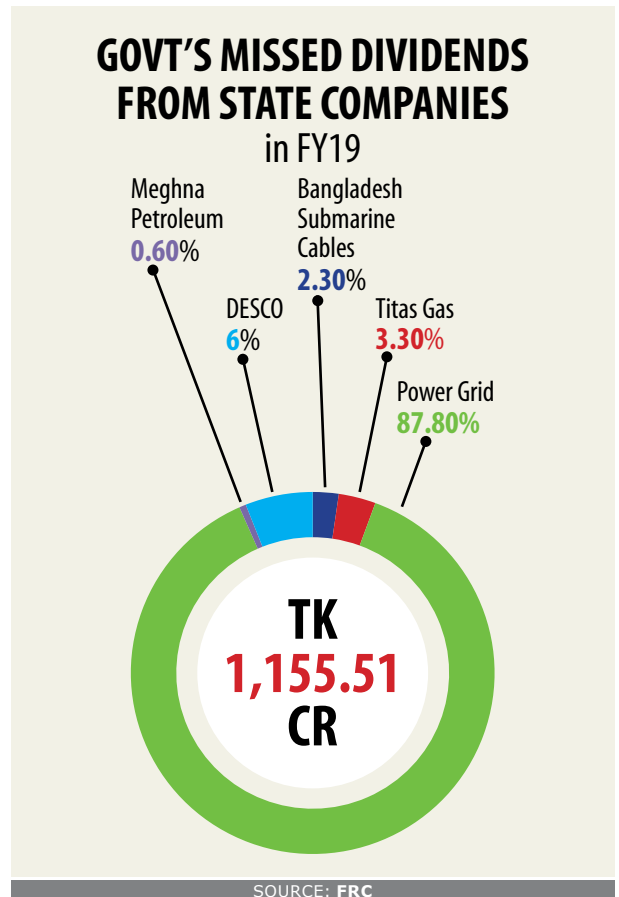
In fiscal 2018-19 alone, the government missed out on at least Tk 1,155.51 crore in dividend against Tk 6,652.57 crore the companies showed in their "share money deposit" accounts as the government's investment.

Share money deposit is the money paid in exchange for shares which have not yet been acquired.

The Financial Reporting Council (FRC), an independent government regulatory body under the finance ministry, detected the anomaly and apprised the ministry of this last month through a letter.

Despite taking money from the government, the companies did not issue shares, which is a breach of corporate governance rules and accounting policies, the FRC said in the letter.

Though the government had not earned a dime from its investment, the other investors booked handsome dividends from these companies, said Sayeed Ahmed, an executive director of the FRC.



"Every year, the government is thus being deprived of dividend," he said.

The government was denied Tk 948.12 crore and Tk 816.19 crore in dividend income in fiscals 2017-18 and 2016-17 respectively, according to the FRC letter.

"Every capital has a cost but the government saw no return on its capital. This is unfair," Ahmed said.

The government is partly to blame as it did not give any clear directive in this regard while investing the fund.

"The companies took advantage of this lapse," he added.

Until fiscal 2018-19, the government invested Tk 6,652.57 crore in Bangladesh Submarine Cable Company, Titas Gas, Power Grid Company, Meghna Petroleum, Rupali Bank and Dhaka Electric Supply Company and the amount was shown as share money deposits in the companies' financial reports.

The share money deposits of the companies were Tk 4,775.54 crore in fiscal 2017-18 and Tk 3,815.75 crore in fiscal 2016-17 respectively.

When asked by the FRC, the companies had replied that they had done so in the absence of specific instruction from the government, according to the letter.

"But this is not acceptable as per the rules and regulations of the listed companies."

The companies had feared that they would see a negative impact on their earnings per shares if they issued the shares.

The government can now address the problem by asking the companies to convert irredeemable preference shares or convertible preference shares into ordinary shares at a logical dividend, it said.

As preference shares get a certain amount of dividend every year, these types of shares would not impact the companies' earnings much, Ahmed said.

So, the finance ministry should initiate a process to get a return from the government's investment in these

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# Remembering Dr Wahidul Huq -- an untold story



AHSAN H MANSUR

When I was a student and a lecturer at Dhaka University in the 1970s, we used to talk a lot about Dr Wahidul Huq.

He was one of the brightest products of Dhaka University who obtained his PhD from Stanford University, one of the best in the world, and taught as a professor at the University of Toronto, Canada.

I did not have the opportunity to meet him even though I completed my graduation from the University of Western Ontario, Canada, which is only a two-hour drive from Toronto.

I only knew him through his

works in the field of highly abstract mathematics and application of the general equilibrium theory in explaining the real-world economic issues.

While I was at the International Monetary Fund, I learned from media reports that Prof Huq was appointed as the finance minister of Bangladesh.

I was always intrigued by how an academician pursuing abstract economic theories would be dealing with the real-life job of managing a country's overall finance and the issue of complex political economy that comes with the job.

It did not take me long to get to work with him closely and experience the academician's handling of the real-life political economy.

I went on an IMF mission to Nigeria, and upon my return to my office in Washington DC, my administrative assistant told me that I would be going to Bangladesh and Dr Vito Tanzi, director of the fiscal affairs department at the IMF, wanted to



talk with me on that issue.

I came to know from Dr Tanzi that when IMF managing director Michel Camdessus was visiting Bangladesh (after the floods of 1998), Dr Huq requested him to help the government by sending me to Bangladesh as the adviser to the finance minister. And Camdessus wished to entertain his request.

Dr Tanzi could not accept my

statement that I had nothing to do with this request, but mentioned that although the IMF had never allowed its staff to be placed in their home countries, he would, albeit reluctantly, make an exception by allowing me to be placed as an IMF expert working with the government.

After coming to Dhaka, in my first meeting with him at the

finance minister's office I asked him why he thought of me even though we never knew each other personally.

He told me that since I had worked on computable general equilibrium (CGE) theory, he would like me to work with him in preparing a CGE model for Bangladesh.

I recalled the observation of Prabhakar R Narvekar, director of the Asian department of the IMF, that the new finance minister was an excellent academician and thus would be open to undertaking reforms but would need help in the day-to-day operations of the finance ministry.

We agreed also to invite Dr Golam Quibria -- a Princeton University PhD -- at that time working in the ADB to help us put together the infrastructure.

Dr Quibria and I worked on putting together the terms of reference for a project at the finance ministry to initiate policy analysis and model building.

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## Akash DTH slashes connection fee to hook housebound customers

MD FAZLUR RAHMAN

The country's lone direct-to-home service provider Akash DTH has slashed the connection charge by Tk 1,000 to reach out to more people who are spending more time in front of their TV sets owing to the coronavirus pandemic.

Akash DTH currently has 1 lakh connections.

However, there are a huge number of illegal connections linked with DTH companies based in India such as Dish TV, Tata Sky, Airtel Digital, Sun Direct and so on, in a testament to the aspirations and spending capacity of Bangladesh's upwardly mobile population brought on by the country's decade of solid economic growth.

In DTH, TV channels are transmitted from the satellite to a small dish antenna mounted

on the window or rooftop of the subscriber's home, resulting in lucid picture and sound quality and a greater selection of channels offered by the cable operators.

"The potential is huge as people are increasingly replacing their traditional TV sets with smarter ones, said an official of the company on condition of anonymity.

So far, the government has awarded two licences to introduce the DTH service in Bangladesh. The other licence holder is not operational at present.

If not DTH, the next best option for customers are digital cable, which can be obtained by way of Bengal Digital and Jadoo Digital.

Despite the pandemic-induced economic slowdown, sales have been stable, said Quazi Shakil Mahmud, senior manager for



brand activation of Beximco Communications.

People are spending more time at home for fearing of catching coronavirus and this has multiplied their TV viewing.

They now realise more how much they have been deprived of quality viewing with their conventional connection, said Muhammad Abul Khair Chowdhury, head of marketing

and strategic sales of Akash, which started its journey in May last year.

To make the most of the momentum and gain a solid footing in the up-and-coming DTH market, Akash has revised the connection charge.

"We want to take the service to more households," Mahmud said.

A new connection of the modern TV connectivity technology now costs Tk 4,499, said the service, owned by Beximco Communications, in a press release yesterday.

Interested customers can avail the new connections from authorised sales points or by calling 16442 or through online order on www.akashdth.com.

The service provider will install the connections on the premises of customers with full safety, precautions and care.

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## Technical training the answer to skilled worker deficit

Said speakers at a webinar

STAR BUSINESS REPORT

Need-based technical training could provide a steady supply of skilled workers during the post-pandemic era, when sustaining the existing job market while also creating new opportunities for employment will be a big challenge, according to various speakers at a webinar.

Besides, courses on skills development taught with modern curriculums will be vital for the re-assimilation of returning migrant workers.

"We need to ensure quality technical education, structural changes in the education system, maximum utilisation of ICT services and smooth adaptation to the fourth industrial revolution," said Mohibul Hassan



Chowdhury, deputy minister of the Ministry of Education. Universities in Bangladesh should focus on creating skilled workers as per the needs of the manufacturing sector amid the coronavirus fallout, he added.

Chowdhury's comments came yesterday at a webinar styled 'Post-COVID-19 Bangladesh Industry Readiness: Investment & Skills', organised by the Dhaka Chamber

of Commerce and Industry (DCCI).

The deputy minister also informed that the age-restriction on applicants for diploma courses at polytechnic institutes have been lifted in a bid to increase the enrolment rates and expand technical education.

"We are thinking about raising the ratio of general to technical education students to 50:50 since it is currently very low," he

added.

A solid education system would help cultivate a skilled workforce that could address the dip in exports and the overall economy due to the ongoing coronavirus pandemic.

However, Md. Sirazul Islam, executive chairman of the Bangladesh Investment Development Authority (BIDA), alleged that the universities in Bangladesh have so far been incapable of producing quality graduates.

"Our industries are expanding at a fast pace, but the development of soft managerial skill has not risen in line with that," said Islam, adding that the DCCI's 'Research and Innovation' initiative could be a game-changer.

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## Primary textile sector still deprived of bailout funds

REFAJET ULLAH MIRDHA

The primary textile sector is yet to receive funding from the government's Tk 30,000 crore stimulus package, despite being in dire straits due to the ongoing coronavirus pandemic.

Following a slump in sales, manufacturers unable to resume operations in full due to a lack of working capital, leading to large stockpiles of yarn and other fabrics.

Spinning, weaving and dyeing factories are eligible for a loan, according to the guidelines banks must follow when disbursing funds from the stimulus package.

From the \$8 billion invested in the primary textile sector, Tk 20,000 crore has been lost to the coronavirus fallout, various millers said.

Making matters worse, about 11,000 micro, small, medium and large firms engaged in the industry could not manufacture any goods in the March-April period as it coincided with the government's two-month nationwide lockdown aimed at curbing the spread of coronavirus within Bangladesh.

As a result, these millers missed the two biggest sales windows of the year -- Pahela Baishakh and Eid ul Fitr, they added.

No one has been able to avail the loans from the bailout package as of yet, said Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association (BTMA).

The primary textile sector requires heavy investment since its operational costs are so high and due to the coronavirus outbreak, the sale of yarn and other fabrics has dropped significantly.

Besides, international demand began to pick up again after stores started reopening in the US and EU, the two major export destinations for Bangladeshi garment products.

Therefore, millers need a large amount of funding so that they can restart their businesses, Khokon added. Currently, the number of spinning mills operating in the country stands at 450 with total investment in the sector amounting to Tk 40,000 crore, said Monsoor Ahmed, secretary to the BTMA.

Moreover, Tk 30,000 crore is invested in the weaving and dyeing sectors, he said, adding that those units need immediate loans to supply raw materials for the garment sector.

"Banks are reluctant to receive applications from us. I have corrected my application several times as my bank cited new excuses again and again," said Rashidul Hasan Rinto,



AMRAN HOSSAIN

proprietor of Chistia Sizing Mills.

Rinto is seeking to borrow Tk 1.20 crore to expand his factory in Narsingdi.

Millers who serve local markets with traditional garbs like sarees and lungis are

also finding themselves in trouble for several reasons.

For instance, export-oriented textile millers who produce yarn and other fabrics are now targeting the local market due to a slump in

demand from apparel exporters.

As a result of the excess supply, the price of yarn fell significantly in the domestic market, Rinto said.

A month ago, yarn sold for Tk 130 per pound. It is now selling at Tk 110 per pound.

Besides, millers have the added challenge of preserving unsold stockpiles due to the decreased demand, he added.

"This time, I expect the bank to disburse the loan as Bangladesh Bank asked the scheduled banks to complete disbursements from the stimulus packages by next month," Rinto told The Daily Star over the phone.

On July 2, the central bank issued a notice directing all scheduled banks to release a major portion of the bailout package as loans by the end of the current month while the remainder is to be distributed next month in a bid to ensure proper utilisation of the funds.

Like Rinto, Abdullah Al Mamun, director of Abed Textile Processing Mills, is waiting for his loan application to get approved.

"I hope that my bank will disburse the amount now as the central bank asked scheduled banks to make quick disbursements," he added.

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