STOCKS		COMMODITIES (As of Friday)		ASIAN MARKETS (Friday Closings)			
DSEX	CSCX	Gold ▲	Oil ▲	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.21%	▼ 0.32%	$1,733.49	$64.42	▼ 3.80%	▼ 3.99%	▼ 0.82%	▼ 2.12%
5,404.79	9,410.74	(per ounce)	(per barrel)	49,099.99	28,966.01	2,949.04	3,509.08

CURRENCIES (STANDARD CHARTERED BANK)	USD	EUR	GBP	CNY
BUY TK	83.95	100.34	116.10	12.73
SELL TK	84.95	104.14	119.90	13.38

Star BUSINESS

DHAKA MONDAY MARCH 1, 2021, *FALGUN 16, 1427 BS* ● starbusiness@thedailystar.net

Extended transition period to let address Covid-19

Says United Nations Committee for Development Policy

STAR BUSINESS REPORT

The extended preparatory period of five years for graduating from the grouping of the least-developed countries will allow Bangladesh to address the coronavirus pandemic's impacts, according to the United Nations Committee for Development Policy (UN CDP).

It will also help Bangladesh engage with its development and trading partners in preparing a smooth transition strategy and planning for a post-graduation international trade landscape, said CDP Member Debapriya Bhattacharya.

"It highlights the importance for the country to preserve its necessary policy space while negotiating possible bilateral and regional agreements," he said.

The convenor of the Citizen's Platform for SDGs, Bangladesh made the comments at a virtual discussion on the graduation and what was upcoming.

The briefing came a day after the CDP recommended Bangladesh's graduation in its final evaluation on Friday.

Bangladesh is scheduled to officially become a developing country in 2026 as the UN committee recommended that the country should get five years, instead of three, to prepare for the transition due to the impact of the Covid-19 on its economy. Until 2026, the country will continue to enjoy the trade benefits as an LDC.

"The committee notes that Bangladesh meets all three LDC criteria for graduation with comfortable margins," said Bhattacharya.

The CDP recommended Bangladesh reform the domestic business and taxation policy for the creation of jobs for making graduation sustainable.

The committee suggested Bangladesh prioritise policy formulation in the areas to support its development during the preparatory and smooth transition period and beyond.

Of the major policies, the CDP also suggested for collection of more tax, increasing the private and foreign direct investment (FDI), the creation of jobs and improving healthcare and education quality.

The CDP also suggested for export and market diversification of goods as Bangladesh was too much reliant on a single item, which was garment products.

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MAJOR RECOMMENDATIONS FOR SUSTAINABLE GRADUATION:

- Draw up robust LDC transition strategy
- Reform domestic business policies
- Increase tax collection
- Create more jobs
- Increase private investment, FDI
- Strengthen health, education sectors
- Diversify exports
- Embed Covid-19 recovery plans in transition strategy

The UNCDP called on Bangladesh's development and trading partners to extend preferential market access and the exemptions under the WTO for a reasonable period of time.

It urged the development partners to provide financial and technical support to Bangladesh to strengthen its health sector and tackle the impact of climate change.

NBFIs ordered to ensure proper use of loans

STAR BUSINESS REPORT

- NBFIs to carry out internal inspection
- BB to be informed if any irregularity is found
- Fund diversion must be stopped
- NPLs stood at Tk **10,245**cr in Sep '20, up **50**pc year-on-year
- At least **10** NBFIs are unable to repay depositors' money

The central bank yesterday ordered non-bank financial institutions (NBFIs) to ensure the proper use of loans as it looks to restore corporate governance in the financial industry, which has been tainted by scams recently.

The Bangladesh Bank asked them to carry out the internal inspection on a regular basis on the loans, according to a central bank notice.

NBFIs will have to preserve the inspection reports, which will help them bolster internal controls and compliance, the central bank said.

The BB's instructions came at a time when some NBFIs are struggling to run operations due to a lack of corporate governance.

There are 36 NBFIs in Bangladesh, and at least 10 of them can't repay depositors money despite the maturity of the funds as scammers siphoned off a large amount of money from the institutions in recent years.

NBFIs will have to monitor the loans so that the fund is invested in line with the purposes stated by the borrowers in the credit applications.

The central bank instructed financial institutions to clear instalments of a project loan after ensuring that the borrowers have used the fund of previous instalments appropriately.

In addition, NBFIs will have to unearth any fund diversion immediately. Actions will have to be taken against the errant borrowers after detecting the fund diversion, the BB said.

Fund diversion takes place when borrowers don't use the loans in the sectors as mentioned in the credit proposal.

Borrowers will not be allowed to adjust or repay instalments of a loans by way of taking another loan.

NBFIs have been asked to include the provision of the proper use of loans in the internal credit regulations.

If the internal inspection teams of NBFIs find out any irregularities perpetrated by borrowers while investing the loans, NBFIs will have to inform the Department of Financial Institutions and Markets of the central bank immediately.

As of September last year, default loans in NBFIs stood at Tk 10,245 crore, up 50 per cent year-on-year. NPLs accounted for 15.5 per cent of the outstanding loans in the NBFI sector at the end of the third quarter of 2020.

The actual amount of toxic assets is much higher than the figure reported by NBFIs in September, as many of them concealed NPLs by way of using the window dressing. Besides, NBFIs also enjoyed a loan moratorium throughout last year, a facility that curbed the upward trend of NPLs for the time being.

"The instruction given by the central bank is a routine task for any NBFI," said Mominul Islam, chairman of the Bangladesh Leasing and Finance Companies Association, a platform of managing directors of NBFIs.

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Unilever Consumer Care profit slumps

AHSAN HABIB

Unilever Consumer Care, formerly known as GlaxoSmithKline (GSK) Bangladesh, posted a 46 per cent drop in profit last year due to the coronavirus pandemic.

The listed multinational's earnings per share (EPS) fell to Tk 43.94 in 2020 from Tk 81.83 a year earlier.

"The loss of profit mainly resulted from lower sales caused by a shortage of raw materials as the price of dry mix ingredients rose due to increased tariffs of the key material," said the company in a disclosure after a virtual meeting of the board yesterday.

The board, during its 300th meeting, approved the audited financial statements for 2020. It recommended a 440 per cent cash dividend for shareholders for the year.

In the previous year, Unilever Consumer Care provided a 530 per cent cash dividend.

The slump in profits was partly offset by savings from marketing and operating expenses, it added.

The tariffs on dry mix ingredients rose to 25 per cent from 15 per cent.

Shares of the multinational company dropped 2.59 per cent to Tk 3,139 on the Dhaka Stock Exchange yesterday.

At the year's end, the company's net asset value per share stood at Tk 123, while it was Tk 132 on the last day of 2019.

Unilever Consumer Care markets and sells around 400 brands of products in more than 190 countries. These include nutrition and oral healthcare products, the leading ones being Horlicks and Sensodyne.

In June, Unilever spent about Tk 2,020 crore to buy more than 82 per cent of GSK's health food and drinks business in Bangladesh from Setfirst, a corporate director of the company.

Earlier in 2018, GSK Bangladesh, a subsidiary of British multinational company GSK Plc, shuttered its 60-year-old pharmaceuticals business in Bangladesh.

The company was listed with Dhaka Stock Exchange since 1976 and has disbursed more than 500 per cent cash dividend for the past five years.

Govt targets $150b remittance in 8th Five-Year Plan

REJAUL KARIM BYRON *and* DWAIPAYAN BARUA

The government has set an ambitious target of earning $150 billion through remittance between July 2020 and June 2025, according to a document on the 8th Five-Year Plan.

To reach the target, the expatriate's welfare and employment ministry will roll out an overseas employment market expansion roadmap developed by a new Market Expansion Task-Force. The target was revealed in a 10-point agenda on overseas employment and the well-being of migrant workers of the 8th Five-Year Plan.

The document -- 8th Five Year Plan: July 2020 to June 2025- Promoting Prosperity and Fostering Inclusiveness -- said Bangladesh had experienced strong growth in overseas employment and migration.

"There is confidence among stakeholders that overseas employment and migration could play a more substantive role in the country's development, beyond just counting remittance," it added.

The 10-point agenda includes initiatives for institutional and legal reforms, capacity enhancement, market expansion, skills development, access to service, access to finance, protection of rights and well-being, digitalisation, private sector engagement, cost of migration, and reintegration.

Currently, overseas employment is limited to about 20 countries. The market expanded from roughly 2.6 million workers in the 6th five-year period to nearly 8 million workers in the 7th plan period.

A view of migrant workers entering the Shahjalal International Airport

In order to expand the market, the expatriate's welfare and employment ministry aims to send at least 5 million new workers abroad, with nearly half of them being of skilled categories.

The ministry will target 20 countries in four new geographic regions, the document said.

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Low performers in top gainers' list

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Some companies with low performance records made their way into the top gainers' list of the Dhaka Stock Exchange (DSE) yesterday, in contradiction to investors' hopes to see high-flyers following steps taken by the regulator.

The companies in question are Savar Refractories, Shyampur Sugar Mills and Familytex (BD).

Familytex (BD) is one of five companies whose board of directors were to be reformed, as decided by the Bangladesh Securities and Exchange Commission (BSEC) recently.

The remaining four are C&A Textile, United Airways, Al-haj Textile Mills, and Ring Shine Textiles.

The new boards would try to raise the performance, so investors see some hope in the horizon, said a stock broker.

But the investors should realise that the task is tough, so they should not invest blindly in these stocks without considering their potential, he said.

It is definitely a good step by the regulator, but the investors are misjudging the potentials, which is indicated by the way they are buying the stocks, said the broker.

The DSEX, the DSE's benchmark index, dropped 11.59 points, or 0.21 per cent, to 5,404.79 yesterday.

Turnover, an important indicator of the stock market, dropped 11.5 per cent, to Tk 660 crore.

A total of 102 stocks rose, 120 declined and 126 remained unchanged.

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Record jute price forces 40 mills to shutter operations

STAR BUSINESS REPORT

Jute mills are closing as they are failing to buy the natural fibre as the price has hit the record level and showed no signs of cooling down, said the Bangladesh Jute Mills Association (BJMA).

Forty jute mills have suspended operation in the last one to two months. Mills are running operation below their capacity, BJMA Chairman Mohammad Mahbubur Rahman Patwari told The Daily Star.

The price of raw jute went up to Tk 5,800 to Tk 6,300 per maund last week, the highest on record, up from Tk 5,000-Tk 5,500 the previous week, the BJMA said in a press release.

Prices of raw jute began rising after harvesting began in the July-August period last year amid speculations that production fell as a result of floods and unfavourable weather.

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AMRAN HOSSAIN

Jute prices are now at a historic high.

Identify fallow lands for cultivation

Agriculture minister directs field offices

STAR BUSINESS REPORT

Agriculture Minister Muhammad Abdur Razzaque yesterday asked the ministry's field offices to form teams to identify and bring fallow lands in coastal areas and the north-eastern division of Sylhet under cultivation.

"There is still a large portion of uncultivated land in Sylhet, and a study is needed to determine how much of the area could be brought under cultivation," he said at a meeting on implementing the Annual Development Programme for the farm sector.

He asked officials of the Department of Agricultural Extension to take the required measures to form teams in this regard.

The study will focus on how much of the fallow lands can be cultivated.

Razzaque also said there is scarcity of water for irrigation. But three rivers are available in Sylhet that would allow farmers to use surface water for irrigation.

The study will have to explore on how to use the river water for irrigation through pumps as well, he added.

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