



PHOTO: SAURAV HOSSAIN SIAM

Raw jute being loaded onto a truck in Narayanganj city for transportation to the Chattogram port from where it would be shipped abroad by Popular Jute Mills. Some 8,432,395 bales (one bale equals 180 kilogrammes) of jute were produced around the country in fiscal year 2021-22, as per the latest data of the Bangladesh Bureau of Statistics. Bangladesh earned \$182 million exporting raw jute that year, according to Bangladesh Bank. The photo was taken at Ghat 5 by the Shitalakshya river recently.

## Unilever Consumer Care's profit surges 32%

STAR BUSINESS REPORT

Profits of Unilever Consumer Care surged around 32 percent in 2023 thanks to the efficient use of operating expenses and increase in finance income.

The listed nutrition, hygiene and personal care company saw its earnings per share to rise to Tk 49.89 last year from the previous year's Tk 37.9.

Based on the earnings, the board of directors of the multinational company recommended 300 percent cash dividend for its shareholders.

The company issued the price sensitive information after a board meeting yesterday.

In 2022, Unilever declared 240 percent cash dividend and 60 percent stock dividends.

The company's profit grew in 2023, but sales dropped. However, its net asset value per share rose 40 percent year-on-year to Tk 122 last year.

Despite significant increase in raw and packing material costs and drop in revenue, the EPS improved due to efficiency in operating expenses, significant increase in net finance income and one-off benefit coming out of reassessment of past liabilities and obligations, the company said.

One-off waiver of technology and trademark royalty granted by the parent company for 2023 also contributed to booking higher profits this year, it added.

Shares of Unilever Consumer Care rose 0.27 percent to Tk 2,219 yesterday at the Dhaka Stock Exchange.

## Gold marches higher

REUTERS

Gold prices surged to another record high on Friday as data showing a rise in the US unemployment rate boosted expectations that the US Federal Reserve could begin cutting interest rates soon.

Spot gold rose 0.5 percent to \$2,170.55 per ounce by 2:07 p.m. ET (1907 GMT). US gold futures settled 0.9 percent higher to \$2,185.50.

Bullion was set to post its biggest weekly percentage increase since mid-October.

Gold reached an all-time high of \$2,185.19 after a report showed a rise in the US unemployment rate and a moderation in wage gains despite job growth acceleration in February.

"We still believe the same underlying premise remains, which is the combination of the expectation that the Fed is still going to cut rates later this year and dollar weakness," said David Meger, director of metals trading at High Ridge Futures.

The dollar index was 0.1 percent lower, making gold cheaper for overseas buyers, while the yield on the 10-year US Treasury fell to a more than one-month low.

Gold began its record run on Tuesday when it surpassed its December peak, primarily aided by growing indications of cooling price pressures and its traditional safe-haven appeal.

Low interest rates are supportive for gold prices as they reduce the opportunity cost of holding bullion.

# SME Foundation seeks fresh allocation of Tk 500cr

STAR BUSINESS REPORT

The SME Foundation, an organisation under the industries ministry, has sought a new allocation of Tk 500 crore from the government in order to provide loans to entrepreneurs, according to a letter.

They asked for the fund as budget support for the upcoming fiscal year 2024-25. At the same time, approval has also been sought to increase the interest rate of this loan from 4 percent to 7 percent.

In 2021, loans were disbursed in two phases to small and medium enterprises with money allotted to the SME Foundation by the government during the Covid-19 pandemic.

At present, there is heightened demand for SME loans, but the SME Foundation does not have enough funds to meet that demand, said an official of the foundation.

As such, the Ministry of Industries recently wrote to the Financial Institutions Division under the Ministry of Finance

regarding the allocation of new funds and the redetermination of interest rates, the official said.

According to the letter, Tk 300 crore was allocated to SME Foundation under the special incentive package announced by the prime minister during the Covid-19 pandemic.

Later, the SME Foundation formed a revolving fund by combining the loan proceeds and its own funds. Loans of Tk 294 crore were disbursed from this fund, most of which have not yet been repaid.

As a result, the foundation does not have the money to create any new revolving fund, the letter added.

The SME Foundation has been distributing loans to entrepreneurs through 20 public and private banks and non-bank financial institutions.

The interest rate on this loan was set at 4 percent, with the bank getting all the interest.

However, in the case of the new

revolving fund loans, the foundation wants to increase the interest rate to 7 percent.

Under the new arrangement, the disbursing bank or financial institution will get 5 percent of the proposed interest

**At present, there is heightened demand for SME loans, but the SME Foundation does not have enough funds to meet that demand, said an official of the foundation**

while the remaining 2 percent will go to the SME Foundation.

It will use the funds to enhance the skills and capabilities of entrepreneurs, the official added.

SME Foundation sources said 6,066 entrepreneurs have received loan facilities so far. Of them, 3,108 entrepreneurs have received Tk 300 crore from the

government's incentive package and 2,978 people have been given Tk 294 crore from the revolving fund.

Salahuddin Mahmud, managing director of the SME Foundation, said: "Currently our funds are inadequate compared to demand. That's why we have asked for new funds."

He added that a 7 percent interest rate was still much lower than the rate at which banks currently lend to entrepreneurs, especially considering service charges.

The SME sector is considered to be the country's lifeline, accounting for about 25 percent of the nation's gross domestic product.

There were 78.8 lakh business establishments in the country, according to Economic Census 2013 of the Bangladesh Bureau of Statistics. Of them, 87.52 percent were cottage, 1.33 percent micro, 10.99 percent small, 0.09 percent medium and 0.07 percent large enterprises.

## 26 lakh insurance policies

FROM PAGE B1

Oftentimes, lapses occur due to a lack of awareness of the importance of regularly paying premiums, he said.

Ahmad said MeLife has taken initiatives to help customers remain fully protected throughout their insurance tenure.

These include proactive after-sales briefing calls to customers, SMS-based reminders, enhancing digital premium payment channels and training agents so that they can educate customers to keep their policies active, he added.

Md Jalalul Azim, managing director of Pragati Life Insurance Ltd, said when he joined the company in 2013, some 20 percent of the policies continued after 25 months. This has improved to 49 percent now.

He said the company is now focused on selling the right kind of products that customers need.

"Thus, the discontinuation rate has dropped."

Azim said the use of digital technologies in collecting premiums is increasingly offering convenience to customers.

Pragati Life Insurance plans to raise the policy continuation rate to 60 percent within three years.

Md Main Uddin, a professor of the department of banking and insurance at the University of Dhaka, thinks the higher policy discontinuation rate highlights the negative perception that people have about the insurance sector.

"This is a major failure of insurance companies."

Agents receive a higher percentage of commission on the premiums paid in the first year, so they are more interested in selling as many products as they can.

Currently, agents get about

35 percent commissions on the premiums in the first year, 10 percent in the second year and 5 percent in each of the subsequent years before a policy becomes mature.

Therefore, Prof Main said, the rate of commission should be revised so that agents are more attentive towards policy renewal.

Jainul Bari said the Idra has decided to revise the commission rate within a month.

In 2023, ten companies with a high lapse rate were asked to raise the policy continuation rate to 60 percent.

"We have not received the annual reports of the companies yet. After getting the reports, we will understand how much progress they have made," Bari added.

Some companies have been fined for their failure to increase the policy continuation rate and show-cause notices have been issued, he said.

## Can the overly enthusiastic

FROM PAGE B1

It seems that the Rajdhani Unnayan Kartripakkha (Rajuk), the public agency responsible for coordinating urban development in Dhaka, has suddenly woken up and found out the violations of laws in the restaurant business.

The Fire Service and Civil Defense, the Dhaka South City Corporation and the Dhaka North City Corporation also jumped into action. Even the police are raiding restaurants.

They are demolishing restaurants and arresting owners and employees. But the point is that the way authorities are going after restaurants is not the appropriate approach to creating awareness and guaranteeing safety.

Besides, the closures of some restaurants are hitting the business and will discourage entrepreneurs from making a foray into the flourishing sector. Some people will also lose jobs or new employment opportunities will not be generated.

Ultimately, these overly enthusiastic raids and arrests will not be supportive of the sector.

Previous experience shows that such raids and monitoring activities

last for a few days. And once the public outcry over the fire incident fades into the background as time goes by, such efforts lose their speed until the next incident strikes.

This is how we allowed the fires at Nimtoli, FR Tower, Bangabazar, New Super Market, Moghbazar and Churihatta to take place.

Rather, the government should make it costlier so that entrepreneurs can't think of cutting corners and launching a business without putting in place proper safety standards. Continuous monitoring of compliance is also vital.

After the fire in Churihatta in 2019, a technical committee was formed and it visited around 3,000 buildings and recommended some measures in its report. One of them was to extend the regular monitoring of the Rajuk. It also recommended making a detailed engineering assessment of the buildings of Dhaka city through a third party.

However, the recommendations have not been implemented yet. Thus, compliance has remained largely overlooked, putting people's lives at risk.

## Navana Pharma

FROM PAGE B1

A generic drug is a medication created to be the same as an already marketed brand-name drug in dosage form, safety, strength, route of administration, quality, performance characteristics, and intended use.

The company needs to take approval from general shareholders to utilise the IPO proceeds for a different purpose and so will hold an extraordinary general meeting on May 2 to get the approval.

In 2022, the company raised Tk 75 crore under the book building method to build a general manufacturing building, utility facilities, engineering buildings, renovate a unit for cephalosporin, which is a type of antibiotic, and partially repay loans.

The company said it had already spent 71.31 percent of the IPO proceeds. Shares of Navana Pharmaceuticals dropped around 3 percent to Tk 90 on Thursday.

In the July-December period of 2023, its sales rose 20 percent year-on-year to Tk 328 crore.

In the same period, the company's profits rose 57 percent year-on-year to Tk 22 crore.

## Women far behind men

FROM PAGE B1

Funded by the Bill and Melinda Gates Foundation, the study surveyed 7,560 individuals in 56 districts.

It found that women also trailed men in terms of financial inclusion in the banking sector: 30.47 percent of women have bank accounts compared to 47.75 percent of men.

However, women are far ahead of men in terms of having accounts with microfinance institutions (MFIs). Some 61.95 percent of women own accounts with MFIs compared to 5.58 percent of men.

Overall, the gender gap in financial inclusion in Bangladesh is 6.90 percentage points, the study found.

As per the findings, about three-fourths of the gap may be attributed to a host of factors linked to demographics, economic status, education, employment, and marital status, while a quarter remains unexplained.

Prof Bidisha said restrictive gender and social norms significantly impede women's financial inclusion. Women face derogatory remarks and social sanctions rooted in restrictive norms, limiting their roles within and outside the household, she said.

## Automated fuel price adjustment

FROM PAGE B1

"Although the government is yet to publish any notification (on the system incorporating jet fuel), we expect it will do so soon," he said.

Airlines used 4.71 lakh tonnes of jet fuel in fiscal year 2022-23, which was 10 percent higher year-on-year, as per Bangladesh Petroleum Corporation.

Aviation fuel accounted for 6.4 percent of the 73.46 lakh tonnes for fuel oil used by Bangladesh last fiscal year.

Fuel costs account for almost half of the total operating cost of an airline. For a low-cost carrier, the fuel cost is around 60 percent of its total cost, said Asif.

Local airlines face competition

She added that in many cases, bank or MFS accounts were opened under women's names, but were being run by their husbands.

Such norms influence the mindset of financial service providers and recipients, constraining access to core prerequisites of financial inclusion such as asset control and employment opportunities, she added.

"Institutional structures and policy frameworks are likewise influenced by these norms, shaping both their design and implementation."

Despite the myriad hurdles, according to Prof Bidisha, some women attain a certain level of financial inclusion and that proves to be transformative, bringing about changes in their lives and the lives of those around them.

Prof Banu said the gender gap in the financial sector covers layers and depth of inclusion, access, and control of financial products and services, capturing perspectives from both service beneficiaries and providers such as banks and MFS.

She suggested exploring existing policies and identifying gaps and challenges to chart the way towards

a more inclusive financial ecosystem.

Atiur Rahman, a former governor of the Bangladesh Bank, said Bangladesh has been providing a gender-responsive budget for the past 15 years or so and the practice is now well anchored in the budget-making process.

It is heartening to know that this gender-sensitive allocation has increased by about ten-fold over the last fifteen years, he added.

"However, allocations alone may not be enough to bridge the gender gap."

The study recommended a wide range of initiatives, including seeking out data on women's financial inclusion and their access to digital services, ensuring a gender-friendly business environment at banks and gender-friendly terms for loans and other services.

It also suggested the formulation of a detailed action plan to reduce the gender gap, and extending and effectively implementing fiscal incentives for women entrepreneurs.

In addition, capacity-building training, sustained campaigns, and advocacy to raise awareness are also required, it said.

Nearly 30 foreign carriers operate flights to and from Bangladesh, which handled 1.53 crore air travellers in fiscal year 2022-23, up 33 percent year-on-year, according to data of the Civil Aviation Authority of Bangladesh compiled by the Bangladesh Bureau of Statistics.

The Air Astra CEO said foreign carriers transport nearly 70 percent of foreign travellers. And local airlines will be able to secure more share of the market if they can compete with regard to fare prices, he said.

Asif said local airlines would also be able to attract more passengers if they can reduce fares in tune with automated adjustments of fuel prices.