

# DSE turnover falls below Tk 1,000cr

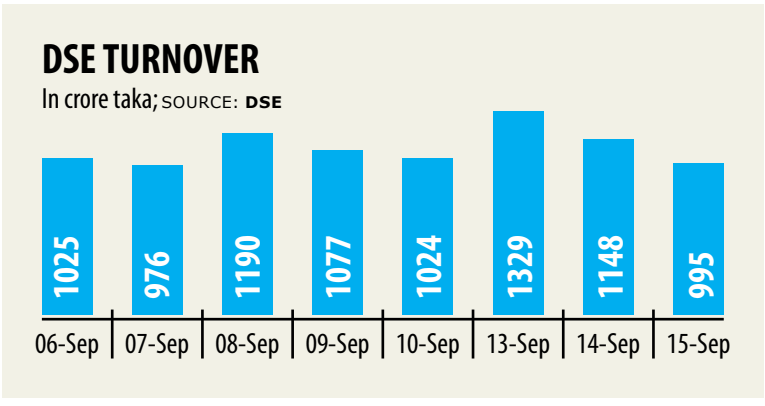
STAR BUSINESS REPORT

Turnover at the Dhaka Stock Exchange witnessed a 13.41 per cent fall yesterday plunging below the Tk 1,000-crore mark after a five-day gaining streak.

Investors had started pinning hopes on the rising turnover, which began crossing Tk 1,000 crore after a long time, said a stock broker preferring anonymity.

In the last one year, it was hovering around Tk 300 crore, which was a matter of concern for all the market intermediaries and investors, he said.

Market intermediaries, including brokers, mainly depend on the turnover for their earnings. But they were struggling because of a fall in



trading, the broker added.

Yesterday, DSEX, the benchmark index of the DSE, increased 8.40 points or 0.16 per cent to 5,100, a 55-week high.

Of the total stocks, 128 advanced, 17 declined and 53 remained unchanged, according to the DSE data. Though most of the stocks declined yesterday the index

rose riding on the increase of large cap stocks, said a merchant banker.

When a large-cap stock rises, it impacts the index heavily, he clarified.

The DSE's turnover list was topped by Beximco Pharmaceuticals with trades of Tk 32.36 crore worth of shares followed by Beximco Ltd, Brac Bank, Orion Pharmaceuticals and Orion Infusion.

Asia Pacific Insurance topped the gainers' list with a 9.94 per cent rise followed by Provati Insurance, Asia Insurance, Agrani Insurance and Pioneer Insurance.

Shyampur Sugar shed the most falling 9.90 per cent followed by RN Spinning Mills, Generation Next, Savar Refractories and Fareast Finance.

# Bigger WB loan, currency devaluation increase urban resilience project cost

REJAUJ KARIM BYRON

Government projects tend to witness increases in implementation costs for a myriad of reasons, including changes in design and land prices and tendering delays.

However, one approved yesterday cited an instance of the cost rise inducer to be an increase in the loan amount and depreciation of the Bangladeshi taka against the US dollar.

The Urban Resilience Project of Bangladesh attempts to strengthen the capacity of government agencies to respond to emergency events and strengthen systems to reduce the vulnerability of future building construction to disasters in Dhaka and Sylhet.

Its cost rose 24.43 per cent to Tk 536.65 crore in a revised proposal from the original cost of Tk 429.90 crore.

Of it, World Bank will provide a loan of Tk 501.50 crore while the government will bear the remaining cost of Tk 35.15 crore.

The loan amount has increased to \$59 million from \$53 million alongside the currency exchange rate to Tk 85 per US dollar from Tk 77 when the project was first approved in 2015.

The Executive Committee of the National Economic Council (ECNEC) approved the project revision at a meeting virtually chaired by its chairperson, Prime Minister Sheikh Hasina, from her official Gono Bhaban residence.

Ministers, state ministers and high officials concerned joined from the NEC Conference room at Sher-e-Bangla Nagar in the city. The ECNEC endorsed one new project and revisions to three others.

Briefing reporters after the meeting, Planning Minister MA Mannan said Dhaka city was an area prone to earthquakes, focusing which a map would be prepared under the urban resilience project identifying risky zones.

This map will be the basis for the fire service and civil defense to conduct rescue activities during disasters such as earthquakes, he said.

Rajdhani Unnayan Kartripakkha is implementing the project, scheduled to be completed by April 2022.

Of the projects witnessing revisions, one over the infrastructural development of Rajshahi University had its cost increased by Tk 147.12 crore to Tk 510 crore following re-estimations in expenditures for construction and designs.

The initial estimate was made in 2014 and the new one as per market prices of 2018. The project is scheduled to be completed by June 2022. The remaining project to have been revised was on widening

## PROJECT COSTS SOAR IN REVISION

Projects	Initial cost (In crore Tk)	Revised cost (In crore Tk)
Bangladesh Urban Resilience Project	429.90	536.65
Infrastructural Development of Rajshahi University	363.87	510.99
Widening approach road and developing other infrastructure of Bangabandhu Sheikh Mujib Safari Park	160.61	239.04 (2nd revision)
Conservation and development of local species of fish and snails	202.04	New project

SOURCE: PLANNING COMMISSION

the approach road and development of necessary infrastructures of Bangabandhu Sheikh Mujib Safari Park, Gazipur.

Its cost increased to Tk 239.04 crore from Tk 70.32 crore for a rise in land prices in the past two years as well as inclusion of additional expenses. The project is scheduled to be completed between January 2017 to December 2021.

The new project is on "conservation and development of local species of fish and snails" involving Tk 202.04 crore.

The Department of Fisheries will implement the project within June 2024 in 49 upazilas under 10 districts in the southwestern region of the country.

# Find something for investors

*Urges stock market regulator on Express Insurance's 'no dividend' recommendation*

STAR BUSINESS REPORT

Express Insurance, which made its trading debut at Dhaka Stock Exchange (DSE) just last month, has been asked by the stock market regulator to appoint an auditor to find some monetary benefit for shareholders for the year it got listed.

The recommendation made by the insurer's board of directors on Monday to not provide any dividend for the year ending on December 31, 2019 hurt investors and goes against their interests, according to experts.

Investments are usually made based on a company's performance in the preceding year, for which, in this case, the dividend in question is for 2019.

For a company to announce no



dividend for the year it got listed is a rare instance, said market analysts.

On February 18, Express Insurance got the nod to go public in order to raise Tk 26 crore in funds from the stock market. It first featured on the DSE's trading board on August 24.

The company's share prices jumped to Tk 30 within less than a month of being listed, when its face value was just Tk 10. Till date it has reserves of Tk 34 crore, as per data from the DSE.

The Bangladesh Securities and

Exchange Commission contacted them yesterday and held a meeting to address the issue.

"The company's no dividend announcement in the listing year despite being profitable hurts investors and so we talked with them," said Mohammad Rezaul Karim, a spokesperson for the BSEC, adding that the discussions were fruitful.

After the meeting, several officials of Express Insurance informed that the stock market regulator asked them not to deprive investors of

dividends and give them some good news instead.

"We are appointing an audit firm to find a way to give something to the investors while abiding by the laws," they said.

As per the securities rules, a listed company cannot increase its dividends after its board of directors makes a recommendation on it.

However, the dividend can be reduced by the shareholders through annual general meetings, said a stock broker.

On the other hand, the company could provide interim dividends based on quarterly performance reports.

As the company has a reserve and surplus of funds, it might be allowed to provide interim dividends for the first or second quarter of 2020, he added.

# Housing finance, another victim of Covid-19



ZM HAFIZUR RAHMAN and NAYEEM SHAHRIAR

On a sunny winter morning in 2019, people heard the news that a deadly virus has hit a heavily populated Asian country China. Most of them just shrugged their shoulders and continued doing their daily chores.

That virus, Covid-19, is now rewriting the whole world scenario. It has not only infected 29 million people, but also killed 0.93 million till date along with affecting the economic, social, political and all other aspects of every country in the world.

Nobody knows when this unprecedented pandemic will come to an end. Countries have been scurrying to find ways to contain the virus for the last eight months and desperately trying to find a cure when economists and policymakers are trying to assess its damages. They have predicted that a recession may hit the globe as well.

It is not easy to assess the magnitude of the impact of Covid-19 outbreak because it is not over yet. Though the government of Bangladesh has taken adequate steps to contain the spread of the deadly virus, its sweeping effects are being felt in almost every sector of Bangladesh.

The global financial crisis has already commenced and the contagion is taking a heavy toll on all the sectors. Some domestic services sectors such as small business, tourism,

aviation, hospitality, transportation, ride sharing, retail, food and beverages are showing the impacts of the crisis, as unemployment has hit them hard.

The housing sector of Bangladesh had a promising future, which has been backpedaled due to the outbreak.

The sector contributes around 7.8 per cent of Bangladesh's gross domestic product, as it is connected with many other sectors and employs several million people. The huge sector meets one of the basic needs -- housing, a roof over the head.

It is a composition of several industries, like almost 2,000 developers, construction related industries, housing finance provider companies, land property related entities and a huge contractual and day labour market. The pandemic put a bridle on these vast activities.

The 450 product-based sub-sectors of housing and construction industries and numerous entrepreneurs who have invested in this sector are in a distress now.

When everyone is somehow affected by the epidemic and most of them are struggling to get back on their feet, then the highly expensive industry like housing remained unnoticed.

Since the emergence of the coronavirus, the sales of land, plot and flat of both residential and commercial categories have come to a close, causing a high deceleration of investment in the sector.

According to the Real Estate and Housing Association of Bangladesh, there are almost 200 housing and construction related industries on cast materials, sanitary, electrical and furniture products, which have 458 sub-sectors. The coronavirus has left direct impact on the six million employees of these sub-sectors.

The effect of Covid-19 is devastating in a growing economy like Bangladesh, which is habituated to run with budget deficiencies.

Although the housing sector is there to meet one of the basic needs, the demand of proper housing facility is still very high. The main claimer for affordable housing is the lower and lower-middle income group.

Different entities are involved in the housing sector. There are developers such as land developers who sell plots and building developers who construct and sell apartment. There are state-owned and private housing construction finance companies, who provide loans for construction, purchase and development of both residential and commercial building or apartment. The thing is none of the entities are verily interested to provide the low-income group with the



STAR/FILE

The Covid-19 outbreak has stopped or delayed the construction work of many buildings and apartments in Bangladesh.

housing facility.

As the only state-owned specialised housing loan provider, Bangladesh House Building Finance Corporation (BHHFC) has tried to provide home loan to lower and lower-middle income group, as it offers a convenient interest rate. It has even brought the upazila sadar areas under its home loan coverage whereas other state-owned home loan providers such as banks rarely go up to the district levels. Private home loan providers focus on Dhaka and Chattogram metropolitan areas only. Following suit of private home loan providers, developers also concentrate more on the big cities and try to avoid the lower income groups.

The housing sector has already been dealing with some challenges due to the gradual rise in demand and price of land, complications in property documentation,

immutable regulatory authorities, the increasing gap between demand and supply of proper housing and widespread urbanisation. Covid-19 just made the situation worse.

Home loan is recently considered as a gratifyingly profitable sector to invest. Many banks and financial institutions are stretching their investment here.

Housing finance system of Bangladesh has dense and lingering repercussions as the cash-flows have dried up. Vulnerability in the mortgage market is getting higher due to payment defaults. Unemployment and reduced income are creating pressure on the borrowers to turn up as defaulters. The tenants are failing to pay the rents properly and many household units are getting vacant, hurting the landlords who may have home loan instalments to clear. The landlords are defaulting also.

Although some options are there to solve

the problems such as an increase in repayment period, refinancing facilities and financial packages of the government, how many affected borrower have gotten the benefit?

Because of a fall in income, the homeowners had to get rid of the employees who have been working for their housing maintenance and security. Most of them don't have any other ways but to leave the big cities and returning to their villages. Most of them have become jobless. The lack of necessary workforce and building materials have delayed many building projects.

As the resumption of economic activities is taking place, the housing finance policymakers such as the government, central bank and home loan provider entities should get ready for it by taking apposite measures and policies to help the economy to bounce back.

READ MORE ON B3

*Housing sector contributes around 7.8 per cent to Bangladesh's gross domestic product, as it is connected with many other sectors and employs several million people*