

NBR misses collection target by 3.6pc

STAR BUSINESS REPORT

The National Board of Revenue fell short of its tax collection target for fiscal 2013-14 by 3.59 percent, or Tk 4,488 crore, due to lower receipts from income tax and VAT from domestic sources.

Overall collections though rose 10.41 percent year-on-year to Tk 120,512 crore, according to data from the revenue authority which released its annual collection figures yesterday.

With the receipts falling below last year's target of Tk 125,000 crore, taxmen will now have to log in a 24 percent growth in its collections to attain the target of Tk 149,720 crore for the current fiscal year.

Taxmen blamed the slowdown in investment and the sluggish domestic demand for the less-than-target collection figure for fiscal 2013-14.

While economic activities picked up in recent months, the recovery was not enough to help the NBR hit the target despite increased monitoring and efforts to collect VAT at source and realise dues, and initiative to expedite settlement of court cases.

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Default loans rise in April-June

Scandal-hit BASIC Bank accounts for two-thirds of the increase

REJAUL KARIM BYRON

Banks' total default loans rose Tk 3,183 crore in the three months from March 31, with the scam-hit BASIC Bank accounting for almost 64 percent of the rise.

On June 30, the banking sector's total default loans stood at Tk 51,345 crore, up 6.59 percent from the first quarter, according to data from the central bank. The amount is 10.75 percent of the total outstanding loans.

The state-run BASIC Bank alone accounted for Tk 2,034 crore of the default loans, which is 40.77 percent of its total outstanding loans. Only ICB Islami Bank has a higher percentage of default loans.

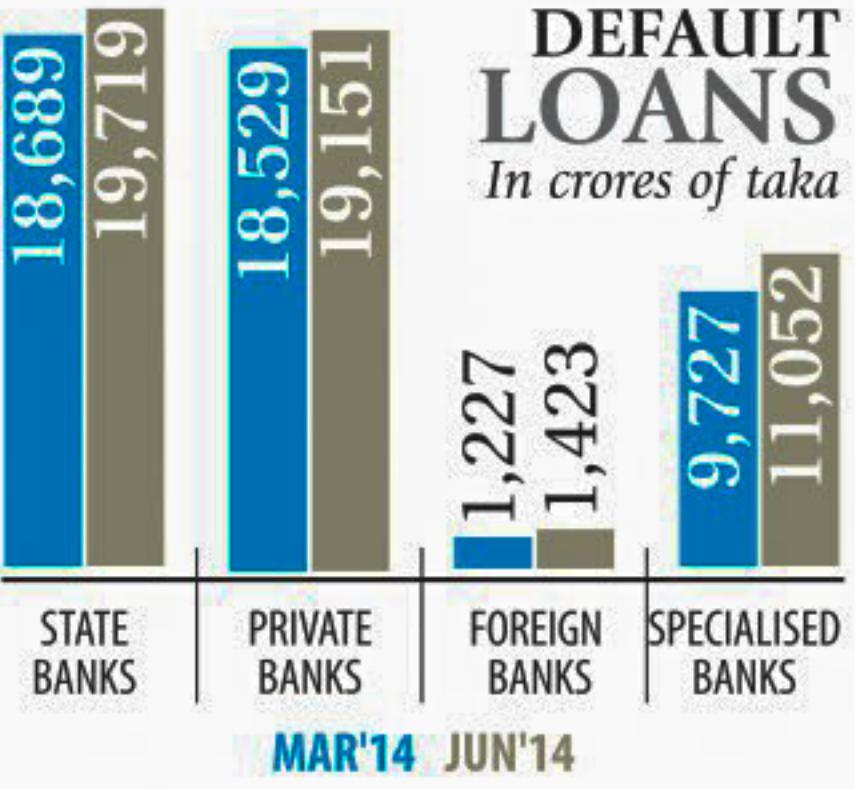
Of the 47 scheduled banks (excluding the nine new banks), 23 banks saw their default loans ascend and 24 descend.

The four state-owned commercial banks' default loans soared Tk 1,030 crore between the months of April and June, with Agrani alone accounting for Tk 571 crore.

The default loans of private commercial banks rose Tk 632 crore, with just two banks responsible for 80 percent of the sum. Foreign banks' saw their default loans increase Tk 196 crore.

Meanwhile, the default loans of three specialised banks -- Krishi Bank, Rajshahi Krishi Unnayan Bank and Bangladesh Development Bank -- dropped.

Anis A Khan, managing director of Mutual Trust Bank, said the reason for



the increase in default loans is that Bangladesh Bank allowed special rescheduling facility as a result of political instability last December, which many failed to repay later and have now become default loans.

From December last year to March this year, the banks regularised Tk 14,765 crore via the facility, according to BB.

Nurul Amin, managing director of Meghna Bank, echoed Khan, adding that many banks extended the facility to even their default borrowers to improve their balance sheets.

Many banks showed their bad loans as good ones so that their balance sheets look better and more profits can be given to the owners of banks.

Later, BB inspections detected these irregularities and the loans were classified again.

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Product varieties raise demand for plastic goods

SUMAN SAHA

Demand for plastic goods, especially from households, has boomed in recent years, as manufacturers continue to expand their product range amid fierce competition.

The plastic industry has grown enough to handle the rising demand from local and foreign markets, said Md Jashim Uddin, president of the Bangladesh Plastic Goods Manufacturers and Exporters Association.

The annual sales of plastic products are estimated to be around Tk 15,000 crore in the local market, which grew 15 percent a year over the last several years, he said, adding that households' items account for around Tk 2,000 crore of total domestic sales.

The plastic sector is also witnessing Tk 100-Tk 150 crore in new investments each year, he said.

"We are bringing innovations and adding newer products to the baskets regularly in a bid to increase the use of plastic products," he said, adding that the local plastic goods makers are continually improving their product quality as well.

Though Bangladesh is an emerging developing country and has been growing at over 6 percent on average for the last one decade, its per capita consumption of plastic is well below the regional countries, he said.

Bangladesh's current per capita plastic consumption stands at 3.5 kg, which is around 13 kg for India, said Jashim, also the vice-chairman of Bengal Group of Industries.

The sector has witnessed huge product diversification over the last several years due to people's changing lifestyles, said Kamruzzaman Kamal, marketing director of Pran-RFL

BY THE NUMBER



Annual sales of plastic products stand at Tk 15,000 cr in local market



Household items account for around Tk 2,000 cr of the total domestic sales

New investments worth Tk 100-Tk 150 cr come every year

Around 12 lakh people employed in 5,000 manufacturing units

Export earnings stood at \$85.70 m in fiscal 2013-14

Group.

Many people are using plastic goods due to their quality and durability, he said, adding that the country is now capable of manufacturing world-class products.

RFL, which has more than 1,000 household items, is bringing new products in every area where there is an opportunity, he said.

Hamko Industries, another leading plastic goods maker, has brought in lots of innovation in the sector.

"We are now adding new products targeting both the domestic and local markets each month," said Md Zahid Hassan, chief marketing officer of the company.

An increased number of people are buying plastic goods as they are now necessity items and provide more value for money to customers, he said.

Hamko, which started the plastic business in 2011, now has more than 400 products in the household segment, including kitchenware, furniture, tiffin box and jugs.

Bengal Group, RFL, Partex, Talukder Group, Luna, Taj, Lira-Samrat, Sunflower and Hamko Group are now the leading players in the sector.

Though the sector started small in the 1960s, it has now reached a self-sufficient stage, according to Jashim.

Around 12 lakh people are now directly and indirectly employed in around 5,000 small, medium and large plastic goods manufacturing units.

The value addition of plastic products is hovering between 51 and 70 percent, according to data from the industry lobbying group.

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DSE halts trade of Shahjibazar for unusual price hike

STAR BUSINESS REPORT

The Dhaka Stock Exchange management yesterday suspended trading of Shahjibazar Power Company shares indefinitely owing to unusual price hike of the newly-listed firm.

Pursuant to BSEC's investigation and recent unusual price movement of the company, the DSE, in the greater interest of investors and the capital market, has decided to suspend the trading of Shahjibazar Power with effect from today [yesterday] until further decision," the bourse said in a web posting.

The premier bourse also enquired the power generation company if there was any undisclosed price-sensitive information behind the unusual hike since the listing on July 15, to which the company answered in the negative.

Earlier on July 31, the Bangladesh Securities and Exchange Commission formed a two-member probe



panel after the company's share price soared 61 percent to Tk 58.7 in just nine trading sessions.

But the shares rallied for the next five trading days too, bringing about a 38 percent rise.

Each share of Shahjibazar Power closed at Tk 89.2 on Sunday on the premier bourse.

Market insiders said the lower free float ratio of the company's shares could be a major factor behind the continuous rise in prices, even after the regulatory probe.

Lower free float ratio means that there is lesser quantity of tradable shares in the market.

Only 1.26 crore of the 12.68 crore Shahjibazar Power shares are free floating or tradable.

Located in Habiganj, Shahjibazar Power raised Tk 31.7 crore through initial public offering, which was approved by the BSEC in January. The company floated 1.26 crore ordinary shares of Tk 10 each at an offer price of Tk 25, including Tk 15 as premium.

Western Marine to build \$20m vessel for Kenya

DWAIPAYAN BARUA, Chittagong

Western Marine will build a specialised third generation offshore patrol vessel worth \$20 million for the Kenyan government.

The ship will ensure security at the maritime boundary of the African country.

The leading Bangladeshi shipbuilder will start building the vessel today, as Shipping Minister Shahjahan Khan is scheduled to inaugurate the work with a keel laying ceremony at the shipyard on the bank of river Karnaphuli in Patiya.

Western Marine received the order

through Danish firm JGH Marine A/S on January 23 and is supposed to deliver it to the Kenyan Ministry of Fisheries, Livestock and Agriculture in 2016.

The 54-metre long vessel will operate over a range of more than 1,500 nautical miles in the Indian Ocean off the East African coast.

The vessel marks an upgrade in production capabilities for the local industry. Bangladesh has so far mainly made first and second generation cargo and passenger ships.

Local shipbuilders, including Western Marine, had so far built slow vessels like cargo and passenger ships with only 10 to 15 nautical miles per

hour speed capacities. But the Kenyan vessel will be able to sail at a maximum speed of 35 nautical miles per hour, said Western Marine's Managing Director Sakhawat Hossain.

The vessel will be equipped with fully automatic and electromagnetically compatible equipment, including radar, scanner and other navigational bridge equipment necessary for security monitoring in far waters.

It will also have a helipad for a 5-tonne helicopter. "It is a proud moment for Western Marine after being the first local firm to be able to undertake such a hi-tech project," Hossain said.

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