A farmer clears weeds from his paddy field in Khulna city. The Boro season, running from March to May, accounts for the biggest volume of crop output in Bangladesh, according to the Bangladesh Bureau of Statistics. In fiscal year 2019-20, it accounted for over 53 per cent of the 3.66 crore tonnes of rice produced in the country. In terms of acreage, it encompassed over 41 per cent of the 2.82 crore acres of land brought under rice cultivation. The photo was taken last week.

PHOTO: HABIBUR RAHMAN

BSEC demands accurate account of undistributed dividends

Will take action against listed companies that will not comply

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) has decided that it will take action against listed companies that fail to show an accurate account of undistributed dividends.

Undistributed dividends are profits of a company that have not been paid out to eligible shareholders by way of dividends.

Prof Shibli Rubayat Ul Islam, chairman of the BSEC, warned listed firms of this decision at an event styled "Birthday Celebration of the Father of the Nation and Shareholders' Claim Settlement", organised by the Capital Market Stabilisation Fund (CMSF) at Hotel Purbani International in Dhaka yesterday.

Some investors filed applications for their dividends after the BSEC started using undistributed profits to support the domestic stock market.

"So, it is a great pleasure for the regulator that the investors are getting the money after a long time," Islam said.

"With this, general investors have regained the confidence that there is a regulator which is working for their rights," he added.

As such, the BSEC asked all listed companies to give a detailed account of their undistributed dividends, but some of them are repeatedly seeking more time to do so.

However, the commission will go strict in this regard after March 31 as listed firms were already given a considerable amount of time to submit the data.

BSEC asked all listed companies to give a detailed account of their undistributed dividends, but some of them are repeatedly seeking more time to do so. However, the commission will go strict in this regard after March 31.

"If any company fails to give a proper account or inform where their unclaimed funds are, we will levy a penalty that surpasses the amount of dividends owed," Islam said.The BSEC chairman went on to say that the amount of undistributed profits accumulated by firms since their trading debut, and whether it is being used illegally needs to be sought out.

"No one has the right to establish their own building with the money," he added.

The BSEC decided in June last year to use undistributed and unclaimed dividends of listed companies in the CMSF, which aims to safeguard the interests of investors in the stock market.

After that, it ordered all listed companies, including banks and non-bank financial institutions (NBFIs), to submit their undistributed dividends to the fund.

The BSEC was later informed by Bangladesh Bank that listed banks and NBFIs cannot comply with the order.

The CMSF recently played a vital role when the market index was in a falling trend, Islam said.

The BSEC had ordered the CMSF authorities to invest Tk 100 crore in the stock market at a time when the DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), dropped 6,447 points to reach its lowest level in several months.

After the order came, the index started inching upwards to close at 6,765 points as of yesterday, DSE data shows.

"The BSEC observed that investors are not getting their dues properly so the stock market stabilisation fund was formed to help return peoples' money," said Shaikh Shamsuddin Ahmed, a commissioner of the BSEC.

"The CMSF is already working to utilise the fund in the stock market or return it to investors, which are both welcome tasks," he added.

The way the CMSF is being managed proves that the BSEC's decision to form the fund was correct and investor friendly.

"With its work for market support and returning dividends to the investors, people will get the confidence back. Confidence is necessary for sustainability in the market," Ahmed said.

Md Nojibur Rahman, chairman of the CMSF, focused on the utilisation of the fund in recent times.

"Some of the fund has been invested in the stock market while some has been returned to investors who claimed them," he said, adding that the CMSF has already settled 18 claims.

Azam J Chowdhury, the immediate past president of the Bangladesh Association of Publicly Listed Companies, and Md Monowar Hossain, chief of operation of the CMSF, also spoke at the event.

Bepza, StanChart team up to attract investment to EPZs

STAR BUSINESS REPORT

Bangladesh Export Processing Zones Authority (Bepza) and Standard Chartered yesterday signed a memorandum of understanding (MoU) to enhance mutual cooperation to attract more investment for the export processing zones.

Standard Chartered will support Bepza to organise various trade and investment-related conferences, seminars, roundtable meetings and exhibitions at home and abroad, according to a statement released by the bank.

Ali Reza Mazid, member of Bepza, and Enamul Huque, managing director and head of client coverage, corporate commercial and institutional banking at Standard Chartered, signed the MoU at Bepza Complex in Dhaka.

Bepza Executive Chairman Major General Abul Kalam Mohammad Ziaur Rahman and Standard Chartered CEO Naser Ezaz Bijoy witnessed the signing ceremony.

"If we work jointly definitely the efforts will be much more effective for both of us in exploring new investment," said Bepza executive chairman.

"Our strength is our 40 years of experience. We have the expertise to facilitate new investment compared to other organisations," he said.

Rahman also hoped that this partnership will be helpful for Bepza in organising an investment promotion programme by using Standard Chartered's unique global network.

The StanChart Bangladesh's CEO said Bepza has been a transformational driver in accelerating export growth for Bangladesh since its founding.

"Under its foresightful patronage, the EPZs have been creating new employment opportunities despite the pressure exerted by the advent of the Fourth Industrial Revolution, while enabling much needed foreign currency inflows, helping meet growing external obligations."

Investors see risks spiking

Fear market-wide liquidity crunch

REUTERS, *New York*

Wild swings in asset prices following Russia's invasion of Ukraine are prompting some investors to pare risk in their portfolios, fearing that the type of volatility seen in commodities in recent weeks could hit other markets.

At issue is liquidity – or the ease at which investors can buy or sell an asset without affecting its price. While episodes of low liquidity have contributed to sharp gyrations across markets over the last decade, signs of stress have become more plentiful in the last few weeks, exacerbated by everything from sanctions against Russia to expected central bank tightening.

ANALYSIS

Should liquidity continue to deteriorate throughout markets, investors worry that other assets could be subject to the kind of violent price swings that have wracked commodities this month - which have included a one-day doubling in nickel prices and a surge in oil to 14-year highs.

"It isn't always clear where the contagion risks lie," said Frances Donald, Global Chief Economist at Manulife Investment Management. "This is why liquidity needs to be monitored, not just daily, but hourly at this point, for signs of challenges."

Financial indicators are showing increasing signs of stress throughout markets.

The so-called FRA-OIS spread, which measures the gap between the US three-month forward rate agreement and the overnight index swap

READ MORE ON B2

EU approves new round of Russia sanctions

REUTERS, *Brussels*

The European Union formally approved on Tuesday a new barrage of sanctions against Russia for its invasion of Ukraine, which include bans on investments in the Russian energy sector, luxury goods exports and imports of steel products from Russia.

The sanctions, which come into effect after publication in the EU official journal later on Tuesday, also freeze the assets of more business leaders who support the Russian state, including Chelsea football club owner Roman Abramovich.

The European Commission said in a statement on Tuesday that the sanctions included "a far-reaching ban on new investment across the Russian energy sector".

The measure will hit Russia's oil majors Rosneft, Transneft and Gazprom Neft, but EU members will be still able to buy oil and gas from them, an EU source told Reuters. There will also be a total ban on transactions with some Russian state-owned enterprises linked to the Kremlin's military-industrial complex, the EU executive said.

The bloc reached a preliminary agreement on the new sanctions on Monday, and no objections were raised before an agreed deadline.

The ban on Russian steel imports is estimated to affect 3.3 billion euros ($3.6 billion) worth of products, the Commission said.

EU companies will also be no longer allowed to export any luxury goods worth more than 300 euros, including jewellery. Exports of cars costing more than 50,000 euros will also be banned, EU sources said.

The Plains oil refinery is seen in Mobile of Alabama state on March 10. US domestic oil production is set to increase as the Russian invasion of Ukraine causes oil prices to spike.

PHOTO: AFP

Oil prices plunge

REUTERS, *London*

Oil prices tumbled to their lowest levels in almost three weeks on Tuesday as supply disruption fears eased and as surging Covid-19 cases in China spurred demand concerns.

Brent futures were down $6.40, or 5.9 per cent, to $100.50 a barrel at 1308 GMT, while US West Texas Intermediate (WTI) crude was down $6.35, or 6.1 per cent, to $96.66 a barrel.

Brent fell as low as $97.44 and WTI hit $93.54, their lowest levels since February 25.

The steep decline followed a statement from Russian Foreign Minister Sergei Lavrov that Moscow is in favour of the 2015 Iran nuclear deal resuming as soon as possible.

The talks to revive the nuclear accord, which would lead to sanctions on Iran's oil sector being lifted and allow Tehran to resume crude exports, had recently stalled due to Russian demands.