

Olympic starts operation of new biscuit line

STAR BUSINESS REPORT

Olympic Industries, the largest biscuit and confectionery maker in Bangladesh, has recently expanded its production of premium hard dough biscuits owing to the rising demand.

Olympics' newly installed hard dough biscuit line, which has a production capacity of about 12,442 tonnes per annum, was successfully commissioned with effect from February 22, the listed company said in a filing on the Dhaka Stock Exchange (DSE) yesterday.

In 2020, Olympic decided to import the required equipment to expand production at a cost of Tk 42 crore.

"As Bangladesh's economy is expanding and the people's income has risen, the demand for premium cookies and biscuits is soaring too," said a senior official of the company.

"That is why we are increasing our production capacity."

The maker of popular biscuit brands such as Energy Plus and Tip registered Tk 72 crore in net profits in the July-December period of 2021, down 33 per cent year-on-year, according to its half-yearly financials.

Olympic's profits had fallen in the last six months of the year due to higher raw material costs, the company said in its disclosure. However, its sales revenue grew 11 per cent year-on-year to Tk 1,035 crore during the same period.

So, considering the higher sales and demand, Olympic is in the continuous process of increasing the production capacity, the leading biscuit maker added.

Olympic's paid-up capital stands at Tk 199 crore, DSE data showed. Sponsors and directors collectively hold 37.34 per cent shares in the company.

Stocks of Olympic Industries dropped 0.20 per cent to Tk 150.70 at the DSE yesterday.



Workers unload urea fertiliser imported from China. A few thousand workers are making a living at ghats around Khulna city, getting Tk 4 for every sack unloaded from such water vessels. A worker can unload around 300 sacks every day. The photo was taken by the Bhairab river at Fulbari Gate recently.

PHOTO: HABIBUR RAHMAN

RJSC allowed access to DVS

Can now verify audited financial statements

STAR BUSINESS REPORT

The Registrar of Joint Stock Companies and Firms (RJSC) can now use the Document Verification System (DVS) to confirm the authenticity of audited financial statements of registered businesses.

A memorandum of understanding (MoU) in this regard was signed between the Institute of Chartered Accountants of Bangladesh (ICAB) and the RJSC at the former's council hall yesterday.

Bangladesh Bank issued a circular in this connection in July last year, asking all managing directors and chief executive officers to contact the ICAB for using the DVS.

Md Shahadat Hossain, president of the ICAB, and Sheikh Shoaibul Alam, registrar of the RJSC, inked the MoU.

Alam called for maintaining professional integrity to build a good corporate culture, which is essential for the country's development.

"The DVS will make it easier for RJSC officials to verify audited financial statements," he added.



Similarly, ICAB President Hossain said using the DVS would ensure the authenticity of audited financial statements and help reduce the gap between the number of financial statements audited and the number of

companies registered.

Highlighting the purpose of launching the DVS system, Mohammed Forkan Uddin, a council member of the ICAB, said foreign investors first see the audited financial statements of a company before going for cross-border investment.

Besides, the National Board of Revenue needs audited financial statements for revenue assessment while banks require them to sanction loans.

So, the DVS will ensure the authenticity of audited financial statements, reduce the number of loan defaulters, and boost the confidence of foreign investors, Forkan said.

"It will also enhance revenue collection and thereby change the country's financial eco-system."

NKA Mobin and Fouzia Haque, vice presidents of the ICAB; Sabbir Ahmed, Md Moniruzzaman and Maria Howlader, council members; Shubhashish Bose, chief executive officer; Mahbub Ahmed Siddique, chief operating officer; Santosh Kumar Pandit, additional registrar of the RJSC; and Mostafa Bhuiyan, deputy registrar, were also present.

DHAKA STOCK EXCHANGE

Turnover plunges to lowest this year

STAR BUSINESS REPORT

Turnover at the Dhaka Stock Exchange (DSE) plunged to its lowest level this year as investors remain cautious over the central bank's directive on the exposure limit of non-bank financial institutions (NBFIs).

However, the DSEX, the benchmark index of the DSE, bounced back after declining for three consecutive trading sessions as it rose 30 points, or 0.44 per cent, to close the day at 6,948.

Gainers outnumbered losers with 185 stocks advancing, 135 declining and 59 remaining unchanged.

Turnover dropped 2 per cent to Tk 887 crore, the lowest point in 2022.

This is because investors are following a wait and see approach over the central bank's directive on the NBFIs' capital market exposure limit, International Leasing Securities said in its daily market review.

On February 15, Bangladesh Bank specified the instruments where NBFIs' investment would be considered while calculating their stock market exposure, with a view to removing ambiguity.

Now, all listed shares, debentures, corporate bonds, mutual funds and other products at market prices will be considered as share market investment for the NBFIs.

Besides, the outstanding balance of loans given by non-banks to their subsidiaries, associated companies and even other companies directly or indirectly linked with the capital market as well as the finance given to any stock investment-related fund will be regarded as a stock market investment.

Of the sectors, paper and printing rose 3.5 per cent, food and allied went up 1.5 per cent and textile increased 1.6 per cent, whereas jute fell 1.8 per cent, real estate and services dropped 1.2 per cent, and IT sector was down 1 per cent.

The investors' attention was mainly concentrated on textile (16.3 per cent), miscellaneous (14.2 per cent) and engineering (13.6 per cent), the brokerage firm said.

Beximco Ltd saw the highest turnover with shares worth Tk 86 crore changing hands. Anwar Galvanizing, Orion Pharmaceuticals, and Bangladesh Shipping Corporation all witnessed a turnover of Tk 25 crore.

Crown Cement topped the gainers list as it was up 9.87 per cent. Dragon Sweater and Spinning gained 9.82 per cent, Tamijuddin Textiles advanced 8.72 per cent, C&A Textiles rose 6.45 per cent, and Sonali Paper edged up 6.07 per cent.

Queen South Textiles shed the most, slipping 8.86 per cent. Hakkani Pulp fell 4.68 per cent, First Prime Finance was down 3.93 per cent, Samata Leather dropped 3.89 per cent, and LafargeHolcim Bangladesh declined 3.89 per cent.

The Chittagong Stock Exchange (CSE) also rose as the Caspi, the main index of the bourse, edged up 82 points, or 0.40 per cent, to 20,313.

Of the 288 securities traded, 165 rose, 84 fell and 39 did not see any price swing.

Bancassurance set to give

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GDP ratio to 4 per cent in the next couple of years.

A joint regulatory committee comprising high officials of the BB and the IDRA will be formed to resolve disputes or complaints of clients. There will be little scope for anomaly since the whole process will be run through digital platforms, said a BB official.

Menhaz Khan, also a member of the technical committee, said 81 insurance companies now operate their business in the country but the network of banks was larger.

"So, the new arrangement will help bring people under insurance coverage at a faster clip."

Banks, alongside insurance companies, will also be able to rake in hefty profits by providing the services as they will enjoy

a portion of commissions derived from the insurance products, said Emranul Huq, managing director of Dhaka Bank.

"This means the non-funded income will push up the profitability of banks." Indian banks now mobilise a hefty amount of profit by selling insurance products to clients, he said, adding that the same would be brought about in the country.

Banks will also design more credit and deposit products when bancassurance is rolled out in the country, he said.

For instance, many depositors are compelled to encash their pension schemes midway through the maturity period if they face any crisis, including that related to health.

"The premature encashment can be stopped if an insurance policy is

tagged with the scheme. The insurance company will take all responsibility if the depositor faces any complication," Huq explained.

Fahim Islam, head of product and solutions of MetLife Bangladesh, said bancassurance would help sell insurance policies through digital platforms.

In some cases, people show reluctance in taking up insurance policies through agents, he said.

"The confidence level will rise manifold when banks offer the services."

Sheikh Kabir Hossain, president of the Bangladesh Insurance Association, said they had long demanded the introduction of bancassurance. "The insurance sector will grow tremendously thanks to the latest initiative of the government."

Chaldal gets

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Now, Chaldal can also facilitate direct digital payments for its customers by settling transactions through a scheduled bank or financial institution.

"The digital payment service will help Chaldal better integrate its existing operation and reach out to new customers," said Waseem Alim, chief executive officer of Chaldal.

Chaldal is currently expanding its operations by building a network of logistics and supply chains across the country.

The online grocery store, which has long been working to set up an e-wallet platform, has already signed an agreement with Brac Bank to establish the lender as its settlement partner.

With its PSP licence, Chaldal Payments aims to

create an e-wallet system that makes online transactions safer, faster and more secure, according to a press release from the company.

Over the years, Chaldal has initiated a number of efforts to diversify the delivery system for groceries, food and medicine through its subsidiaries: GogoBangla, Cookups and BanglaMeds.

A total of five entities -- iPay Systems Ltd, D Money Bangladesh Ltd, Recursion Fintech Ltd, Green and Red Technologies Ltd, and Progoti Systems -- have so far been issued licences to operate as PSPs.

Currently, there are six NOC holders for PSPs, a central bank official said.

NOC holders can apply for the licence within a year if they implement the required technical infrastructure.

German cabinet agrees minimum wage increase

AFP, Berlin

Germany's cabinet on Wednesday approved an increase in the minimum wage to 12 euros (\$13.60) per hour, a flagship election campaign promise of Chancellor Olaf Scholz's Social Democrats.

"Many citizens of our country work a lot but earn little -- this must change," Scholz said as he announced the decision on Twitter. "For me, this is one of the most important laws and a question of respect," he said.

Minimum pay will rise to 10.45 euros per hour from 9.82 euros on July 1 and then to 12 euros on October 1. The increase will raise wages for about 6.2 million workers in Germany.

The change will especially benefit people working in the catering industry, service professions, warehouse logistics and cleaners, according to

Labour Minister Hubertus Heil.

"We are talking about people who kept the shop running during the pandemic," he said.

The increase of the minimum wage was included in the coalition contract agreed between the Social Democrats (SPD), the Greens and the liberal FDP after September's election.

The German Trade Union Confederation (DGB) said the change would strengthen purchasing power in Europe's biggest economy by around 4.8 billion euros per year.

But critics say it could fuel inflation, which had already soared to almost five percent in Germany by the end of 2021.

Joachim Rukwied, president of the German Farmers' Association (DBV), told the Rheinische Post newspaper on Wednesday that the rise would "probably have a significant effect on food prices".

Cut taxes on essentials

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pack, should be implemented instead of an ad valorem tax, which is determined as a percentage of the retail price."

The CPD wanted the government to discontinue the scope to legalise the black money as such provisions discourage honest taxpayers and encourage evasion.

To curb the illicit transfer of funds abroad through transfer pricing and trade mis-invoicing, the CPD urged the NBR to strengthen the capacity of the transfer pricing cell.

The CPD reiterated its earlier proposals to initiate wealth and property tax.

"Also, an inheritance tax, the Bangladesh Economic Association (BEA) proposed an expansionary budget for the next fiscal year and recommended collecting a higher amount of tax from wealthy people to establish justice in the distribution of income.

In its budget proposal the BEA, led by its president Prof Abul Barkat, recommended imposition of wealth tax and taking strong steps to realise black money.

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Land ready

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between Beza and Sumitomo Corporation to develop the SEZ, which will be run on a government-to-government basis.

In addition, the proposal to ink the development agreement and the land lease agreement was approved at yesterday's meeting.

The roughly Tk 2,582 crore project got approval from the Executive Committee of the National Economic Council in March 2019.

Of the total cost, the government will provide about Tk 454 crore as an investment while the Japan International Cooperation Agency will contribute the

rest as a loan.

Once completed, the SEZ will be able to accommodate around 200 companies. As such, the Beza expects multibillion-dollar foreign direct investment in the economic zone.

According to sources at Beza, 160 acres of land has already been handed over to the Japanese authority to set up factories.

Already, 10 Japanese companies have shown interest to invest in the SEZ, they said, adding that Japanese investors are keen to invest in the local automobile, manmade fibre, home appliance, electronics, and toy sectors.

US opposes Canada's digital services tax proposal

REUTERS

The United States Trade Representative's (USTR) office said on Tuesday it opposed Canada's plan to enact a digital services tax (DST) and urged Canada to abandon plans for such a step.

"The United States urges Canada to abandon any plans for a unilateral measure and instead redouble its commitment to the rapid implementation of Pillar One of the October 8 OECD/G20 agreement and the negotiation of a multilateral convention", the USTR office said in a statement.

The USTR also raised concerns about measures that it said singled

out American firms for taxation while excluding national firms engaged in similar lines of business.

"Should Canada adopt a DST, USTR would examine all options, including under our trade agreements and domestic statutes", the USTR statement added.

The Canadian government said it had proposed the DST to protect Canadian interests and it remained in close contact with the United States over the issue.

"It is our sincere hope that the timely implementation of the new international system will make this Digital Services Tax unnecessary", a representative from the office of Canada's deputy prime minister said.