

Star BUSINESS

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Stimulus funds barely benefit the employed workforce

CPD says only 8pc of them got support from the massive packages

STAR BUSINESS REPORT

Only 8 per cent of the country's employed workforce has so far benefitted from the government's massive stimulus packages, said the Centre for Policy Dialogue

yesterday, in a worrying finding as the coronavirus pandemic has wiped away millions of jobs in Bangladesh and caused incomes to collapse.

"The government should expand the volume of the stimulus

packages to generate more jobs to help the country get rid of the economic hardship," it said.

Also, the packages should be designed in a way so that they can support the vulnerable people, it said.

The think-tank came up with the recommendations at a virtual national dialogue styled "Employment implications of stimulus packages: challenges for recovery".

The CPD, in partnership with the Oxfam International and association with the Citizen's Platform for SDGs, Bangladesh organised the discussion.

Since the virus arrived at the shores of Bangladesh in March, both the government and the central bank have unveiled 19 stimulus packages worth Tk 113,117 crore, which is 3.74 per cent of the gross domestic product, according to the CPD.

The government put the figure at Tk 120,053 crore, or 4.3 per cent of the GDP.

In Bangladesh, there are about 6 crore people engaged in the formal and informal sectors.

"But the packages have failed to create required jobs to help people weather the impacts of the crisis," the CPD said in a paper.

Only 12 per cent of the

workforce will benefit when all of the stimulus packages are materialised, the think-tank said.

"Against the backdrop, the government will have to increase the volume of the stimulus packages to reach out more people," said Debapriya Bhattacharya, a distinguished fellow of the CPD.

The stimulus fund to the GDP ratio should go up by 1 to 2 percentage points, he said.

A large number of enterprises are yet to know anything about the stimulus programmes due to inadequate publicity, Bhattacharya said.

Non-governmental organisations can play an important role in disseminating the message about the programmes among the marginalised businesses and the low-income groups, he said.

Some of the stimulus packages have failed to generate jobs directly.

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Healthcare Pharma going all out

Will invest Tk 220cr in plants for raw materials



AT A GLANCE

- Total investment: **\$25.68m** (Tk 220 crore)
- Total land: **30** acres
- Major products: API, formulation, biotech API
- Jobs to be created: **900**
- Operation may begin in: 2022

JAGARAN CHAKMA

Healthcare Pharmaceuticals Ltd (HPL) is going to invest about Tk 220 crore (\$25.68 million) to establish large-scale active pharmaceutical ingredient (API) and formulation facilities to meet their growing demand in Bangladesh.

The company will produce API and formulated pharma products at the new manufacturing units to be established on 30 acres of land at the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) in Chattogram.

"We will establish the facilities to meet the local demand as import substitute and export finished products," Muhammad Halimuzzaman, deputy managing director and chief executive officer of HPL, told The Daily Star.

Under the project, three facilities will be set up on API, finished products and biotech and its formulation and around 900 jobs will be created.

Halimuzzaman said the company would install European equipment at the facilities to ensure manufacturing of high-quality products. He expects the unit to go into operation by 2022.

"We will take possession of the project site this month and development work will start immediately."

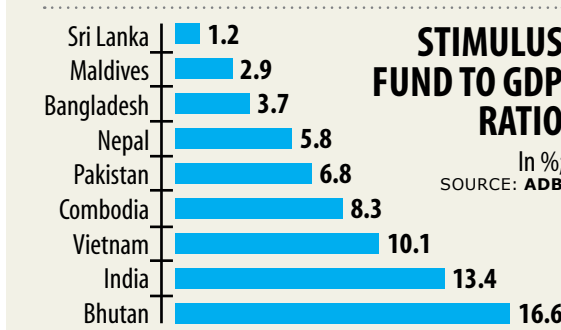
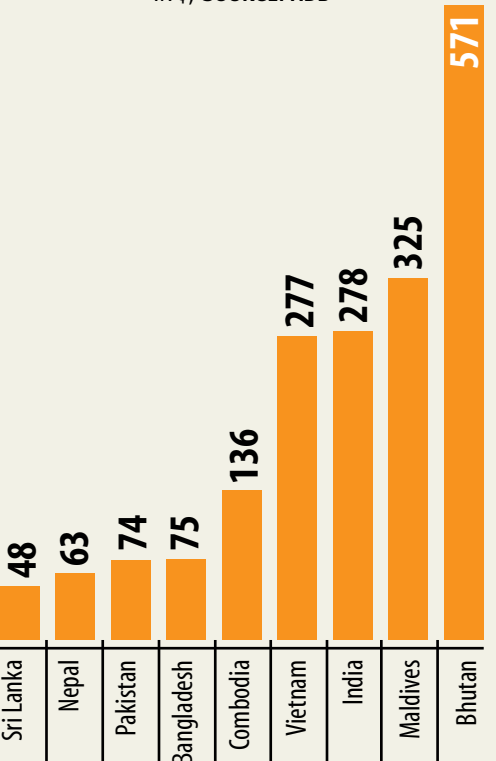
HPL would finance the project through bank loans.

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STIMULUS FUNDS ANNOUNCED BY COUNTRIES	
In millions of \$; SOURCE: ADB	
India	376,389
Vietnam	26,503
Pakistan	15,774
Bangladesh	12,078
Cambodia	2,210
Nepal	1,755
Sri Lanka	1,035
Bhutan	431
Maldives	168

PER CAPITA STIMULUS FUND

IN \$; SOURCE: ADB



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Submarine Cable overstated performance in financial statements: audit

STAR BUSINESS REPORT

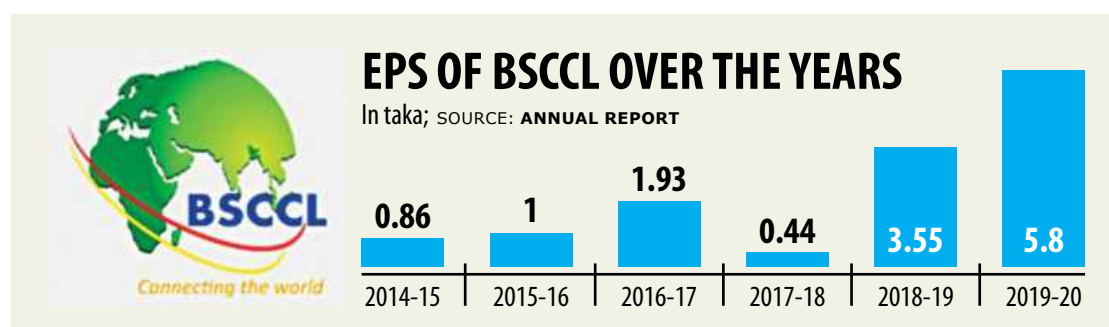
Bangladesh Submarine Cable Company Ltd (BSCCL) has overstated its earnings per share (EPS) and net asset value (NAV) without issuing stocks against the share money deposit of Tk 166 crore, according to an audit report.

A share money deposit is the money paid in exchange for shares that have not been acquired yet.

The state-run BSCCL was audited by SF Ahmed & Co, which gave its qualified opinion in the report for the year that ended on June 30, 2020.

A qualified opinion is given once the auditor finds that the data presented in the financial statement is not complying with the standard accounting norms.

The BSCCL showed EPS of



Tk 5.80 and NAV of Tk 40.93 for the year and on the basis of those earnings, it announced 20 per cent cash dividend for investors.

"Since the company already took the money from the government, the problem should be eventually resolved," said Ali Ahmed, a stock investor.

The company's management should work with the authorities

concerned to resolve the issue in a way that might not heavily impact its earnings per share, he added.

If the BSCCL issues shares at face value then the number of stocks would increase greatly, reducing its EPS and dividends as a result, a merchant banker said.

The price could be set by considering the average share

price for the last six months, he added.

Between fiscal 2015-16 and 2016-17, the BSCCL received a total of Tk 166 crore from the government in six different phases.

The fund was meant for implementing the regional submarine telecom project, under which the country's second submarine cable system would be

established.

The money was taken as equity with the condition that the said amount would be converted into equity capital in favour of the posts and telecom ministry by issuing shares.

On February 11, the Financial Reporting Council issued a notification regarding accounting and reporting on share money deposits.

As per the notification, any amount received from an investor as share capital or any other facility considered as equity in financial statements shall be converted to share capital within six months.

Furthermore, until the day the share money deposit is converted into share capital, the amount will be considered as potential shares.

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Gemini Sea Food suddenly drowning in troubles

STAR BUSINESS REPORT

Gemini Sea Food's underutilisation of production capacity while incurring increased cumulative losses in the year that ended on June 30, 2020 indicates that the company's future is now uncertain, according to the company's auditor.

The auditor's opinion was disclosed by the Dhaka Stock Exchange (DSE) on its website yesterday. After the disclosure was made, Gemini Sea Food's stocks dropped 0.07 per cent to Tk 144.30.

The company's cumulative balance of retained earnings remains negative, amounting to Tk 4.59 crore.

Gemini Sea Food owes about Tk 44.59 crore in the form of bank loans and lease finance, which accounts for 95.51 per cent of the company's equity and liabilities, the auditor said. The seafood producer's paid-up capital was Tk 4.69 crore, DSE data shows.

Furthermore, the company's use of its production capacity is very poor and is currently 15.14 per cent lower than last year's.

The auditor found some other anomalies and on the basis of these it provided qualified opinion in its financial reports.

The company's inventory is considerably high compared to its purchases, production capacity, cost of goods sold, and turnover as a whole, the auditor said.

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Onion prices fall amid rising imports

MOHAMMAD SUMAN, Chattogram

The price of onion is declining because of an increased arrival of the key cooking ingredient, much to the respite of consumers, who have already been hit hard by higher prices of rice and vegetables.

In Dhaka, retailers sold each kilogram of onion for Tk 40-85 depending on quality yesterday, down 26 per cent from a month ago, market price data compiled by the state-run Trading Corporation of Bangladesh showed.

In Chattogram, the wholesale and retail prices of onion saw a downward trend in the last few days at the Khatunganj wholesale hub.

At the wholesale markets in the city, imported onions were selling at Tk 43 to Tk 50 per kg yesterday, down from Tk 48 to Tk 60 a week ago.

The retail prices of the vegetable at kitchen markets in the city were Tk 5 to Tk 10 higher than the wholesale price, traders said.

The prices skyrocketed when India banned exports on September 14, pushing the wholesale price to Tk 80 per kg and the retail price to Tk 90-95.

According to traders and the Chattogram Customs, onions became Tk 5-10 cheaper per kg in the wholesale and retail markets after the release of 33,002 tonnes of imported onion through the Chattogram Port between September 14 and November 4. Around 2,300 tonnes would be released within two to three days.

Omar Faruque, a wholesaler and director of Ira traders, told The Daily Star that the price of onion has come down by Tk 5-10 per kg due to increased imports.

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Govt eyes self-sufficiency in onion production

SOHEL PARVEZ

The government has taken an initiative to increase onion production in the country by 10 lakh tonnes within the next three years in order to attain self-sufficiency and cut import dependence.

The move comes as repeated bans on onion exports by India create shortfalls during the lean season, forcing people from all walks-of-life to spend exorbitant prices on the kitchen staple.

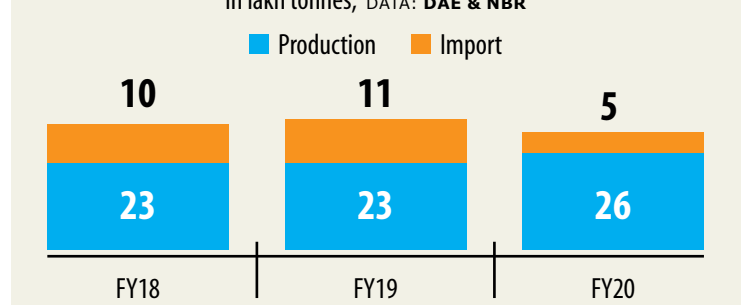
Bangladesh requires 35 lakh tonnes of onion annually.

To meet this demand, roughly 11 lakh tonnes of onion are imported each year due to inadequate domestic production, according to a roadmap prepared by the Ministry of Agriculture.

To attain self-sufficiency, the agriculture ministry plans to increase the production of modified varieties of onion seeds so that farmers can plant the bulbs both in winter and summer seasons.

PRODUCTIN AND IMPORT OF ONION IN LAST THREE YEARS

In lakh tonnes; DATA: DAE & NBR



Farmers are planting onions at Sujanagar upazila of Pabna. The photo was taken on Tuesday.

"We will give incentives to encourage farmers to produce seeds to increase production further and reduce import dependence. We will also try to

expand the cultivation area of onions," Agriculture Minister Muhammad Abdur Razzaque said yesterday.

Farmers cultivated 26 lakh tonnes of onion on 2.38 lakh hectares of land during the last fiscal, according to the Department of Agricultural Extension.

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