

Frauds rampant in cooperatives: TIB

STAR BUSINESS REPORT

Management executives of 21 cooperatives have allegedly misappropriated funds amounting Tk 9,070 crore from 9 lakh members in the last one year, said Transparency International Bangladesh yesterday.

The development came to light in TIB's study on cooperatives management using data from 37 cooperatives working in eight districts under six divisions. The findings of the study were revealed at a press briefing in the capital's Hotel Abakash.

The study found that most cooperatives obtained registration by using political influence and bribing officials at the Department of Cooperatives (DoC), with the amount of bribe varying with the area for operation.

For instance, to operate in a thana within the Dhaka Metropolitan area a bribe between Tk 35,000 and Tk 40,000 is needed, while to operate in Dhaka district the bribe would rise to Tk 70,000-80,000, said TIB.

"Locally influential persons get registration for cooperatives to misappropriate government's grants and khas land. In such cases, eligibility is not examined. Even ministers also put pressure on field offices to provide registration for some cases."

The lax auditing of cooperatives' accounts is also to

TIB FINDINGS  **TRANSPARENCY INTERNATIONAL BANGLADESH**
Social movement against corruption

21 firms misappropriated Tk 9,070 cr of 9 lakh members

Managements of the firms might have been engaged in the embezzlement

Nearly half of **1.86 lakh** registered cooperatives with **93.49 lakh** members remain inactive for long

Structural weaknesses, irregularity, corruption and a lack of monitoring are the causes of the failure

Many cooperatives charge exorbitant interest and offer high profits to attract deposits

blame. TIB found several instances where DoC officials prepared favourable audit reports in exchange for money.

The study also found many cooperatives deceiving general members, charging exorbitant interests between 30 percent and 45 percent and offering high profits to attract deposits.

There are also irregularities in disbursing profits. Representatives in the management of cooperatives misuse capital and wealth for their individual gains and hide information on income and expenditure from general members, it said.

TIB, citing the much talked about Destiny Multipurpose Cooperative Society Ltd, said Destiny raised Tk 2,058 crore from over eight lakh investors between the year 2005 and 2017.

It said Destiny is alleged for attracting deposits by inducing people of giving as high as 46 percent profit.

The management of the cooperative transferred Tk 1,114 crore to the bank account of Destiny 2000 Ltd, spent Tk 740 crore as commission of distributors and provided unapproved loan of Tk 270 crore, it said.

TIB said cooperatives are used as a medium to deposit illegally earned money.

"Many people are interested in depositing money in cooperatives owing to the absence of requirements to examine sources of income and money and pay certain

Ecneec approves Tk 1,419cr projects

STAR BUSINESS REPORT

The Executive Committee of the National Economic Council (Ecneec) yesterday approved three development projects involving a cost of Tk 1,419 crore.

The projects include an allocation of Tk 1,199 crore for improving facilities at 204 upazila complex buildings.

The approval came at a meeting of the government's highest policy-making body at the NEC conference room in the capital with Prime Minister Sheikh Hasina in the chair.

All the cost of the three projects would come from the government exchequer, said a planning ministry statement.

Under the Upazila Complex Extension (first revised) project, there would be extension work at 204 upazila complex buildings out of the country's 453 upazilas.

According to the design approved in 1982, all upazila complex buildings are supposed to have an office space of 40,000 square feet.

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New banks struggle to get business

Governor to sit with them next week

SAJJADUR RAHMAN

The nine new banks which opened last year are struggling to gain any traction in their business, as too many banks chase a limited customer pool amid sluggish economic activities.

As of February 20, the average advance-deposit ratio (ADR) of the nine new banks stood at only 54 percent, meaning the banks lent only Tk 54 against a deposit of Tk 100, which is much lower than the industry average of 70.35 percent and the Bangladesh Bank ceiling of 85 percent.

Of the new banks, Modhumoti Bank's ADR was only 15 percent, the lowest, followed by The Farmers Bank at 23.46 percent and NRB Bank 24.10 percent, according to data from Bangladesh Bank.

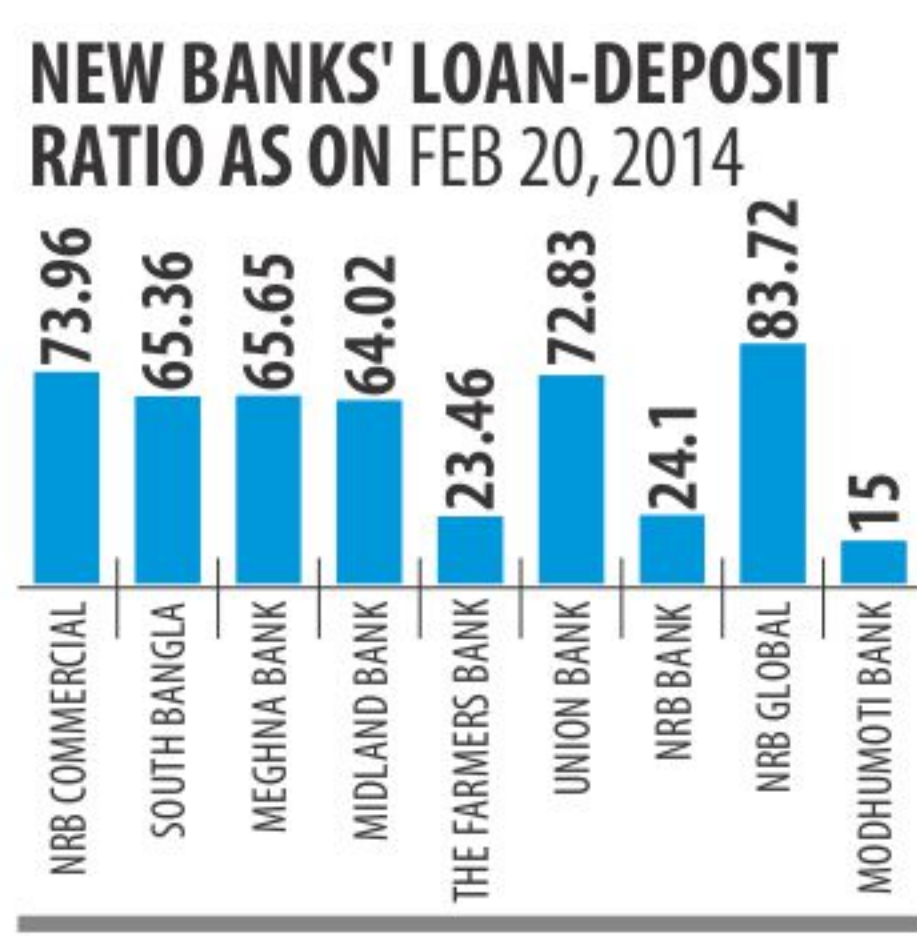
The total number of banks operating in the country now stands at 56, and a senior official of The Farmers Bank said the competition to get clients is fierce.

The bank, which has 12 branches at present, is now looking at small towns and rural areas to enlist new clients.

"We are trying to overcome the challenges. You will find us in a better situation by June this year," said Mizanur Rahman, managing director of Modhumoti Bank that currently has six branches, with another 10 on way this year.

Muklesur Rahman, managing director of NRB Bank, said potential customers are still watching the situation before taking up fresh loans. He, however, said his bank's ADR has now increased to 54 percent, up from only 24 percent in February.

Amid this situation, the central bank has called a meeting with the new banks to



discuss their business issues and challenges. BB Governor Atiur Rahman will chair the meeting to be attended by chairmen and managing directors of the new banks.

However, not all the new banks are struggling. NRB Global Bank's ADR has reached nearly 84 percent and that of NRB Commercial Bank 74 percent.

"We are going cautious, not aggressive," said Abdul Quddus, managing director of NRB Global Bank.

Many analysts had opposed the central bank's move to permit more banks in the country, saying there are already too many banks. Despite that, BB allowed nine banks on political consideration.

On the other hand, India's central bank granted permission to only two new banks last week, although the country's half of the 120 crore population is out of banking services.

Currently, India has 88 scheduled commercial banks.

Saif Powertec gets IPO nod

STAR BUSINESS REPORT

Bangladesh Securities and Exchange Commission yesterday gave a go-ahead to Saif Powertec to raise Tk 36 crore from the public.

The power generation equipment and service provider will float 1.2 crore ordinary shares of Tk 10 each, in addition of Tk 20 as premium, to raise the fund, which will be used in its new battery project.

ICB Capital Management will manage the initial public offering, the stockmarket regulator said in a statement.

The five-year weighted average earnings per share of Saif Powertec stood at Tk 3.01 and revalued net asset value per share at Tk 24.29 as of June 2013.

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Govt submits GSP progress report

STAR BUSINESS REPORT

The commerce ministry yesterday submitted the progress report on the 16-point action plan for reinstatement of GSP status to Obama administration.

"Bangladesh made a good progress in the action plan. The US has already expressed satisfaction over the progress," Commerce Minister Tofail Ahmed said.

Although not all the 16 points on the action plan were fulfilled, the government is hopeful that it would go some way towards winning back the Generalised System of Preferences status.

One of the major conditions was to recruit additional 200 factory inspectors by April 15, but, so far, the labour and employment ministry has taken only 25 first-class inspectors through the Public Service Commission.

It is yet to formulate the rules

"Bangladesh made a good progress in the action plan. The US has already expressed satisfaction over the progress," Tofail Ahmed says

needed to implement the amended labour law in factories, nine months after the amendment was passed.

Among the conditions, the labour and employment ministry could inaugurate the database of garment factories on March 30 and withdraw cases against labour leaders Babul Akter and Kalpona Akter.

The government has also relaxed the trade union rules and registered 127 new trade unions in 2013 in the garment sector. The government also re-registered two NGOs -- Bangladesh Centre for Worker Solidarity and Social Activities for the Environment.

The US government suspended the GSP status on June 27 last year citing serious shortcomings in labour rights and workplace safety.

Only 0.54 percent of the country's total exports to the US could

Apparel makers want to open outlets in UK

STAR BUSINESS REPORT

Leaders of the newly formed UK Bangladesh Catalysts of Commerce and Industry Ltd yesterday demanded that the government allow the transfer of money to invest in opening showrooms for clothing items in the UK.

"The government should allow garment exporters to invest 5-10 percent of their export value on opening showrooms in the UK, as there is a big market in that country," said Iqbal Ahmed, chairman of the platform.

"If the government allows opening showrooms, country branding will also take place in the UK," Ahmed said in a meeting with Kazi Akram Uddin Ahmed, president of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), at the latter's office in Dhaka.

A total of 400 million pound sterling was

invested by the non-resident Bangladeshis in the UK through establishment of NRB Bank in Bangladesh, said Iqbal Ahmed, who is also the chairman of the bank.

"We also want a special economic zone in Sylhet so that people from Sylhet who live in England can invest there."

"We have huge opportunities to attract UK investment in Bangladesh. We want more cooperation from the government," said Bajloor Rashid, president of the new platform.

Rashid, also a former president of Bangladesh Caterers Association in England, said a total of 12,000 restaurants are in operation in the UK that are run by Bangladeshi people.

The FBCCI president said he will urge the government to establish a special economic zone in Sylhet. "You can also invest in the tourism sector in Bangladesh."

Tourism fair starts in Dhaka today



Kazi Wahidul Alam, editor of The Bangladesh Monitor, speaks at a press briefing yesterday to announce a four-day international tourism fair, which is set to begin at Sonargaon Hotel in Dhaka today.

STAR BUSINESS REPORT

A four-day international tourism fair - Eastern Bank-Monitor Dhaka Travel Mart 2014 -- is set to begin today at Sonargaon Hotel in the capital, to showcase various travel packages.

"Tourism is a growing sector in the country. The exhibition will give a boost to the sector that was hit hard by political unrest last year," said Kazi Wahidul Alam, editor of The Bangladesh Monitor and chairman of the exhibition committee, at a press briefing in Dhaka yesterday.

The exhibition attracts more and more visitors every year, leading to growing business for the participants, said Alam.

More than 10,000 visitors are expected to attend the exhibition, which was around 8,500 last year, he added.

A total of 48 organisations such as national tourism organisations, airlines, tour operators, hotels, resorts, travel trade bodies, and financial institutions from eight countries, including Malaysia, Thailand, Nepal, the UAE, Sri Lanka, and Bangladesh, are taking part in the show.

Organisations participating in the fair will offer up to 50 percent discount on airfare and special discounts on tour packages to the visitors.

Rashed Khan Menon, minister for civil aviation and tourism, is expected to inaugurate the fair at 4pm today.

The fair will remain open from 10am to 8pm with an entry fee of Tk 20.

Eastern Bank Ltd is the title sponsor of the fair, while Biman Bangladesh Airlines is the airline partner and Bangladesh Tourism

Barapukuria mine cuts coal price

OUR CORRESPONDENT, Dinajpur

The authorities of Barapukuria Coal Mining Company Ltd slashed the price of each tonne of coal by Tk 1,000 to boost sales, as the mine's coal stock has broken all previous records, officials said.


Each tonne of coal was sold at Tk 10,200 since February, which was brought down to Tk 9,200 earlier this month.

In February, the mine authorities cut each tonne of coal's price to Tk 10,200 from Tk 12,600. Officials said the mine now sells around 3,000 to 3,500 tonnes of coal everyday.

In September last year, each tonne of coal was sold at Tk 11,079, which later reached Tk 12,558 in the peak selling season.


The mine now has 3.5 lakh tonnes of coal in its yard, which is much higher than its capacity of 1.5 lakh tonnes.

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