

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
Week on week		As of Friday		Friday Closings				As on Thursday			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
▼ 0.82%	▼ 0.94%	\$1,487.20	\$59.42	▲ 0.63%	▲ 0.18%	▼ 0.38%	▼ 1.32%	BUY TK 83.75	91.74	106.53	0.75
4,771.00	8,816.90	(per ounce)	(per barrel)	39,298.38	22,492.68	3,114.16	2,938.14	SELL TK 84.75	95.54	110.33	0.79

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Foreign companies control Tk 200cr maize seed market

Farmers are shifting to maize cultivation because of low prices of paddy

SOHEL PARVEZ

An expansion in the cultivation of maize has created a vibrant market worth more than Tk 200 crore for its seed that is captured almost exclusively by foreign firms in the absence of adequate good quality seeds developed locally.

Monsanto, a subsidiary of German Bayer CropScience, is the market leader in Bangladesh's hybrid maize seed market, where other multinationals Advanta, Pioneer, Syngenta and Indian firms such as Kaveri are formidable players.

"Farmers' needs are changing with time and multinational companies are trying to fulfil that requirement," said Mostafa Kamal, country manager of Monsanto.

Introduced in the 1980s in the cropping pattern, cultivation of the cereal gradually gained momentum from the beginning of the 21st century, driven by demand from poultry industry for feed.

The Bangladesh Bureau of



Maize farming has grown in popularity in the last 2-3 years, as paddy does not bring farmers much profit.

Statistics (BBS) estimated that 10,000 tonnes of maize was grown on 12,000 acres in fiscal 2000-01. In 2017-18 acreage soared to 9.90 lakh acres and output 32.88 lakh tonnes, making the second biggest cereal crop replacing wheat.

The increased plantation also buoyed sales and imports of maize seed, which sell at Tk 400-Tk 580 a kilogramme, to 6,654 tonnes in fiscal 2018-19 from 3,115 tonnes in 2009-10.

And industry insiders expect the market would grow as much as 10 percent this year as more farmers will shift to maize cultivation thanks to the unusually low prices of the staple crop paddy.

Estimates regarding the market size of maize varies among market players, but import data compiled by the Plant Quarantine Wing (PQW)

of the Department of Agricultural Extension showed that 6,600 tonnes of seed was imported annually in the last three fiscal years.

Md Amiruzzaman, chief scientific officer and head of maize breeding of Bangladesh Agricultural Research Institute (BARI), said the state research agency has developed 17 hybrid varieties of maize seed, and roughly 40 tonnes of locally developed seeds were multiplied by the Bangladesh Agricultural Development Corporation (BADC).

At present, BARI hybrid maize-9 is a popular variety among farmers and the agency last released a dwarf and lodging tolerant variety BARI hybrid maize-16.

"It is a breakthrough. We expect this seed variety will become popular if it is multiplied and marketed properly," he said, adding that the BADC and local companies would soon step up and break the monopoly of foreign firms.

Another reason for the popularity of maize is its higher yield at lesser irrigation compared to rice, said Sudhir Chandra Nath, business director of ACI Seed.

"It does not require intensive care." The market has been growing in the last 2-3 years, as paddy does not bring farmers much profit, Nath said, adding that the maize seed market would grow to 7,000 tonnes in the coming plantation season.

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Overseas investors furious over extension of mutual fund's tenure

AHSAN HABIB

City of London Investment Management Company (CLIM) has come down hard on the Bangladesh Securities and Exchange Commission for its decision to allow asset management firms to extend the tenure of closed-end mutual funds without securing approval from unitholders.

Closed-end mutual funds are investment funds that gather a fixed pool of money for 10 years from a number of investors and re-invest them into stocks, bonds and other assets. After 10 years they are supposed to be liquidated and the value of the funds distributed among unitholders.

But on September 16 last year, following calls from some asset management companies, the BSEC allowed extension of closed-end mutual funds' tenure by another 10 years.

Subsequently, LR Global Bangladesh Asset Management Company extended the tenure of six of its closed-end mutual funds, Race Asset Management 10, and ICB Asset Management Company one by another 10 years.

"The BSEC, in our view, may have done irreparable harm to the mutual fund industry by acquiescing with closed-end mutual funds that are attempting to extend their lives without unitholders' approval," said CLIM in a statement on October 1.

The asset management companies have treated investors' money as their own by extending the tenure of the funds without the requisite extraordinary general meetings and unitholder votes while continuing to collect fees on unitholders' assets.

"There should be no misunderstanding that we, the unitholders, own the assets of the funds. These assets do not belong to the mutual fund management companies or the BSEC," the British firm said.

The move would deter domestic and foreign investment flows into the capital market, it added.

Saifur Rahman, spokesperson of the BSEC, said the stock market regulator gave the go ahead for the tenure extension following government order.

Reaz Islam, chief executive officer of LR Global Bangladesh, said his firm provides huge dividend to unitholders, so the extension of the tenure would be beneficial to them.

As of 30 September 2019, CLIM's assets under management stood at \$5.3 billion and it has substantial holdings in some of the closed-end mutual funds of Bangladesh to block a legal extension of tenure, said Pavle Gegaj, investment analyst of CLIM, in response to an e-mail.

The closed-end mutual fund industry will suffer lasting damage unless the actions are reversed and the rule of law is reasserted to protect investors' rights ahead of the interests of asset managers and related parties, he added.

Abu Ahmed, a stock market analyst, said the BSEC's decision was against the interests of investors, so they lost confidence in the regulator and the market.

"I think it is an illegal decision as only unitholders can decide the fate of an asset as they own it," he said, adding such a decision deprived many investors from getting good profits after liquidation.

BSEC to list auditors' names

STAR BUSINESS REPORT

The stock market regulator has decided to include the names of partners of audit firms in its auditors' panel to ensure more accountability while verifying financial reports of listed companies.

As per existing system, the stock market regulator sets a panel list of firms that can audit listed companies' financial reports and the non-listed ones that submitted IPO proposals.

There are 39 audit firms and the regulator reviews the panel from time to time.

But in some cases, partners of the audit firms leave and the regulator is not informed of the change, said a top official of the Bangladesh Securities and Exchange Commission. "The departure could impact the quality of audit." The BSEC has also decided to include the option that the firms might lose eligibility for audit jobs if any of their partners leaves the firm.

Good governance needed for a disciplined financial sector

Speakers say at DCCI seminar

STAR BUSINESS DESK

Policy reforms, good governance, and proper monitoring are required to help the country's financial sector ride out the current crisis and put in place a sound system, analysts said yesterday.

They spoke at a seminar on "Restructuring & Liquidation of Financial Institutions and Impact on Stakeholders" at the Dhaka Chamber of Commerce & Industry (DCCI) on Thursday, according to a press release.

Mashiur Rahman, the prime minister's adviser on economic affairs, called for policy reforms, modernisation and policy simplification for a strong financial market.

He recommended financial institutions conduct internal as well as external audits in a transparent manner on a regular basis.

Rahman also advised investors and depositors to invest and deposit their hard-earned money carefully.



Mashiur Rahman, adviser to the prime minister on economic affairs, speaks at a seminar on restructuring and liquidation of financial institutions at the DCCI in Dhaka on Thursday. DCCI President Osama Taseer is also seen.

"Our capital market does not have good shares. Besides, good companies don't come to the share market to get listed, compelling investors to depend on the poor quality of shares to trade," he said. The adviser requested large

companies to go public and called for more investment in the manufacturing sector.

Some institutional and policy reforms are needed to address the state of fragile financial institutions, said Osama Taseer, president of the

DCCI.

Taseer said the financial sector was growing rapidly accompanied by a growing number of financial institutions, reforms for financial inclusion, product diversification and burgeoning volume of assets.

Despite remarkable improvement in the financial sector, some banks and financial institutions are facing crises and navigating through difficult times, he said.

"Institutional weakness, weak governance, a lack of stringent due diligence in loan disbursement, concentration of loans to large borrowers, and slow loan recovery process raised serious concern about the efficiency and soundness of many financial institutions."

Taseer said the high amount of non-performing loans (NPLs) impacted the financial sector as well as the entire economy through slow credit recycling, creating a liquidity shortage.

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Safety, security equipment yet to gain popularity



A fire extinguisher ball is displayed at a stall at the "Fourth International Safety and Security Expo 2019" at International Convention City Bashundhara in Dhaka yesterday.

STAR BUSINESS REPORT

The demand for safety and security equipment -- from smart home systems to modern fire extinguishers -- has not yet gained momentum in Bangladesh, market insiders said yesterday.

Use of such tools in residences and construction sites is rising albeit very slowly, said local and foreign participants at the closing of a three-day international exhibition organised by CEMS Global at International Convention City Bashundhara focusing the hardware.

"The demand for the products is increasing in Bangladesh thanks to the realisation of their usefulness," Fazlay Rabbi, director (business development) of Zenith Safety Solution, which retails construction safety equipment, told The Daily Star.

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Don't sell Sanofi Bangladesh

Employees demand at a human chain

STAR BUSINESS REPORT

About 200 employees of Sanofi along with their family members and union leaders yesterday urged the French pharmaceuticals giant to discard the plan to sell its Bangladesh operation.

They made the call at a human chain programme in front of the National Press Club.

Employees said the closure of the 60-year old Sanofi Bangladesh will create a huge problem for its 1,100 workers. More than 5,000 people are directly involved with the company if the family members of the employees are considered, they said.

"We want Sanofi to stay in Bangladesh as it has been making profits," said Abdur Razzaque, president of the Sramik-O-Karmachari Union, the platform of workers of the pharmaceuticals company.

The platform will organise token hunger strike programmes from 4:30pm to 6pm every day from October 21 in front of the gate of Sanofi factory in Tongi, Razzaque announced at the event.

Employees also reiterated their demands



Employees of Sanofi Bangladesh form a human chain in front of the National Press Club in Dhaka yesterday.

using placards.

"Our only demand is that Sanofi can't leave the country for any reason. It is a profitable company. We don't know the proper reasons behind its planned exit," Razzaque told The Daily Star on the sidelines of the protest.

Last week, Sanofi Bangladesh Managing Director Muin Uddin Mazumder assured the employees that none will lose job, as they are finding ways to sell the whole operation to a local entity.

However, the protesters said they cannot depend on the assurance.

"We do not have any trust in the potential local buyer as the new owner may not pay our legal compensation packages," Razzaque said.

For instance, many employees have been working for Sanofi for more than three decades and are supposed to get a lot of service benefits.

But the new buyer may not pay them all the service benefits and may go for job cuts, he said.

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