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SIBL Foundation Hospital & Diagnostic Center  
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ফার্মা পল্লী, ৭০ ব্রিগেড, পল্লীপাড়া  
ফোন: +৮৮০-২-৯৬৪২৯৭  
Hotline: 01991150900

# Star BUSINESS

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## BB rejects proposals for two new banks

AKM ZAMIR UDDIN

The central bank has turned down proposals for setting up two new commercial banks on the grounds that the deteriorating financial health of many banks, especially the nine that were last set up, does not warrant any new addition to the landscape.

The Bangladesh Bank has communicated its decision in September to Finance Minister AMA Muhith, who had asked the central bank to scrutinise the proposals.

One of the proposed banks is Bengal Bank, initiated by Bengal Group of Industries, a local manufacturer of plastic products. Morshed Alam, a ruling party lawmaker, is the chairman of the group.

The other bank is Peoples Islami Bank, proposed by MA Kashem, a Chittagong-based businessman.

The financial health of many banks would have deteriorated further had the central bank not extended different policy support, said the BB letter.

As of December last year, the total default loans in the sector stood at 9.2 percent and the capital adequacy ratio 10.8 percent of risk-weighted assets. Total stressed advances (defaulted and rescheduled loans) rose to 17.2 percent, up from 16.1 percent a year earlier.

"The indicators show that the banking sector's asset quality is not at a satisfactory level," the letter said.

The health of the nine new banks also deteriorated in recent times, with the default loans of one bank hitting 5.93 percent in March -- alarming for a new bank as the default rate of many of the older banks is less than 5 percent.

*The deteriorating financial health of many banks, especially the nine that were last set up, does not warrant any new addition to the landscape, BB says*

The capital adequacy ratio of four new banks was less than 12 percent in March, which indicated that their capital base is not as good.

The central bank had set a number of conditions for the new banks when giving them the licences in 2013, but they failed to implement them.

The BB had asked the fourth-generation banks to disburse at least 5 percent of their total loans as agriculture credit in a year and spend at least 10 percent of their net profit in the interest of underprivileged people under their corporate social responsibility programmes.

The new banks were asked to issue initial public offering equivalent to their sponsors' capital within three years of inception.

Weighted down by poor performance, none of the new banks have fulfilled the conditions, the letter said.

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## Standard Bank executives sued for fund embezzlement

STAFF CORRESPONDENT, Ctg

A businessman yesterday filed a complaint against three executives of Standard Bank for allegedly embezzling Tk 1.18 crore from his three bank accounts.

Iqbal Karim Talukdar, owner of Karnaphuli Enterprise, filed the complaint with the court of Chittagong Metropolitan Session Judge Md Shahe Noor against the bank's managing director, the regional manager and the CDA Avenue branch manager of Chittagong.

The court ordered the deputy commissioner of the detective branch of the Chittagong Metropolitan Police to investigate the case and submit a probe report, according to the plaintiff's lawyer Sanowar Ahmed Lavlu.

No name was mentioned in the case statement except the position, the lawyer said.

Lavlu said Standard Bank officials of Chittagong CDA Avenue branch allegedly embezzled the funds by forging Talukdar's signatures and documents from February 10, 2010 to February 20, 2012.

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## Savar leather estate project delayed again



A view of the newly constructed Savar leather estate, where tanners are relocating from Hazaribagh industrial hub.

STAR BUSINESS REPORT

The leather industrial estate project in Savar, which has been in the works for a decade and a half, has been delayed once again and is now gunning for a June 2019 completion.

The development comes after the Executive Committee of the National Economic Council (Ecnc) yesterday extended the tenure of project by another two years. It was not given further funds.

The project was taken up in 2003 for completion by 2005 at a cost of Tk

176 crore. Since then, both the timescale and cost of the project have been extended several times.

In 2013, the project cost was fixed at Tk 1,078 crore and the completion date by June 2016. But the planning ministry later extended the tenure to June 2017.

About 60 percent work has been completed, according to a planning ministry official. The main component of the project, the Common Effluent Treatment Plant (CETP), which was scheduled for completion by August, is yet to be functional.

The main aim of the project was to relocate the tanneries at Hazaribagh to Savar for preventing environment pollution.

So far, 92 of the 155 factories have relocated. In the absence of a functional CETP, the plants are now polluting the water of the Dhaleswari river.

A team from the Implementation Monitoring and Evaluation Division will soon visit Savar to verify if the units were actually contaminating the river, said Planning Minister AHM Mustafa Kamal.

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## Tax fair ends on a high note

STAR BUSINESS REPORT

Thousands of taxpayers thronged to submit returns and collect the newly introduced 'Income Tax ID Card' from the weeklong tax fair that concluded yesterday.

As of Day 6 of the fair, taxmen collected Tk 1,791.12 crore, up 4 percent from a year earlier. Some 2.69 lakh returns were submitted, which is an increase of 79.44 percent from a year earlier.

Some 9.44 lakh people received tax related assistance from taxmen from the fair that took place for seven days in all divisional cities since the first November and for four days at district towns.

This year, the NBR took the show to 103 upazilas, up from 86 upazilas last year, with a view to creating awareness about the importance of paying tax at the grassroots level in a bigger way.

"The fair makes a big difference. Here, people extend helping hands cordially. But at the tax offices the attitudes of many of



Some of the thousands of taxpayers who thronged the weeklong tax fair at the under construction headquarters of the National Board of Revenue at Agargaon in Dhaka on its concluding day yesterday.

them change," said Taslima Akter, who along with her husband Mofiz Uddin, came to submit returns at the fair in Dhaka.

The elderly couple have been submitting their annual income and wealth statements at the fair since the first edition in 2010.

As taxpayers get almost one-stop service at the fair, the annual event is only growing in popularity, which is encouraging the NBR

to expand its coverage every year.

In the face of increased presence of taxpayers, the NBR extended the closing time for fair at the under-construction headquarters of the NBR at Agargaon to 8pm early this week. It was further increased to 10pm on the sixth day. Yesterday it was extended past 10pm.

After returns submission, the couple were looking for the end of the queue for collection of the plastic Income Tax ID Card at the venue.

Hundreds of people were seen in the queue for collecting the machine generated card with photos and names of each of the taxpayers, their TINs, tax zone and the year of tax payment.

Volunteers at the venue were suggesting that taxpayers could get the Income Tax ID Cards from their field offices but not many were interested in making another trip.

Mofiz and Taslima were unwilling to visit the tax office to get the card as they think that it would not be so easy then.

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## MOBILE NUMBER PORTABILITY Services to come in six months

STAR BUSINESS REPORT

The telecom regulator yesterday directed a joint venture to receive the licence to launch mobile number portability service in six months.

The service will enable people to switch from one mobile operator to another without changing their 11-digit mobile numbers. Shifting from one mobile operator to another will cost Tk 30 and the service can be availed once in every three months.

The joint venture formed by Infozillion BD Teletech Consortium Ltd, a Bangladeshi entity, and Teletech d.o.o, a Slovenian company, was notified about the licence by Bangladesh Telecommunication Regulatory Commission at a programme.

"Though it is very late but at last we can embrace this modern service, which will help our market become more mature," said Shahjahan Mahmood, chairman of the telecom regulator.

It will help bring more competition to the market and enhance service quality, he added.

The joint venture plans to make the service available by mid-March or April and invest around Tk 50 crore.

Infozillion Managing Director Mabroor Hossain said: "We will complete our preparations by February and then we will go for establishing connectivity with the mobile operators."

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## Current account deficit widens to \$1.79b

STAR BUSINESS REPORT

The country's current account deficit widened further in the first three months of this fiscal year due to sluggish export earnings and higher import payments.

In the July-September period of 2017-18, the deficit stood at \$1.79 billion, which was \$539 million in the surplus in the same period a year earlier, according to the central bank data.

The current account also registered a deficit of \$451 million in the first two months of this fiscal year.

Strong import growth coupled with a moderate rise in exports contributed to the current account deficit, a Bangladesh Bank official told The Daily Star yesterday.

In the quarter, imports rose 28.38 percent year-on-year while exports grew 7.70 percent, both of which resulted in the further widening of trade deficit.

The current account registered a deficit of \$1.48 billion in 2016-17 against a surplus of \$4.26 billion a year earlier.

The government should take up initiatives to increase the export earnings with a view to tackling the large current account

deficits, Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, told The Daily Star yesterday.

A moderate growth in inward remittances also left an adverse impact on the current account, he said.

The Bangladeshi diaspora sent home \$4.55 billion in the first four months of the current fiscal year, up 6.89 percent from a year earlier.

"The central bank should take more initiatives to prevent hundi for the sake of increasing the remittance," he said.

Hundi is an illegal cross-boundary channel for financial transactions.

"The deficit of current account will decrease significantly if hundi can be prevented."

The trade deficit also widened 133.37 percent year-on-year to \$3.65 billion in the three months to September.

Moazzem said trade deficit is a usual phenomenon for a developing country like Bangladesh.

But higher import payments mainly for food grains and petroleum products pushed up the gap significantly in the last few months, he said.

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## Foreign investment in stocks doubles in Jan-Oct

JEBUN NESA ALO

Foreign investment in stocks doubled year-on-year in the first 10 months of 2017 as overseas investors continue to show their trust in the market.

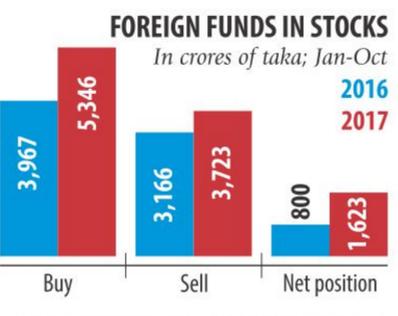
Net position of foreign portfolio with the Dhaka Stock Exchange (DSE) stood at Tk 1,623.43 crore in January-October, compared to Tk 800.47 crore in the same period a year ago.

The steadily growing economy and matured market behaviour after the demutualisation of bourses encouraged foreign investors to put their money in stocks, said a senior executive of the DSE.

Many foreign individuals and institutions are now showing interest to invest in Bangladesh's stockmarket, said M Khairul Hossain, chairman of Bangladesh Securities and Exchange Commission, at a seminar in Dhaka recently.

He said the government's continuous efforts to strengthen the stockmarket have made the country a popular destination for foreign investors.

In the first 10 months, foreign investors



bought shares worth Tk 5,346 crore and sold shares of Tk 3,723 crore.

However, a recent move of the central bank made foreign investors cautious along with their local peers.

In October, the Bangladesh Bank took action against overexposed banks, which put pressure on the market.

The central bank fined seven banks for violating stock rule by way of over-exposure.

overexposed banks also had to get rid of shares to adjust their investment in line with the regulatory limit.

As a result, foreign investors were careful about injecting funds into stocks. They sold shares to book profit in October taking their net position into the negative territory.

In fact, both the local and foreign investors booked profit amid the downward market last month, said the DSE executive.

However, there was no unusual movement in price indices, which reflected the matured behaviour of the bourse, he said.

In October, overseas investors sold shares worth Tk 396.86 crore and bought shares of Tk 245.13 crore, creating a negative monthly net investment position of Tk 151.72 crore, DSE data shows.

Monthly turnover in the foreign portfolio fell 32 percent to Tk 642 crore in October from Tk 946.55 crore in the previous month.

Foreign investors will continue to invest more in stocks in the coming days in anticipation of steady economic growth, according to the DSE official.