Star BUSINESS

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Stunning case of import fraud

Goods of Tk 1,040cr were imported using fake documents

SOHEL PARVEZ

Customs Intelligence has unearthed an elaborate scheme by a syndicate to import consumer goods in the name of capital machinery in an operation that cut through duty evasion, money laundering and fraud.

Using fake documents and addresses, consumer goods worth Tk 1,040 crore were allegedly brought into the country from China, according to the Customs Intelligence and Investigation Directorate.

The syndicate had laid the plan to import the items in 90 containers in favour of two firms that do not exist and even succeeded in bringing 78 of them. The last 12 containers got caught by the CIID in March this year.

The 12 containers had cigarettes, LED television, old photocopiers, alcohol and powdered milk, the value of which was Tk 138 crore, according to the CIID.

The CIID assumed the containers that got away had similar inventory and thus were worth Tk 1,040 crore, including duties and taxes.

But only Tk 3.47 crore was sent through the legal banking channel with a view to importing machinery for poultry feed mills, meaning the rest of the amount was sent through hundi, an illegal channel of sending money, according to the detective office under the National Board of Revenue.

The CIID suspects as much as Tk 267 crore has been siphoned off abroad because of false declaration of goods.

Analysts have been raising questions over the huge rise in import of capital machinery for the last few years and this was a case that supports their claim.

Bangladesh Bank data shows the imports of capital machinery increased by a whopping 44.21 percent to nearly $4.5 billion (based on LC settlement) during the July-May period of fiscal 2017 compared to the same period a year ago.

Detectives found that the containers were imported by two firms: M/S Henan Anhui Agro LC of Khilkhet and M/S Agro BD & JP of Keraniganj.

The importers had opened letters of credit with the IFIC Bank's Naya Paltan branch using fake addresses and photos.

A person named Abdul Motaleb, hailing from Patira under Dumni union of Khilkhet, Dhaka, was shown as the owner of the importing firms.

But a photo of a person named Khorshed Alam was used as Motaleb to open the LCs at IFIC. The CIID said fake information was given in the Know Your Customer (KYC) form to open the bank account.

Fake trade licences were also used to get VAT registration, the CIID said in a letter dated June 30.

"Massive forgery took place in preparation of documents for opening accounts and LCs," the CIID said in the letter, while hinting at negligence in duty on part of IFIC Bank's senior officials.

The clearing and forwarding agent was shown to be Rabeya & Sons; the detectives could not find the office of Rabeya & Sons. The C&F agent got its licence from Jessore but an address in Chittagong was used in the import documents.

Henan Anhui Agro and Agro BD & JP got their VAT registration as suppliers and importers.

But in the papers submitted to the Chittagong customs office, the importing firms were shown as manufacturers to justify declaration of imports of capital machinery.

Detectives also found negligence in discharging duties by officials at the Chittagong Customs and Chittagong Port during the delivery of import consignments.

Had the customs officials in charge of valuation of import consignments examined the authenticity of VAT-related documents, the forgery would have been detected then and the imports could not have taken place, they said.

Not only that, the consignments were delivered without mandatory scanning or physical inspection.

"There is an indication of organised crime. It is not possible to do such a big fraud to smuggle goods without the involvement of some officials," according to the letter.

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Growers to get quality jute for heavy rains

KEY POINTS

- Farmers have sown jute on **8.18** lakh hectares this year
- DAE targets **88** lakh bales of raw jute this year
- Total raw jute yield was **82.46** lakh bales last fiscal year
- Exports from jute and jute goods were **$962**m in fiscal 2017
- About **40** lakh farmers grow jute

SOHEL PARVEZ

Farmers are set to get better quality jute this harvesting season as water availability from increased rainfall will facilitate proper retting, said agriculturists and jute industry executives.

Retting is the process of extracting fibres from tied bundles of jute stalks. There are four available retting processes and one of them is the water or microbial retting, a century-old but the most popular process in extracting fine fibres.

"We will get quality jute this year because of good retting," said Mahmudul Huq, deputy managing director of Janata Jute Mills Ltd, a leading exporter of jute yarn and jute goods.

Thanks to proper retting, jute fibres will have good colour and better strength, said a senior official of state-owned Bangladesh Jute Mills Corporation (BJMC) that operates 23 jute mills. However, production may not be higher this season despite increased acreage.

Farmers have sown jute on 8.18 lakh hectares this year, up 11 percent year-on-year, according to the Department of Agricultural Extension's estimate.

The agency has targeted 88 lakh bales (1 bale = 181 kg) of raw jute production this year.

The total raw jute yield was 82.46 lakh bales in last fiscal year, up 9 percent from fiscal 2015-16, according to data from the Bangladesh Bureau of Statistics.

"I am not that excited about the quantity," Huq said, adding that the growth of plants appears to have stunted owing to prolonged rains in April, May and June in comparison with previous years.

Flood may affect the quality of fibre in the northeast district of Jamalpur, one of the main growing regions, said the BJMC official. But crops look good in Faridpur and some of the northwest districts.

"Yield loss might be minimal for increased monsoon," said a senior DAE official. Higher acreage will offset the loss of per unit yield, so production is unlikely to decline.

Md Mahbubul Islam, chief scientific officer of Bangladesh Jute Research Institute, reiterated the same.

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Social Business Day July 28-29

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The seventh Social Business Day will be held in Savar, Dhaka on July 28-29, bringing in entrepreneurs from different parts of the world to discuss, debate and exchange ideas.

The event, to be organised by Yunus Centre, will take place at the newly built Samajik Convention Centre in Zirabo, Savar.

The theme of this year's programme is "Can Wealth Concentration be Stopped?"

Social Business Day is an event for sharing experiences in the emerging sectors of social business to solve persistent social and economic problems confronting the world, said the organiser in a statement.

The event will be opened by Nobel laureate Muhammad Yunus and will feature more than 2,000 participants, including 500 international participants from more than 36 countries.

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Rice importers get deferred payment facility

REJAUL KARIM BYRON

Bangladesh Bank has taken yet another step to increase rice import to boost stock and stabilise the price level of the staple such that inflationary pressures can be contained.

From tomorrow, local traders can import rice on three months' deferred payment until December 31, 2017.

Earlier last month, the BB allowed traders to import rice at zero margin. This means importers will not have to make any advance payment to banks for opening letters of credit (LCs).

The steps were taken to encourage rice import as the price of the staple abruptly made a sharp rise in the backdrop of boro production being affected.

Also, the government last month lowered tariff rate for rice import to 10 percent from 28 percent.

Rice import by the private sector dropped to a four-year low last fiscal year, and this came at a time when its prices shot up in the domestic market.

Traders imported only 1.2 lakh tonnes of rice in 2016-17, down from 2.56 lakh tonnes a year earlier.

Taking advantage of the zero-tariff import facility, private importers brought in 3.75 lakh tonnes of rice in 2013-14 and 14.90 lakh tonnes the following fiscal year, flooding the domestic market with cheap Indian rice.

The government did not have to import rice since 2011-12 thanks to successive good yields.

To protect the local rice growers, the government imposed a high tariff of 28 percent on rice import in two phases in 2015.

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Citycell's demise a formality away

PM gives nod to operator's licence cancellation

STAR BUSINESS REPORT

Prime Minister Sheikh Hasina, who also heads the posts, telecommunications and information technology ministry, has given the green light to cancellation of Citycell's licence over non-payment of fees and charges.

All that needs doing now for the curtains to come down on the country's oldest operator once and for all is a public notification from the telecom regulator.

The issue of public notification will be placed in the next meeting of the Bangladesh Telecommunication Regulatory Commission, which recommended the cancellation last month.

"The decision was taken to ensure regulation in this field," said a top official of the BTRC's legal and licensing wing.

Citycell's spectrum will now be put up in the upcoming auction for 4G licence.

"This will be a first for the country," he added. Citycell management remained unavailable for comment yesterday.

In October last year, the BTRC shutdown Citycell's networking switch over dues of Tk 377 crore pertaining to spectrum and licence fees, revenue sharing and late penalty.

CHRONICLE

- **1989:** awarded licence
- **1993:** began operations
- **2011:** user numbers hit record of 19 lakh
- **2016:** shut down
- **May 2017:** BTRC issued show cause notice
- **Jun 2017:** National Bank put up its office for sale for Tk **454**cr loans
- **Jun 2017:** BTRC recommended licence cancellation
- **Jul 2017:** PM approved licence cancellation

The operator then paid Tk 230.19 crore to the BTRC along with Tk 14 crore as tax to the National Board of Revenue, according to documents.

It, however, went on to dispute the amount claimed by the BTRC, prompting the court to form a three-member committee to work out the exact sum outstanding.

In the meantime, the court asked the down-and-out operator to continue to clear its remaining dues to the BTRC.

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Port congestion irks businesses

STAFF CORRESPONDENT, *Chittagong*

Business leaders yesterday expressed resentment at the prevailing vessel congestion at the Chittagong port as it is hurting trade as well as the economy.

They called for immediate measures to purchase equipment, build new jetties and sort out the shortage of workforce at the Chittagong Customs House to improve the situation. They shared the views at a meeting organised by the Customs House in the port city.

They said international buyers are refusing to continue to trade with Bangladeshi garment manufacturers because of the delay in shipment.

The acute congestion at the port is pushing the garment sector towards life support from the intensive care unit, said Moinuddin Ahmed, acting president of Bangladesh Garment Manufacturers and Exporters Association.

Anjan Shekhar Das, a director of Chittagong Chamber of Commerce and Industry, said they usually get a month to export items.

"But if 15 to 20 days are wasted at the port how could we finish the production in the rest 10 days?" he asked.

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IDLC Finance's profit rises 33pc

STAR BUSINESS REPORT

Net profit of IDLC Finance grew 33 percent year-on-year to Tk 116 crore in the first half of 2017, according to the unaudited financial statement of the non-bank financial institution.

The company unveiled the financial results for the January-June period at a programme in Dhaka on Thursday.

Earnings per share rose 21 percent to Tk 3.28 during the period.

IDLC acquired 5,779 new customers in the six months and increased the customer assets portfolio by 13 percent or Tk 792 crore to end the first half with a loan book of Tk 7,000 crore.

The growth in the customer assets was primarily driven by SME loans, which rose 18.6 percent and currently comprise 45 percent or Tk 3,100 crore of the total loans, IDLC said in a statement. The other business segments -- corporate and consumer finance -- and the two major subsidiaries -- IDLC Investments and IDLC Securities -- also delivered strong performance.

In the reported period, IDLC's annualised return on assets and return on equity figures stood at 2.77 percent and 22.89 percent respectively, compared to 2.34 percent and 22.30 percent respectively during the same period last year.

Non-performing loans stood at 2.84 percent of the total loans on June 30, 2017 compared to 2.98 percent on December 31, 2016.

Arif Khan, chief executive officer of IDLC Finance, who made a presentation on the half yearly disclosures, expressed satisfaction with the financial results.

"While our core lending business continued its growth momentum and delivered consistent financial performance in the first half of 2017, our subsidiaries produced exceptional results to elevate the overall profitability to a new height," he said.

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