Star BUSINESS

DHAKA THURSDAY SEPTEMBER 7, 2017, *BHADRA 23, 1424 BS*

Janata lenient over Beximco misconduct

Jebun Nesa Alo

In 2012, Janata Bank issued a loan guarantee of Tk 243 crore to Mashreq Bank for Beximco Group on condition that the local business giant will pay three-fourth of the amount, or about Tk 182 crore, to repay the money it owed to the state-run lender.

But, Beximco did not pay a single penny to Janata, and in so doing, has left a Tk 1,850 crore-sized hole in the lender's books, according to the audit report of the Office of the Comptroller and Auditor General (CAG).

Furthermore, it allowed Beximco to withdraw nearly Tk 52 crore of its export receipts -- instead of adjusting it with the amount outstanding.

And, Janata's management did not take any legal or financial action against Beximco for this instance of unlawful fund diversion; it only issued a reminder to repay the loan, according to a senior executive of the bank.

When asked about the loan diversion, Abdus Salam, managing director of Janata, said: "It is a sensitive issue."

Janata's leniency towards Beximco does not end there. It restructured Tk 1,850 crore of Beximco's loans under the large loan restructuring facility introduced by the central bank in 2015.

The CAG objected to the Bangladesh Bank's approval in the restructuring of the loan, said the report on the audit conducted of the central bank in February.

Despite knowing about the serious irregularities, the BB did not take any legal action; rather, it allowed rescheduling of the loan, it said.

SK Sur Chowdhury, a deputy governor of the BB, defended the loan restructuring approval, saying the loan was restructured as per policy. He, however, declined to comment on the objection raised by the CAG.

The loans that are diverted cannot be recovered, he said at a workshop at the Cirdap auditorium in Dhaka on August 26.

Beximco Group did not reply to an email seeking comments on the CAG's observations on the diversion of Janata's foreign loan guarantee to Mashreq Bank.

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NBR seeks Tk 50cr from 4 top hotels in unpaid taxes

Sohel Parvez

Four luxury hotels in Dhaka which lost a legal battle against a supplementary duty and corresponding value added tax have been asked to pay Tk 53.64 crore in dues accrued for periods between January 2005 and April 2011.

Of the four, Pan Pacific Sonargaon Hotel owes Tk 20.74 crore (July 2005-April 2011), Ruposhi Bangla Hotel Tk 18.83 crore (January 2005-February 2009), The Westin Dhaka Tk 7.12 crore (July 2007-January 2009) and Radisson Blu Dhaka Water Garden Tk 6.92 crore (July 2005-January 2009).

The Large Taxpayers Unit of VAT, a field office under the National Board of Revenue, sent letters last week seeking the dues, said a senior official of the unit yesterday.

A 10 percent supplementary duty on floor show revenues and alcoholic beverage sales was imposed in 2005.

The hotels separately filed petitions challenging the rule and the Appellate Division of the Supreme Court dismissed the appeals on July 13.

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BTRC drafts policy for mobile assembly

Muhammad Zahidul Islam

The government has drafted a guideline to encourage manufacturing and assembling of handsets in Bangladesh, following up on its earlier move to slash customs duty for mobile parts by 24 percentage points to 1 percent.

The move is part of the government's efforts to hold on to the vast sums of foreign currency needed to import handsets.

In 2016, Bangladesh imported 3.1 crore units of handsets for Tk 8,000 crore, according to the Bangladesh Mobile Phone Importers Association. Besides, about 50 lakh handsets enter the country illegally every year, according to the telecom watchdog.

"Mobile handsets need to be made in our country and it should be done under a framework," said a commissioner of the Bangladesh Telecommunication Regulatory Commission who attended the recent meeting in which the draft guideline was approved.

The telecom regulator, however, will not impose any restrictions on the import of the devices even after the assembly plants start rolling.

Walton and some other local companies have already submitted proposals to set up assembly plants, while some international brands have expressed their interest, he added.

The BTRC will give two types of certification for handset assembly plants, according to the draft guideline.

For the 'A' category certificate, the fee will be Tk 10 lakh to Tk 50 lakh and annual fees will be Tk 5 lakh. For 'B' category certificate, the fee will be Tk 5 lakh to Tk 20 lakh and annual fees will be Tk 2 lakh, according to the draft guideline.

Both the categories have to bear 15 percent value-added tax.

As per the draft guideline, the 'A' category companies will have to set up testing laboratories on their own; the 'B' category companies will have to test their devices at 'A' category labs.

Until the establishment of the testing labs, the plants will have to get at least 5 percent of their devices tested at internationally accredited labs and the report must be submitted to the BTRC.

Besides, every plant will have to put in place electronic waste management system, service centre and collection centre up to the district level.

Mobile importers have welcomed the draft guideline.

"Time has come to turn Bangladesh into a device manufacturer from a handset importer," said Rezwanul Hoque, a former general secretary of the BMPIA.

The BTRC also wants to make Bangladesh a device exporter and earn foreign currencies.

The regulator said the scope to set up manufacturing or assembly plants will provide the local entrepreneurs with the opportunity to invest in technology that will also create jobs.

It will also boost teledensity in Bangladesh and will take the country one step closer to Digital Bangladesh, according to the telecom watchdog.

Teledensity is the number of telephone connections for every 100 individuals living within an area.

To discourage imports, the government also doubled the customs duty on handset imports to 10 percent. There are some other import taxes as well as 15 percent VAT.

AT A GLANCE

3.1 cr mobile handsets, including **82** lakh smartphones, imported in 2016

50 lakh handsets enter illegally every year

Walton, some local firms submitted proposals to set up assembly plants

Some international brands also showed interest to establish factories

Remittance rises in August, thanks to Eid

Star Business Report

Remittance hit a 14-month high in August, mainly due to Eid-ul-Azha, in a development that may bring a sigh of relief for the government.

Last month migrant workers sent home $1.42 billion. The last time this high an amount was remitted was back in June last year, when $1.47 billion was sent. After that, the monthly remittance was $1-1.2 billion.

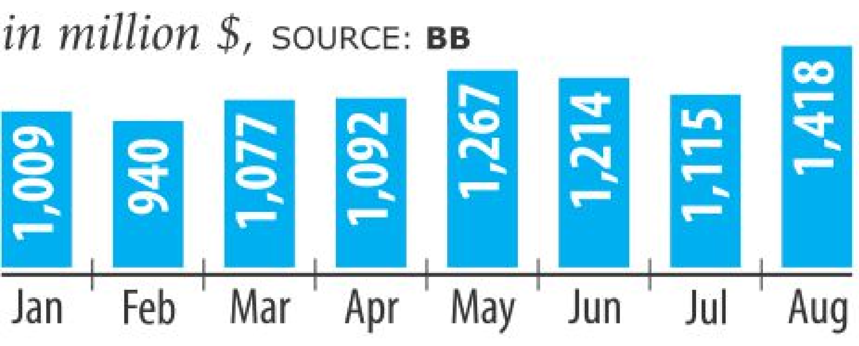
August's receipts are also an improvement of 20.34 percent from a year earlier and 26.79 percent from a month earlier, according to data from the Bangladesh Bank.

Expatriate Bangladeshis sent home more money because of Eid-ul-Azha and severe floods in many parts of the country, said a Bangladesh Bank official.

Besides, in recent times, the government and the central bank took various steps that also contributed to the jump in remittance.

REMITTANCE INFLOW

in million $, SOURCE: BB



In the first two months of the fiscal year, remittance inflow increased 15.81 percent to $2.53 billion, according to the central bank statistics. In contrast, during the same time in the last fiscal year, remittance slumped 15.32 percent.

The government and the BB are pursuing further facilitation and widening of legitimate remittance channels for the migrant workers abroad, said the central bank's latest monetary policy statement.

Further avenues bearing promise of significant near-term gains in remittance inflows include promoting the sales of Wage Earners Bonds and Taka Treasury Bonds.

The bonds offer much better yields than what the migrant workers can get on their savings in their host countries.

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PRABIR DAS

Eid vacations slowed container delivery and created a fresh congestion at Chittagong port.

Ctg port faces fresh congestion

Lack of transport turns container congestion acute

Dwaipayan Barua, *Ctg*

Container congestion has resurfaced in the Chittagong port with the storage capacity being exceeded yesterday, the general consensus reasoning the unavailability of adequate transport for the Eid-ul-Azha holiday.

The poor presence of staff of clearing and forwarding (C&F) agents was also to blame as per officials of the port, which stayed closed for 12 hours on September 2, when Eid was celebrated.

There were 34,160 TEUs (twenty-foot equivalent units) in the port's container yards the day before Eid.

Yesterday morning the figure reached 41,000 TEUs, well past the 36,357-TEU capacity.

The congestion was acute at yards designated to hold 26,857 TEUs of imported goods. There were 37,550 TEUs there, 6,673 of those waiting to be taken away to privately-owned inland container depots (ICD).

At any given time, the number of containers waiting to be taken to ICDs hover between 2,000 to 2,500.

There are 16 ICDs in Chittagong, tasked with unpacking 37 types of imported goods from containers and delivering those to importers. On an average, they handle 20 percent of the port's imports-laden containers.

On an average, over 4,000 TEUs are delivered daily from the port.

On September 3, only 482 TEUs were delivered. The next two days saw 1,338 and 2,233 TEUs respectively.

Nurul Qayyum Khan, president of Bangladesh Inland Container Depots Association, said the congestion has been prevailing since May.

Informing that the ICDs were closed from 9:00pm on September 1 to 8:00am on September 3, Khan said they already started speeding up activities and the situation would be eased within a few days.

Loading and unloading of containers at the jetties have also slightly slowed down.

In the last 24 hours till 8:00am yesterday, only 2622 TEUs were unloaded from ships while 3,420 TEUs loaded. The 24-hour average for both is around 4,000 TEUs.

Berth operators and shipping agents, however, said vessels were sailing on time with their cargoes and the congestion created some problems.

Fazle Ekram Chowdhury, president of Ship Handling and Terminal Operator Owners Association, said problems in operating the berths were still tolerable.

The situation would improve within three to four days, he said.

Ahsanul Hoque, chairman of Bangladesh Shipping Agents Association (BSAA), echoed the same. He said the vessels were sailing on time with gearless ones being provided service within 48 hours and geared ones by 72 hours.

Chittagong Customs C&F Agents Association President AKM Akhter Hossain said most of the C&F firms started working following Eid day but the problem lied with the lack of vehicles.

There is a restriction on the movement of goods-carrying vehicles on highways some days before and after Eid. The transporters started operation since Tuesday and delivery would speed up from today, he hoped.

Blaming importers for not taking away their cargoes on time, Chittagong Port Authority Member (admin and planning) Md Zafar Alam also reasoned a shortage of vehicles for the congestion.

Many importers and their C&F agents were ready to take the cargoes but they did not find trucks and trailers as the workers went on Eid vacation.

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Institutional investors give stocks a new lease of life

Jebun Nesa Alo

Low-cost funds from banks have prompted institutional investors to borrow more to invest in the stockmarket, giving a new lease of life to the market.

Total loan portfolio to the stockmarket stood at Tk 7,600 crore at the end of 2016, according to Bangladesh Bank data. Of the amount, 53 percent loan came from banks and the rest from non-bank financial institutions.

The increased capital base of the banking sector opened up fresh opportunity for banks to invest more in the stockmarket through lending to merchant banks, said a senior executive of the BB.

Of the total loans to the capital market, banks invested Tk 2,130 crore through merchant banks and Tk 1,900 crore through other tools in 2016.

Non-bank financial institutions lent Tk 2,330 crore through merchant banks and Tk 1,270 crore in margin loans, according to BB data.

Merchant banks, also known as institutional investors, invest in own portfolio and also lend to retail investors.

A senior executive of a merchant bank said the demand for margin loan rose as investors are enthusiastic about injecting fresh funds amid rising price index.

The scenario is different from 2013 when banks became shy to channel money to the stockmarket after their investment limit was capped at 25 percent of their capital in line with the amended Banking Companies Act 2013, according to a top official of a private bank.

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