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BUSINESS

Shipping lines are showing interest in expanding services to directly connect and quickly transport cargo between Chattogram port and those in China



Story on B4

Review foreign finance carefully: CPD

STAR BUSINESS REPORT

Multilateral development finance (MDF) sometimes brings risk for the receiving countries, for which there should be meticulous reviews for facing the challenges, according to experts.

"MDF is undergoing a significant number of challenges due to policy crisis, geopolitical shifts and ongoing global financial architecture reforms," said Fahmida Khatun, executive director of the Centre for Policy Dialogue (CPD).

She was addressing a webinar styled "Launching of the Multilateral Development Finance 2024 Report", jointly organised by the CPD and Organisation for Economic Co-operation and Development (OECD) yesterday.

The report was released globally on September 5.

Multilateral development finance is undergoing challenges due to policy crisis, geopolitical shifts and global financial architecture reforms, said an expert

The OECD data shows that the MDF's share in official development finance has grown from 45 percent in 2012 to 61 percent in 2022, said Fahmida.

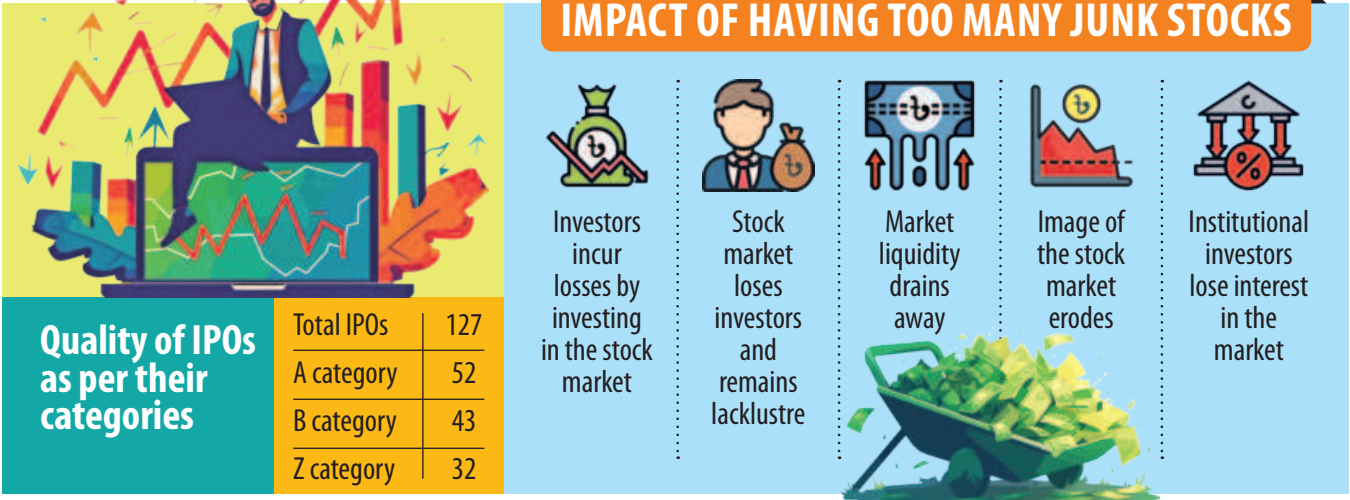
With increasing demand, capabilities of the MDF system and multilateral development banks need to be enhanced, she said.

Donors influence and shape the system's priorities through their allocations, bringing risks for the receiving countries, said Abdoulaye Fabregas, economist, architecture and analysis unit, OECD development co-operation directorate, in a presentation.

He suggested prioritising high impact funding mechanisms and emerging

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IPO approval turned into a recipe for market mischief



AHSAN HABIB

The stock market regulator approved 127 firms for listing in the past 14 years, allowing their transition from private to public companies. However, the subsequent outcomes are disheartening as most of these companies showed declined performance rather than growth.

A significant number of the enlisted firms -- roughly one-fourth of the total companies at the bourses -- became junk after going public.

This left share market experts to conclude that many of the companies listed during the last 14 years through initial public offerings (IPOs) were actually underperforming.

Of the 127 companies approved in the last 14 years, only 52 remained in the 'A' category, while 43 were downgraded to 'B' and 32 to 'Z'.

In other words, 40 percent of companies maintained their A category status after listing while 60 percent experienced a decline in their categories.

A company paying less than 10 percent annual dividends is classified as 'B' while 'A' category companies must pay at least

10 percent.

A company is downgraded to 'Z' if it fails to declare dividends for two consecutive years.

The 'Z' classification also includes failure to hold regular annual general meetings, production suspension for six months or having a negative retained earnings balance exceeding the company's paid-up capital.



Besides, a company is downgraded to 'Z' if it fails to pay at least 80 percent of the announced dividends.

According to official data, 'Z' category shares in 2011 amounted to around 8 percent of the total issuances while it spiralled to over 10 percent in 2024.

Minhaz Mannan Emon, a former director of the Dhaka Stock Exchange (DSE), said the premier bourse of the country rejected nearly 70 percent of IPO proposals after analysing their

financials, but the Bangladesh Securities and Exchange Commission (BSEC) disregarded these recommendations when granting approvals.

According to Emon, while stock exchanges worldwide usually list companies without any major involvement from market regulators, the BSEC deviated from this norm by taking a more active role in the listing process in Bangladesh.

Many of the companies listed during the past 14 years had relatively insignificant performance, he said. To facilitate their IPOs, these companies often provided undue benefits to top officials of several government agencies.

For example, Matiur Rahman, a former top tax official who made headlines for the extravagant purchase of a sacrificial animal and subsequent job loss, obtained placement shares in several penny companies without paying a single penny, Emon mentioned referencing multiple media reports.

"This must have negatively impacted these companies," he said.

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Unmet demands fuel labour unrest Say union leaders

STAR BUSINESS REPORT

Holding unmet demands responsible for the latest spell of worker agitation in garment manufacturing belts, labour leaders have called for an immediate implementation of the 18-point demand agreed on at a tripartite meeting last week.

While meeting Labour and Employment Ministry Secretary AHM Shafiquzzaman at the Secretariat yesterday, the union leaders also underscored issues like withdrawing cases against workers over factory vandalism and stopping worker abuses over involvement in agitation for bringing full calm to the local apparel sector.

At the meeting, the labour secretary said most of the demands by the union leaders can be met by December, but some points may take time.

After weeks of labour unrest severely hurting Bangladesh's apparel manufacturing, a tripartite committee comprising factory owners, the government and workers adopted the 18-point demand on September 24.

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Govt revises taskforce on recovering laundered money

STAR BUSINESS REPORT

The interim government yesterday restructured an inter-agency taskforce meant to bring back money that has been illegally taken abroad.

Headed by the Bangladesh Bank governor, the nine-member task force has become operational with immediate effect, said the finance ministry in a notification.

The previous taskforce was headed by the attorney general and formed by the immediate past Awami League government.

The amount of money illegally sent abroad is believed to be over Tk 100,000 crore, said a press statement issued by the office of the chief adviser

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