



Protect investors' funds to shore up their confidence

BSEC tells stock brokers

STAR BUSINESS REPORT

Stockbrokers in the county should ensure proper monitoring of their own activities as the continued misuse of investor funds could lead to poor confidence in the market, according to top officials of the Bangladesh Securities and Exchange Commission (BSEC).

The commission is working to raise investor confidence by presenting the stock market as a vibrant place for investment, said Prof Shibli Rubayat-Ul-Islam, chairman of the BSEC.

But if stockbrokers fail to ensure the safety of investor funds, they will not be able to remain confident in the market, he added.

Islam's comments came during an awareness programme, styled "Strengthening Security of Fund and Securities of Investors", organised by the Dhaka Stock Exchange (DSE) on Tuesday at the head office of the premier bourse.

"The brokers should be more cautious with investor funds than they are with their own money," the BSEC chairman said.

He went on to say that as the BSEC's main purpose is to monitor the market situation, its efforts to penalise

wayward stockbrokers are not often shared with the media even though five intermediaries have already been penalised for breaching rules.

"We don't want to create any hassle in the brokers' office, so it would be better if they ensure their own monitoring and the Dhaka bourse will also work hard to this end," Islam said while speaking as chief guest.

"If any stockbroker misuses investor funds, then it effects the whole market and all of our endeavours become meaningless," he added.

With this backdrop, the BSEC chairman ordered all stockbrokers to follow the rules and regulations in place. He then assured that the commission would always help resolve any problem that rises in the stock market.

The market needs to register higher turnover for stockbrokers to see increased business, but this is only possible when investor confidence is stable.

Islam also asked the DSE to bring in blockchain technology as the use of modern equipment could help reduce the number of irregularities.

"People in Bangladesh have massive funds and since our savings tools are not

generating adequate returns, the stock market has huge potential to attract these funds," said Md Abdul Halim, a commissioner of the BSEC.

"So, if they have enough confidence then the market will be flooded with huge investment," he added.

Besides, it is much better for ensuring the safety of investor funds when stockbrokers properly maintain regulatory compliance.

"You [stockbrokers] know the pain of getting caught by regulators when breaching rules, so you should strengthen your own internal control," Halim said.

The BSEC wants to make life easier for compliant intermediaries, but all of them are now under pressure due to the actions of a few bad people, he added.

Three stockbrokers embezzled investor funds worth about Tk 256 crore in the last one-and-a-half years.

Of the total amount, Tamha Securities embezzled Tk 142 crore, Banco Securities siphoned off Tk 66 crore and Crest Securities defrauded investors of Tk 48 crore.

"This is a matter of concern for us as these types of activities are the main reasons behind low confidence

in the stock market," said Md Eunusur Rahman, chairman of the DSE.

The culprits behind the embezzlement are travelling around with their own cars but the victims are in a tight corner and even struggle to run their livelihoods due to poor regulatory framework.

Shuvra Kanti Choudhury, managing director of Central Depository Bangladesh Ltd (CDBL), said that if brokers can strictly avoid executing any trade without the investors' order, then the problem will reduce.

"They should strengthen their internal control system so that no one can break the securities rules and misuse investor funds," he said.

Richard D Rozario, president of DSE Brokers Association of Bangladesh, said stockbrokers should enhance monitoring on their own to reduce all the errors because it can hit their own goodwill.

Although market turnover rose to the Tk 2,000-crore level for a few days, it is now back down to the Tk 600-crore level again. "So our business became tougher," he said.

Tarique Amin Bhuiyan, managing director of the DSE, also spoke.

VAT on edible oil only 5pc now

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The National Board of Revenue (NBR) yesterday cut value added tax (VAT) at imports of edible oil to 5 per cent from 15 per cent in line with the government's decision to reduce the indirect tax to give some relief to consumers.

With the cut, consumers will have to pay only 5 per cent VAT in the value chain of soybean oil and palm oil, imported to meet domestic demand.

Amid public outcry for surging prices of the edible oil, slow delivery by mills, stocking by a section of traders, the government on March 14 removed 15 per cent VAT at production and 5 per cent VAT at the trading stage.

However, refiners said the cut would not give relief to consumers to a great extent unless the VAT at imports is reduced substantially.

Md Shafiul Ather Taslim, director of TK Group's finance and operations, said consumers may get Tk 16-17 prices benefit at Tk 168 for each litre of bottled oil following the reduction of VAT at the import stage.

There will be an effect on prices from tomorrow and the day after tomorrow. In the case of bottled oil, consumers will have to wait until Sunday evening as offices and factories will remain closed in the next three days, he said.

On March 14, the NBR removed 15 per cent VAT at production and 5 per cent VAT at the trading stage of refined soybean and palm oil.

Retailers in the markets of Dhaka city sold each litre of soybean oil at Tk 165-Tk 170 from Tk 165-Tk 170 yesterday, according to Trading Corporation of Bangladesh.

The NBR said it cut VAT on refined soybean oil, crude soybean oil, crude palm oil and other refined palm oil to 5 per cent and the reduced VAT rate would remain valid until June 30, 2022.

Ensure eco-friendly development: analysts

STAR BUSINESS REPORT

The government should take up an effective plan to ensure eco-friendly development and reshape current growth to one that is sustainable, analysts said yesterday.

The authorities should identify why some Bangladesh Bank-financed plans are not working effectively and destroying the environment constantly, they said.

The analysts believe green finance incentive systems will work best if relevant ministries and state-owned companies collaborate.

The comments came at a virtual discussion on "Incentives for Green Finance and Investment" organised by the Policy Research Institute of Bangladesh (PRI) in collaboration with World Bank Group.

The disbursement of Bangladesh Bank's climate funds was not done correctly as people still do not know of the advantages of green financing, said Ahsan H Mansur, executive director of the PRI and chairman of Brac Bank.

Mashir Rahman, economic affairs adviser to the prime minister, underscored the necessity of coordination among all ministries to ensure sustainable green development.

Amend EPZ labour law

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products except arms and ammunition to the world's largest trade bloc. It was launched in 1971 with a view to bringing a balanced economic order worldwide.

Earlier, the visiting EU delegation expressed concerns over the amendment delay.

The demand for expediting the amendment process came at a meeting with Commerce Secretary Tapan Kanti Ghosh in Dhaka on Tuesday night.

In the unscheduled meeting, the delegation also said the EU was assessing whether compliance to human and labour rights laws were in tune with the new EBA conditions.

The EU has been working on a new Generalised Scheme of Preferences proposed under the EBA for the LDCs for 10 years starting from 2024.

"We have asked the EU for considering Bangladesh's proposal for amending the EPZ labour law by 2025," said Md Abdur Rahim Khan, joint secretary to the commerce ministry.

"A lot of progress has already been made for the

amendment," said Khan, who was present at the meeting.

He also said a draft copy of the amendment has already been sent to the law ministry for vetting before it was placed in parliament for the final approval.

Besides, rules of the general labour law may be amendment by June this year, he said.

The government has been working to recruit a good number of inspectors for the Department of Inspection for Factories and Establishment to strengthen monitoring, said Khan.

Bangladesh also demanded that the EU facilitate trainings for industrial police for enhancing improvements to work environments in industrial areas, he added.

Commerce Secretary Tapan Kanti Ghosh said Bangladesh has made laudable progress in executing the action plan to be eligible for the EBA.

However, meetings could not be held regularly for the timely amendment of the EPZ labour law for the pandemic, he said.

"So we asked the EU delegation to consider

deferring the amendment to be done by 2025," Ghosh also.

Moreover, there has been good progresses regarding Bangladesh ratifying ILO Convention 138, amendment to rules of the labour law and elimination of child labour from different sectors, except that of garments, Ghosh also said.

The delegation held meetings with senior officials of the ministries of labour, commerce and foreign affairs to assess the progress of the reforms as per their action plan.

The team included Jordi Currell Gotor, director for international affairs, Directorate General for Employment, Social Affairs and Inclusion, and Benedikt Bunker, policy officer, Directorate General for Employment, Social Affairs and Inclusion, European Commission.

Ivo Schutte, deputy head of division, Asia and the Pacific-Regional Affairs and South Asia, European External Action Service, and Alessandro Tonoli, policy officer, Directorate General for Trade, European Commission, are also in the delegation.

Cut complexities

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Naoki suggested that local industries must be more diversified and went on to say that introducing new technologies is necessary for productivity growth while workforce development is also essential.

"Young and talented Bangladeshis should be ahead of the curve in regards to innovation," the Japanese ambassador said.

He believes the expansion of foreign direct investment in Bangladesh, particularly from Japan's private sector, will help the country address those challenges.

Naoki said regulatory and structural reforms should continuously move forward.

"We hope the government will take up the issues that Japanese companies face, including delays in customs clearance, various taxations, restrictions on the telegraphic transfer of import payments, discrimination of export incentives between domestic and foreign companies, and improvement of the business environment in export processing zones and special economic zones."

According to the Japanese ambassador, the Dhaka Mass Rapid Transit (MRT) Line 6 will start commercial operation in December while the Japanese Economic Zone in Araihaaz will soon be ready for investment.

Prof Rehman Sobhan, chairman of the CPD,

said there are a number of major development projects in Bangladesh that are being funded by Japan.

He hoped that Japan will remain involved with the local energy sector and climate change issue as well.

Asif A Chowdhury, president of the Japan-Bangladesh Chamber of Commerce and Industry, alleged that corruption has increased at an alarming rate along with the implementation of a number of development projects.

He also suggested giving attention to improving the ease of doing business situation to attract more FDI from Japan.

Yuho Hayakawa, chief representative of the Japan International Cooperation Agency in Bangladesh, said the country is important to Japan for three reasons – the strong bond between the two countries, the fact that Bangladesh needs development projects to reduce poverty, and its stable policies.

Hayakawa added that Bangladesh is the top Japanese official development assistance receiver in the world.

Moderated by Fahmida Khatun, executive director of the CPD, Kazi Nabil Ahmed, a member of parliament, Shahabuddin Ahmed, the ambassador of Bangladesh to Japan, Kenta Goto, professor of economics at Kansai University, and Khondker Golam Moazzem, research director of the CPD, also spoke at the event.

UK imposes stiff import tariffs for Russia

AFP, London

The UK on Tuesday added over 370 more prominent Russians and entities to its sanctions list and hiked tariffs on a swathe of imports from vodka to steel, and banned exports of luxury goods in retaliation for Moscow's invasion of Ukraine.

The government announced a new wave of asset freezes and travel bans for 350 people and 23 Russian entities. The oligarchs sanctioned on Tuesday have a combined fortune of over 100 billion pounds (120 billion euros).

Foreign Secretary Liz Truss said the earlier the sanctions now extended to 51 oligarchs and their families, as well as Russian President Vladimir Putin's "political allies and propagandists".

"Working closely with our allies, we will keep increasing the pressure on Putin and cut off funding for the Russian war machine," she said.

Among those added to the sanctions

list were Mikhail Fridman and Petr Aven, who are already subject to European Union sanctions, and who this month stepped down from the LetterOne investment fund they co-founded, and Alfa Bank founder German Khan.

Former prime minister and president Dmitry Medvedev, Kremlin press secretary Dmitry Peskov, and his foreign ministry counterpart Maria Zakharova were also placed on the list.

The UK has been accused of being slow to act against Russian interests compared with its near neighbours in the EU. Oligarchs previously targeted with travel bans and asset freezes include Chelsea Football Club owner Roman Abramovich, as well as Putin and his foreign minister Sergei Lavrov.

The UK has meanwhile severed ties with Russian banks, grounded planes and stopped ships from using its ports, and plans to phase out Russian oil imports by the year-end.

Intel investment fuels EU chips race with Asia

AFP, Berlin

American chip-making giant Intel said on Tuesday it planned to invest tens of billions of euros in the European Union, as the continent seeks to reduce its reliance on semiconductors from Asia.

The project to boost the entire production process, from the research of new technologies to the manufacturing and packaging of semiconductors, could total up to 80 billion euros (\$87.9 billion) over the next decade, the group said in a statement.

The production of the key technology, also known as chips, has become a strategic priority in Europe as well as the United States, after the shock of the pandemic choked off supply, bringing factories to a standstill and emptying stores of products. The details of the announcement were hotly anticipated in Europe, where governments have been jostling to host new production facilities as the continent seeks to reduce its dependence on Asian chip imports.

Oil rises back above \$100

REUTERS, London

Oil rose almost 3 per cent on Wednesday, back above \$100 a barrel, recovering from a decline in the previous session as concern eased about slowing demand in China, although signs of progress in Russia-Ukraine peace talks limited gains.

Ukraine's president said the positions of Ukraine and Russia were sounding more realistic, but more time was needed. read more Russia's foreign minister said some deals with Ukraine were close to being agreed.

Robi tops losers' chart

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Its profit after tax stood at Tk 180 crore at the end of 2021, up 16 per cent from Tk 155 crore in 2020 when the number of shares was calculated on a weighted average basis as Robi got listed at the end of 2020.

With a majority owned by Malaysia-based Axiata Group Berhad, Robi said it

expanded both its mobile and data subscriber base in 2021.

The mobile operator recorded Tk 8,142 crore in revenue in 2021, up 7.6 per cent the previous year. Its data revenue grew faster than voice revenue during the year, said Robi in a statement.

Robi's earnings before interest, taxes, depreciation

and amortization (EBITDA) rose 2.7 per cent to Tk 3,308 crore in 2021.

"We are happy to see our growth strategy consistently working in the market. Robi made the highest revenue growth for the third consecutive year in 2021," said Robi Acting Chief Executive Officer and Chief Financial Officer M Riyaaz Rasheed.