Horse-drawn carts coming to use in transporting maize grown in Tengrakandi, a char by the Brahmaputra river in Gaibandha's Fulchhari upazila. With the nearest ghat some 10 kilometres away, farmers had to use these carts and change boats twice to take their produce to traders, which was not only time consuming but also costly. Now the scenario has changed. The price of maize has doubled to around Tk 1,350 per maund (around 37 kilogrammes) from that last year, prompting traders to come to the farmers and take away the produce at their own cost. The photo was taken recently.

PHOTO: MOSTAFA SHABUJ

UNDISTRIBUTED DIVIDENDS FOR CMSF

BSEC to penalise transfer failures from June 1

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) will start taking punitive measures from June 1 against entities yet to transfer undistributed cash and stock dividends to a Capital Market Stabilisation Fund (CMSF) despite repeated time extensions to do so.

Most listed companies, including banks and non-bank financial institutions, did not abide by the BSEC order for the transfers.

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

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

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

The CMSF has received cash and stock dividends worth Tk 798 crore from the listed companies and around Tk 7,918 crore are still at the hands of listed companies.

"We have increased the time for submission to the fund repeatedly but now are going to take action against the companies who will fail to transfer the cash and stocks to the CMSF," said BSEC Chairman Prof Shibli Rubayat-Ul Islam.

His comments came in a "BSEC-BAPL-CMSF Tripartite Dialogue: Strengthening the Capital Market through Partnership" at Bangabandhu International Conference Center on Thursday.

Once a regulatory audit begins, the BSEC will not be able to provide no other way out as an alternative, Islam said, adding that the audit would be run for each company from the year they became listed.

Among 359 listed companies, 223 companies still have not transferred their undistributed dividends, according to the CMSF data.

Among the listed 33 listed banks, 27 lenders are yet to place their cash dividend amounting Tk 128 crore, which is the highest among all the sectors.

Apart from the cash dividend, the value of undistributed stock dividends of the banking sector is substantial among that of all the sectors.

Ensuring proper distribution of dividends is the responsibility of the listed companies and if they fail to do so then they should submit the funds to the CMSF, said the BSEC chairman.

Investors will get their dividends back soon after they make their claim with the CMSF, he said.

"When we started the process to know the scenario of the undistributed amounts the listed companies showed us they have a huge amount of funds. Following the transfer order, the issuers have been failing to provide the fund," said Islam.

"Why? Did they spend the fund? We will find out where the fund has gone," he said.

A top official of a listed bank preferring anonymity said they were yet to transfer the funds as Bangladesh Bank had not permitted it.

"So, the BSEC and Bangladesh Bank should sit together and give a directive in consensus so that we can follow the order," he said, adding that the banks can not refuse the order of the BB as it was their prime regulator.

Anis Ud Dowla, president of the Bangladesh Association of Publicly Listed Companies (BAPLC), BSEC Commissioner Shaikh Shamsuddin Ahmed, Md Nojibur Rahman, chairman of the CMSF, and Md Monowar Hossain, chief of operation of the CMSF, also spoke at the event.

Russia expects $14b in additional energy revenue

AFP, *Moscow*

Russia expects to receive one trillion rubles in additional oil and gas revenues this year, the finance minister said Friday, adding that part of the windfall will be spent on Moscow's offensive in Ukraine.

"We expect to receive up to a trillion rubles ($14.4 billion) in additional oil and gas revenues, according to the forecast that we have developed with the ministry of economic development," Finance Minister Anton Siluanov said in remarks broadcast on state television.

Siluanov said the government planned to spend the additional revenue this year rather than put it aside.

He said the money will be spent on "additional payments" to pensioners and families with children and conducting a "special operation" in Ukraine, referring to Moscow's offensive in the pro-Western country.

"There are resources for this," Siluanov added.

The West has introduced a barrage of unprecedented sanctions against Moscow to punish the Kremlin for sending troops into Ukraine on February 24 but has not touched Russian oil and gas supplies.

President Vladimir Putin has recently derided the sanctions, saying Europe's "chaotic actions" have led to an increase in oil and gas revenues for Russia.

India's GAIL open to buying Russian oil and gas assets

REUTERS, *New Delhi*

India's largest gas transmitter GAIL is open to buying Russian oil and gas assets shunned by Western companies after Moscow's invasion of Ukraine if the deal makes commercial sense, the company's Chairman Manoj Jain said on Friday.

European countries and the United States have imposed heavy sanctions on Russia since Moscow sent troops into Ukraine on February 24. and the EU has proposed its toughest package of punishments yet, including a ban on crude oil in 6 months.

India has tried to balance its ties with Russia and the West but unlike other members of the Quad countries - the United States, Japan and Australia - it has not imposed sanctions on Russia.

"Why would anyone say no (to Russian assets) if it makes commercial sense," Jain told reporters at post-earnings press conference. GAIL reported a 39 per cent rise in quarterly profit.

GAIL is considering buying gas from challenging local fields to address surging local demand for natural gas, including striking long-term liquefied natural gas (LNG) import deals with global companies. read more

Jain said GAIL is scouting for a 10-year deal to annually import 1 million tonnes of LNG.

Board recast of closed, poor performing

FROM PAGE B1

Shares of C&A Textiles rose 433 per cent after the board restructuring.

However, some companies, weighed down by huge debts and corruption, still don't show signs of returning to normalcy.

UNITED AIRWAYS

United Airways started commercial operation in 2007 and raised Tk 100 crore through an IPO in 2010. It also issued rights shares in 2011 to raise funds of Tk 315 crore.

The airline's operations were suspended in 2016.

In February last year, the BSEC appointed several independent directors, including aviation expert and Editor of Bangladesh Monitor Kazi Wahidul Alam as chairman.

Yesterday, Alam said the board has carried out the audit for the last four years that was not done and performed a technical evaluation of its 10 aircraft.

On the basis of the evaluation, the board talked to foreign investors who are interested in investing in the company.

"However, we have no access to the premises of the company. So, the BSEC is trying to secure the approval from the civil aviation ministry," Alam said.

"The new board is trying to hold the annual general meeting that was not organised in the last four years."

FAS FINANCE

Listed in 2008, FAS Finance & Investments was making profits until 2018. But it was soon in the red for massive corruption after Prashanta Kumar Halder, also known as PK Halder, and his associates swindled Tk 1,300 crore in the name of several companies that exist on paper only, according to a probe carried out by the Anti-Corruption Commission.

In order to save the company, the BSEC recast the board in May of 2021. Mohammed Nurul Amin, a former managing director of NCC Bank and Meghna Bank, was appointed as its chairman.

Speaking to The Daily Star yesterday, Amin said the new board improved governance, cut excess costs and rationalised manpower.

"We are now working for the revival of the NBFI."

The company needs Tk 300 crore to Tk 400 crore in phases to make a comeback, meet the mandatory cash reserve ratio and statutory liquidity ratio, and clear tax and VAT dues.

When asked how the funds would be raised, Amin said it may be through issuing of bonds, loans, equities, or with the government's support.

"We will start the work to mobilise the fund after the current fiscal year ends. If we get it, it will reach break-even within three to four years."

FAREAST FINANCE

The BSEC recast the board of Fareast Finance & Investments as it suffered losses and failed to announce dividends since 2016.

Listed in 2013, the non-bank financial institution (NBFI) has accumulated a loss of Tk 117 crore. It needs funds to make a turnaround.

INVESTORS ARE OPTIMISTIC

The resumption of operations of a number of companies has cheered investors.

"It was a great step on the part of the BSEC as it will bring qualitative changes to the market," said Zakir Hossain, a stock investor with investments in C&A Textiles.

Now, he hopes to get back at least some of the fund that has been stuck for more than three years.

"The share price of the company has already started going up and I will be pleased when it becomes operational," said Hossain.

WHAT EXPERTS SAY

Faruq Ahmad Siddiqi, a former chairman of the BSEC, applauded the BSEC steps, saying some investors will benefit if even a single company can be revived.

The BSEC has delisted companies that were found to have no potential.

Shareholders can go to courts seeking the liquidation of low-performing companies, and they may recoup some investments through the process, Siddiqi said.

"If a company suffers losses for any bad intention of sponsors, the BSEC should investigate and punish them."

Traders fear losing $200cr

FROM PAGE B1

tonnes of crude bran oil being produced locally every year of which around 1 lakh tonnes is exported while the rest refined for the local market.

However, local manufacturers have the capacity to produce 7.68 lakh tonnes of the oil per year.

Rice bran contains anything between 15 per cent to 20 per cent oil depending on the rice variety and the milling process utilised.

So local production capacity can be fully utilised using just 16 per cent of the rice bran, that is the light red covering on the upper part of the rice under the husk of paddy, annually produced on an average as a by-product of rice processing in the country.

According to a research report of the Department of Agricultural Extension (DEA), 47.48 lakh tonnes of rice bran is produced in the country's auto, semi-auto and general rice mills.

With such a small portion being used for the extraction of oil, bran remains one of the most underutilised and frequently wasted commodities largely ending up as cattle feed and fertiliser.

Some 10 to 15 rice bran oil brands have been created since the industry took off, as per the Bangladesh Journal of Tariff and Trade, in the country in 2009 and more conglomerates are joining in.

Among the existing ones are "Swarna" of Bogra's Majumdar Group of Industries, Western Agro's "Branola", ACI's "Nutrilife" and Bangladesh Edible Oil's "Fortune".

However, except for two or three, there is no noticeable presence of most of the brands in the supermarkets.

Intense marketing to raise awareness among consumers could have saved a substantial amount of foreign currency considering the fact that around 18 lakh tonnes of edible oil is imported annually. Bangladesh's demand is of around 25 lakh tonnes of mostly of palm and soybean oil.

The export bar was a unilateral decision of the commerce ministry and the exporters are facing huge financial losses, Abdul Aziz, acting president of Rice Bran Oil Manufacturers Association, told The Daily Star.

Most of the rice bran oil refineries in the country are now closed for the low demand, said Aziz, also managing director of Western Agro.

"We are exporting crude rice bran oil because rice bran oil is not popular in our country," said exporter Md Ali Hossain.

The few refineries still in operation in the country do not have the capacity to refine all the crude rice bran oil produced in the country, he said.

So, the export bar will lead to the crude rice bran oil going to waste now, he said.

Another exporter, Babul Akhtar, managing director of Obaid Corporation, said most of the crude rice bran oil was exported to neighbouring countries.

"We had accepted a huge number of export orders. Now we are in trouble," he said.

He further added that in the current global scenario, it was unrealistic for the government to meet the demand of the people in the country by stopping the export of rice bran oil.

Common people of Bangladesh deem the price of rice bran oil to be too high, he said.

The sector generates about $200 crore a year and the government's hasty decision this business is in danger of being lost, he added.

Budget as percentage

FROM PAGE B1

"This is reflected in Bangladesh's low tax-GDP ratio." The low spending capacity indicates the lower expenditures in the education, health and social protection sectors.

When it comes to the actual expenditure of the government, the ratio stood at 15 per cent of Bangladesh's national income in 2019-20, three percentage points lower than the original expenditure plan.

Selim Raihan, executive director of the South Asian Network on Economic Modeling, said low expenditure means that the nation can't spend enough on the key sectors.

"Bangladesh spends four per cent of its GDP for the education, health and social protection although spending is required to increase." "If the requirement is taken into account, more resources should be allocated for social sectors."

Policy support, reforms can ward off macroeconomic

FROM PAGE B1

"We must think about how long we will rely on remittance and garments as drivers of our economy as both things depend on the existing condition of other markets," he said.

"We are not under pressure like Sri Lanka in terms of debt management," said Raihan.

But Bangladesh must be alert since many of the country's mega projects are financed by foreign debt and these may suffer from cost and time overruns and a lack of feasibility studies, he said.

"We want to see some mega projects in education, health and social safety net sectors in the next budget," he said.

If the Ukraine-Russia crisis persists, Bangladesh's problems would linger, said AK Azad, managing director of Ha-Meem Group.

"Our main export destinations already started to decrease imports due to the inception of recession," he said, adding that the impact would fall on Bangladesh's export earnings next January.

There should be no restrictions on imports of industrial raw material and machinery on which exports are dependent, he said.

Regarding the interest rate, he said banks should run at their own pace.

"There is no discipline in the banking sector. With the supervision system of Bangladesh Bank alone, it is not possible to supervise so many banks and branches," he said.

He said energy prices should not be increased as the impact would fall on the manufacturing and export sectors, contributing to the closure of factories and unemployment.

"Indonesia is increasing its energy subsidy to billions to support local manufacturing and export. South Korea is capping electricity bills, companies including Samsung and Hyundai, are getting benefit out of it," said Syed Nasim Manzur, managing director of Apex Footwear.

"Now there are many export orders in every sector including leather and ceramics due to Covid shutdowns in China, creating a huge opportunity for Bangladesh," he said.

"But supply chain disruptions and freight rate hikes are proving troublesome for supply deadlines due to a lack of raw materials," he said. "We should give importance to two things: the quality of imports and infrastructure spending," he said.

"Economic recovery from Covid was possible for a surge in manufacturing for both the local and export markets. We should take some steps in the next budget to keep it up," he said.

He also advocated for direct money transfers under social safety nets to the financially insolvent.

"Coordination between fiscal policy and monetary policy is needed. Bangladesh's economy is now neither a market economy nor a centralised economy," said Fahmida Khatun, executive director of the Centre for Policy Dialogue.