STOCKS (Week-on-week)		COMMODITIES (As of Friday)		ASIAN MARKETS (Friday closings)			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 1.14%	▲ 1.34%	$1,328.00 (per ounce) ▼	$47.88 (per barrel) ▼	▼ 0.85%	▲ 0.04%	▼ 0.73%	▼ 0.55%
4,601.09	8,617.19			28,797.25	16,965.76	2,873.33	3,078.85

CURRENCIES (As on Thursday, STANDARD CHARTERED BANK)

	USD	EUR	GBP	JPY
BUY TK	77.70	86.44	102.67	0.75
SELL TK	78.70	89.84	106.07	0.78

Star BUSINESS

DHAKA MONDAY SEPTEMBER 12, 2016, *BHADRA 28, 1423 BS*

Inspect NRB Commercial Bank, court asks BB

STAR BUSINESS REPORT

The High Court asked Bangladesh Bank to carry out an inspection of NRB Commercial Bank after allegations of irregularities were brought by a director of the bank. Barrister M Ashraful Islam, a lawyer for AM Tushar Iqbal Rahman, the director, confirmed the HC order issued on Thursday.

The bank was founded in 2013 by a group of expatriate Bangladeshis living in different countries.

Taking loans by directors in fictitious names, and forging signatures of some directors who live abroad and did not come to Bangladesh in the last three years were the major allegations against the bank's Chairman Farasath Ali, Vice-chairman Toufique Rahman Chowdhury and Managing Director Dewan Mujibur Rahman.

Other irregularities include allowing borrowers to attend board meetings and lavish spending in decoration of bank branches.

"The High Court has directed the central bank to carry out an inspection under section 44 of the Bank Companies Act 1991," Islam said.

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Private lenders outperform others

REJAUL KARIM BYRON

Local private banks saw their credit growth accelerate in comparison to state and foreign banks due to the race for making more profit than others.

The credit growth of private banks, whose share in the total credit comes to 72.48 percent, accelerated 18.13 percent year-on-year on June 30 this year.

However, the state-owned commercial banks' credit grew by 8.48 percent during the same period, whose share in the total credit is 19.79 percent.

On the other hand, the foreign banks, whose share in the total credit, comes to 8.19 percent, accelerated 10.20 percent.

The sector's overall credit stood at Tk 642,173 crore, up 15.42 percent year-on-year.

The main reason behind the private banks' credit growth is marketing effort, said Nurul Amin, managing director of Meghna Bank.

"There is a pressure for profitability on the private banks, so they try to disburse more loans."

The loans in the real sector did not grow much; rather they mostly went to trading sectors such as car loans, house building loans and SME loans, according to Amin.

"The banks lowered interest rates much in recent times. Not only that many offers are being made in the retail sector," he said, adding that the demand for consumer loans is increasing as a result.

The managing director of a new private bank, on condition of anonymity, said the private banks' target is optimal use of creditable fund to earn maximum profit.

Another reason is that the service of private banks is better than the state banks and for that reason clients come to the private banks more, he said.

About one decade ago the market share of state banks was over 50 percent. But thanks to the private banks' aggressive banking and better service the market share of state banks is shrinking by the day.

A high official of a state bank pinned the cautious approach adopted by state banks in giving out fresh loans after a series of scams in recent times for the relatively lower credit growth.

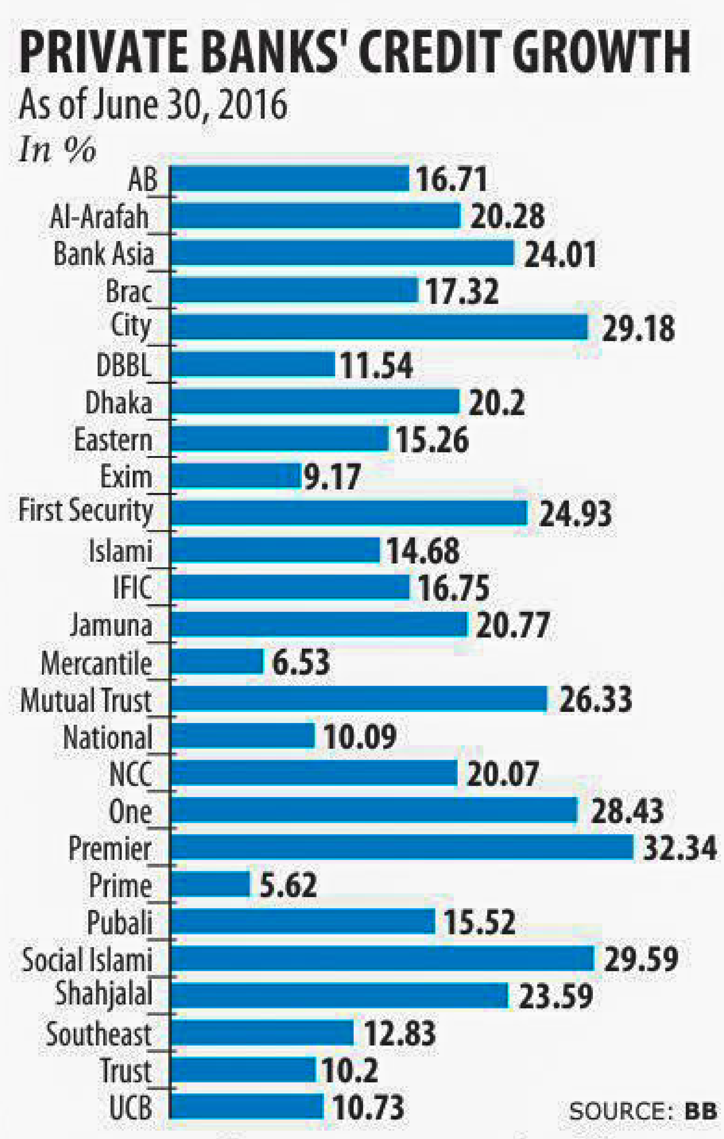
The state bank officials said the branch managers do not become interested in giving loans though the higher management is willing.

Furthermore, the state banks have an upper limit on their loan growth after the watertight agreement signed with the Bangladesh Bank, he said.

He also blamed the lengthy decision-making process of state banks. Private banks can take quick decisions and go for aggressive lending, but the state banks do not have that liberty, he added.

Another cause for higher credit growth of private banks is that the new ones are expanding their networks.

As a result, their credit grew by 50 percent to 100 percent, said an official of a new private bank.



Islami Bank recasts itself to stay on as leader

SAJJADUR RAHMAN

Islami Bank has put itself in good stead for future after it restructured its board with a dozen of new faces with experience and credibility to deal with employees and investors.

Of the 12 new faces in the 19-member board, eight are independent directors and four shareholder directors.

The set of new directors has already been able to create vibrancy among the bank's 13,500 employees.

For instance, the newly-composed board has hiked the salaries of all employees by 20 percent from July 1.

Though Islami Bank is the largest private bank, it was not among the 20 best employers in terms of salary in the sector. But with the latest hike, it has leapfrogged to the top 10 best rankings.

"We are very happy with the latest pay raise, which has happened after 4 years," said a senior official posted at Islami Bank's headquarters.

The newly-composed but highly capable board has changed many of the wrongly pre-conceived notions about the bank, according to its employees.

"We feared that employees will be retrenched, but that apprehension is no more," said another official.

The bank's deposit and loan disbursement growth have also seen phenomenal growth in recent years.

In July this year, Islami Bank's deposits stood at Tk 66,000 crore, which is 8 percent of the total deposits in the country's banking system. In 2010, its deposits were Tk 29,000 crore.

The number of depositors soared to 1.15 crore in July this year from 50 lakh in 2010.

The bank has provided Tk 180,000 crore to set up different factories in the last 15 years.

It accounts for 21 percent of the financing to the country's garment and textile sector and 25 percent to the spinning sector.

The bank invested Tk 2,320 crore to different steel mills.

It also handled about 30 percent of the country's total inflow of remittances in fiscal 2015-16.

"The bank has got some outstanding bankers as independent directors in the board. They have the capacity to run it professionally," said a director of Islami Bank.

On the apprehension of retrenchment of employees, another director said the new board has decided not to oust any employee unlawfully.

"Rather, we have decided to recruit new people as per the requirement of the bank," he said wishing not to be named.

A big change came last year, after four independent directors -- AKM Sadrul Islam, Md Belayet Hossain, Humayun Bokhteyar and Md Abdus Salam -- ended their term with the bank.

A fifth independent director, NRM Borhan Uddin, resigned on allegations of irregularities detected by the central bank.

Then, the new board led by Mustafa Anwar started recruiting fresh faces who are professionals with vast experience in the financial and other sectors.

As of June, the board has been able to recruit new eight independent directors, including M Azizul Huq, considered as a pioneer of Islamic banking in Bangladesh.

In fact, he was the first executive president of Islami Bank and the first chief executive officer of Social Islami Bank.

Huq has been made the vice-chairman of Islami Bank this year.

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Govt plans to inspect non-apparel factories

REFAYET ULLAH MIRDHA

The government will begin inspecting non-garment factories to ensure compliance and strengthen workplace safety for workers.

"The Tampaco fire is another big lesson for us," Syed Ahmed, inspector general of the Department of Inspection for Factories and Establishments or DIFE, told The Daily Star by phone yesterday. "We will start inspecting the non-RMG factories to ensure workplace safety for workers."

The DIFE that was created after the Rana Plaza collapse is responsible for ensuring workplace safety and compliance in the factories.

Both the labour and employment minister and the secretary agreed to open inspections into the non-RMG factories, mirroring the efforts that are ongoing to upgrade fire, electrical and structural safety in garment factories, Ahmed said.

However, Ahmed could not immediately say when the inspections will start. "We will prepare a project proposal and submit it to the government and other donor agencies so that the inspections can begin as soon as possible."

Since the Rana Plaza collapse in 2013, Accord and Alliance, two foreign inspection agencies, have been inspecting 2,000 garment factories to fix the fire, electrical and structural flaws.

Another 2,000 garment factories, which are not members of the Accord and the Alliance, are being inspected under a government initiative in collaboration with the International Labour Organisation.

The non-garment factories were not in focus as everybody was busy with safety in the garment factories after the Rana Plaza incident killed 1,138 workers, he said.

He could not mention the number of the factories, which are labour intensive, after the garment sector. Primarily, it might be difficult to manage the fund as foreign agencies such as the Accord and the Alliance may not come into the non-garment sector, he added.

The government will bankroll the inspections and it takes more than $7,000 to carry out a complete preliminary inspection on a garment factory, he said.

Ahmed said the inspection of structures and boilers is mandatory as the majority of the non-RMG factories are old and require immediate inspection.

On the compensation for the people affected by the Tampaco blaze, Ahmed said the labour ministry has already declared a compensation of Tk 200,000 for the families of each dead worker.

"We will provide the fund to the victims from the recently formed Worker Welfare Fund. The victims may get more money after the completion of the assessment."

Ministry officials and doctors are preparing a list of the workers who died or were injured to give compensation, Ahmed said.

CORRECTION

In a graph with a news item headlined "Boro rice output falls" published yesterday, it was mistakenly mentioned that aus output in fiscal 2011-12 was 2.33 lakh tonnes and total rice production was 317.73 lakh tonnes. The correct figures are 23.3 lakh tonnes and 338.7 lakh tonnes. We regret the errors.

Source tax from exports rises 40pc

SOHEL PARVEZ

Tax collection at source from export proceeds of major items, including apparel, rose 40 percent year-on-year to nearly Tk 1,500 crore in fiscal 2015-16.

Taxmen though were not satisfied with the receipts, doubting if the proceeds to the state coffer were based on the firms' true export receipts.

"The figure should have been much higher because of the hike in the rate of source tax for the apparel sector last fiscal year," said a senior official of the National Board of Revenue.

In fiscal 2015-16, the rate of source tax was doubled to 0.6 percent for the apparel industry, according to taxmen.

Besides, the 0.6 percent source tax was applicable for export earnings from terry towel, jute goods, frozen foods, vegetables, leather goods and packed foods last fiscal year.

Bangladesh raked in $34.24 billion from exports in fiscal 2015-16 -- the highest yet. The apparel sector accounted for $28.09 billion, or 82 percent of the total receipts, according to Export Promotion Bureau.

Delays in receiving payments from importers might be one explanation for the less-than-expected figure of withholding tax collection.

In this scenario, the total collection would rise in the later months, the NBR official said.

"Another reason may be the leakage in deduction of tax on the export proceeds at banks -- we have to increase monitoring to ensure that the withholding tax comes in properly."

The official said the amount of source tax collected from export earnings reflects the scenario of tax receipts from export-oriented industries.

"It is because the source tax imposed on the export earnings is treated as minimum and final. As a result, exporters usually do not declare higher incomes."

Even though their earnings are soaring, many exporters show profits or incomes in line with the amount of tax deducted at source of their exports earnings to avoid having to pay any additional tax.

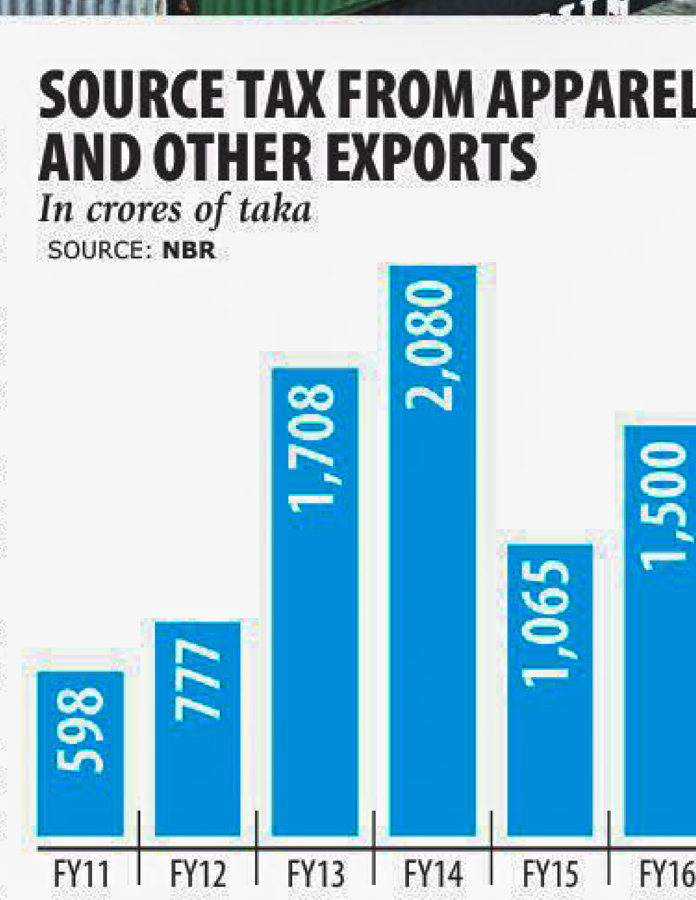
"Apart from source tax, the government gets income tax from owners or shareholders of export-oriented firms."

Taxmen said the amount of tax collection from export earning sectors is not encouraging, given the need for increased revenue to finance development expenditure.

To boost receipts from export-oriented sectors, the NBR proposed slapping a 1.5 percent tax at source on export earnings from fiscal 2016-17.

The bid did not get the nod in the face of demand from businesses, with the parliament imposing a 0.7 percent source tax instead, up 0.1 percentage point from the previous year.

The government has set the target of shipping $37 billion worth of products in fiscal 2016-17, with the garment sector contributing $30.3 billion.



bKash pays Tk 139cr for using mobile networks

Telcos say the amount is too little

STAR BUSINESS REPORT

Top mobile money provider bKash has paid about Tk 139 crore in the last three years to the mobile operators for using their networks to send messages to account holders against their transactions.

Mobile money users traditionally use unstructured supplementary service data or USSD channels to provide services to its customers. USSD is a global system for mobile communication technology that is used to send texts between a mobile phone and an application in the network.

In Bangladesh, MFS providers share 7 percent of earnings of MSS charges or USSD session earnings with the mobile operators.

In 2015 alone, bKash paid Tk 67 crore to four mobile operators -- Grameenphone, Robi, Banglalink and Airtel -- for using their USSD channels, said Zahedul Islam, spokesman for bKash. A major portion of that network fee went to Grameenphone, which dominates the mobile industry.

bKash paid Tk 46 crore and Tk 26 crore respectively in 2014 and 2013 to the mobile operators, according to Islam. "It clearly shows a remarkable increase of our contribution to the revenue earnings of the telecom operators amid growth of mobile wallets."

bKash controls more than 90 percent of the total mobile money market with 3.65 crore registered customers.

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