

People's Leasing faces liquidation

AKM ZAMIR UDDIN

The government has directed the central bank to liquidate People's Leasing and Financial Services (PLFS), a non-bank financial institution, due to deterioration of its financial health in the last several years.

If the liquidation goes through -- in line with the Financial Institutions Act, 1993 -- it will be a first in Bangladesh's financial sector.

Previously, two banks -- Bank of Credit and Commerce International and Oriental -- that were on their last legs were restructured but not liquidated.

Liquidation of PLFS means closing its operations permanently and the government will take actions to settle liabilities by selling off its assets. But the central bank as the regulator has to take approval from the High Court before liquidation.

KEY POINTS

PLFS

Established in **1997**

Paid-up capital: Tk **285**cr

Deposits: Tk **2,000**cr

Loans: Tk **1,200**cr

Last dividend paid in **2014**

Face value: Tk **10** a share

Market value: Tk **4** a share

Earnings per share: Negative Tk **2**

Earlier on June 27, the finance ministry instructed the central bank to shutter the NBFI for its failure to improve its conditions, said Asadul Islam, senior secretary of the banking division.

The ministry arrived at the decision after going through a detailed central bank report on the NBFI.

The NBFI has

failed to repay the depositors' money despite maturity of the funds, found the Bangladesh Bank report. Default loans and net losses have recently escalated as well.

Sami Huda, managing director of PLFS, however, said the central bank is yet to take a call on the NBFI's liquidation.

"A special team of the Bangladesh Bank is auditing us for the last few days. A final decision will come after this audit report," he told The Daily Star yesterday.

The NBFI's problems came to the surface in 2013-14, when some of its directors made off with more than Tk 1,000 crore by way of submitting fake documents, according to the central bank inspection report.

In 2015, the central bank had removed five directors for their involvement in the financial scandal.

But it was not enough. Since then the bank has been on a downward spiral. For instance, in the first nine months of last year PLFS's operating expenses stood at Tk 22.48 crore against the operating income of Tk 2.05 crore.

PLFS sometimes failed to pay the wages to its employees because of the severe liquidity crunch, some officials told this correspondent.

READ MORE ON B3



Prime Minister Sheikh Hasina speaks at the inauguration of a regional seminar on "Financial literacy and investment protection" at the Sonargaon hotel in Dhaka yesterday.

Steps taken to make capital market vibrant: PM

UNB, Dhaka

Prime Minister Sheikh Hasina yesterday said her government has taken various steps to ensure a vibrant capital market that will supplement its efforts to make Bangladesh a developed country by 2041.

"Various measures are being taken to protect the interests of investors which will ensure a conducive environment for a vibrant capital market," she said.

The prime minister spoke while

inaugurating a regional seminar on "Financial literacy and investment protection".

The Bangladesh Securities and Exchange Commission (BSEC) and the Asian Development Bank (ADB) jointly organised the seminar at Pan Pacific Sonargaon hotel in Dhaka.

Hasina said industrialisation is the key to employment generation in the country and it requires investors from home and abroad along with the investment capital.

The premier said the government

believes that the capital market can play an important role in generating new entrepreneurs and investors through creating partnership with the common people.

"The more people will get involved in the capital market the more it'll accelerate our industrialisation process."

She said the present government is also working on creating a strong capital market, which will meet the long-term financing needs of the investors.

READ MORE ON B3

Double-digit export growth in FY19

REFAJET ULLAH MIRDHA

The country's merchandise export earnings grew by 10.55 percent year-on-year to \$40.53 billion in the immediate past fiscal year riding on a high volume of garment shipment in a favourable external business environment.

The earnings were 3.94 percent higher than the annual target of \$39 billion in 2018-19. In 2017-18, Bangladesh exported goods worth \$36.66 billion.

However, June recorded one of the lowest export receipts at \$2.78 billion, which is also 5.27 percent less than that of the corresponding month in the previous fiscal year, according to Export Promotion Bureau (EPB) data released yesterday.

In June of 2017-18, Bangladesh's export earnings were \$2.93 billion.

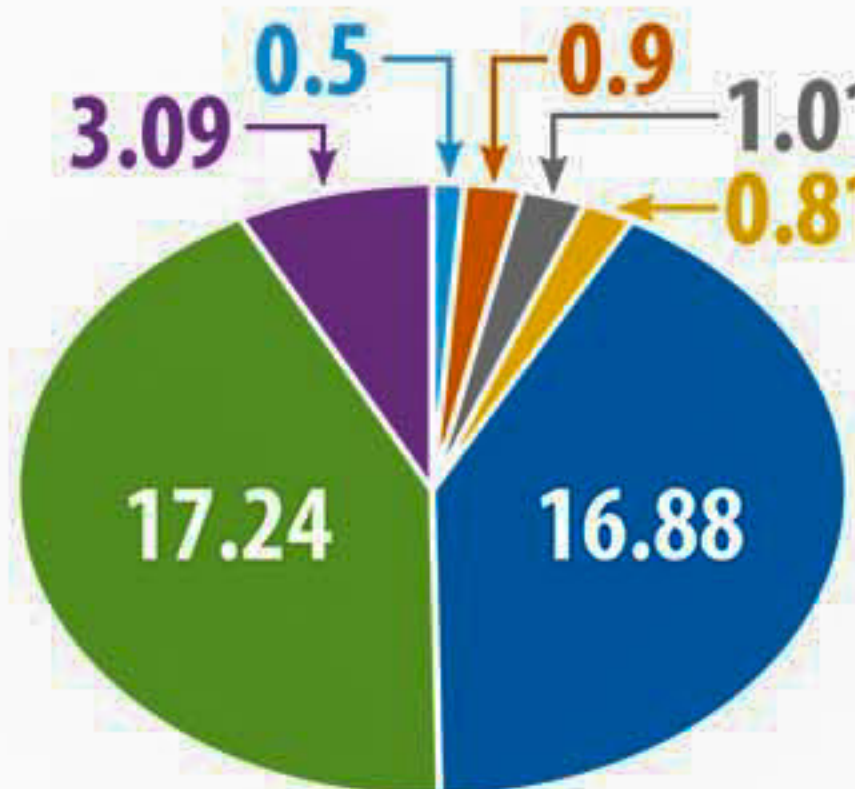
June's receipts were also 22.65 percent lower than the monthly target of \$3.60 billion set by the government. In Bangladesh, the fiscal year is counted between July of a year and June of the next year.

Garment export earnings, which accounted for over 84 percent of the national exports, amounted to \$34.13 billion, registering an 11.49 percent year-on-year growth.

Of the amount, \$16.88 billion came from knitwear and \$17.24

billion from woven garment products.

Earnings from apparel shipment were 4.57 percent higher than the target of \$32.68 billion. Some \$30.61 billion was earned in fiscal 2017-18.



EXPORT

(In billion \$)

- Frozen fish
- Agricultural products
- Leather & leather products
- Jute & jute products
- Knitwear
- Woven garments
- Rest

SOURCE: EPB

more work orders that shifted from China resulting from the US-China trade war, Samad said. Buyers are more confident as the image of the country's garment sector has brightened a lot recently because of the remediation carried out as per

requirements of the international community. The country's garment export to the US market, the single largest export destination for garment, grew more than 10 percent in recent months because of the trade war, he said. "The exact value addition has not been reflected in the offered prices for Bangladeshi garment items by the international clothing retailers and brands although the cost of doing business is increasing

every year for various reasons," Samad said.

Moreover, an unhealthy price competition has been hurting the Bangladesh's garment sector for many years as many small and medium factories have been receiving work orders for offering prices below the production cost only to keep factories running, he added.

Apart from apparel, some other sectors also fared well.

The shipment of frozen and live fish such as shrimp and crabs rose 1.58 percent to \$500.4 million and that of agricultural products such as tea, vegetables, fruits, spices, dry food, and tobacco surged 34.92 percent to \$908.96 million.

Pharmaceuticals, furniture, petroleum byproducts, plastic goods, ceramics, handicrafts, cotton, cotton products (yarn and wastes of fabrics), carpet, terry towel, footwear, wigs, and furniture performed better in the last fiscal year.

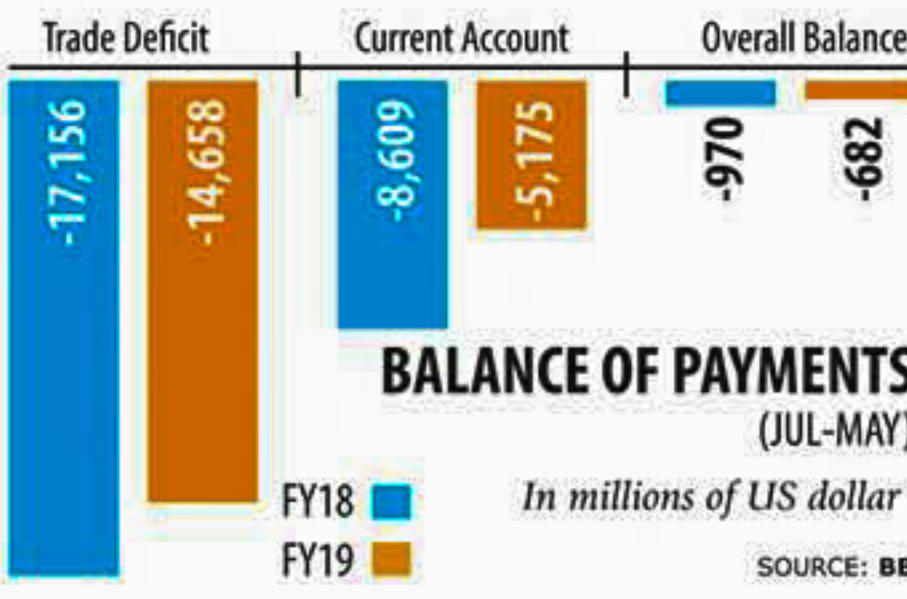
However, leather and leather goods and jute and jute goods continued their poor show. Leather and leather goods fetched \$1.01 billion, down 6.06 percent year-on-year. This is largely because many tanneries that have shifted to the leather estate in Savar have not embarked on full-fledged production yet.

READ MORE ON B3

Current account deficit narrows 40pc

STAR BUSINESS REPORT

A massive decline in import and an inflow of record remittance have helped narrow the current account deficit by 40 percent in the first 11 months of the just concluded fiscal year, much to the relief of the Bangladesh Bank.



"This is a good trend that will help stabilise the country's foreign exchange regime," said AB Mirza Azizul Islam, a former adviser to a caretaker government.

At the end of May the current account deficit stood at \$5.17 billion, according to data from the central bank.

But the import of capital machinery and raw materials has nosedived, which is worrying though, Islam said.

This means a slowdown in the productive sector and employment generation is impending.

Exports have so far showed a good performance and more initiatives should

be taken to keep it up, he said.

Between July last year and May this year, exports increased 11.45 percent year-on-year to \$37.18 billion, while imports grew only 2.62 percent to \$51.84 billion.

This narrowed the trade deficit by 14.56 percent year-on-year to \$14.65 billion.

Both current account and trade deficit trends have given some breathing space to the government, said Salehuddin Ahmed, a former governor of the central bank.

Despite attracting a record remittance last fiscal year, the inflow dropped 11.55 percent to \$1.36 billion in June, he said, while urging the central bank and the government to focus on the issue on a priority basis.

"All things of the balance of payments are good, but foreign exchange reserve is not working as expected," said an official of the central bank who has strong knowledge on the matter.

Any country must maintain foreign exchange reserves to make import payments for at least three months and Bangladesh's reserves now are good for at most 5.2 months, down from 5.3 months a month ago and 5.8 months a year ago, he said.

"This has sounded the alarm bells."

There is no scope to be complacent with the squeezed deficit in both trade and current accounts, the central banker said.

"We have to increase the remittance and exports more in tandem if we are to strengthen the foreign exchange reserves."

SALARY, BONUS BEFORE EID RMG core committee yet to fix deadline for payment

STAR BUSINESS REPORT

A meeting of the crisis management core committee in the garment sector yesterday ended without any decision on fixing the deadline to pay monthly salary and festival bonuses to apparel workers before Eid-ul-Adha.

"We held the meeting mainly to urge the factory owners so that they pay the workers timely before the Eid festival," Begum Monnujan Sufian, state minister for labour and employment, said at the meeting with the stakeholders at the secretariat in the capital.

She said the ministry would hold more meetings soon with factory owners, government high-ups, the industrial police and the leaders of trade bodies in the garment sector to set the deadline for paying the workers before the Eid festival. The government formed the committee in 2013 to monitor the labour situation in all industrial sectors and address labourers' grievances.

The state minister urged factory owners to allow Eid vacation in phases so that workers can leave their workplaces smoothly by avoiding massive traffic jam before the Eid.

The production in the garment sector should not be hampered owing to the vacation, she said.

READ MORE ON B3

Rangs brings new hybrid SUV

STAR BUSINESS REPORT

Rangs Limited, an automotive distributor in Bangladesh, has introduced a four-wheeler drive plug-in hybrid sport utility vehicle named Mitsubishi Outlander PHEV.

Shoeb Ahmed, chief executive officer of the company, announced the market launch of the Outlander PHEV (plug-in hybrid electric vehicle)

from the fleet of Mitsubishi at a press conference at a Mitsubishi outlet in the capital's Tejgaon yesterday.

PHEV has come with a newly designed 2.0-liter engine with twin motors, which ensure high-performance by providing ample power whenever necessary. The vehicle can reach up to 201 horse power in terms of raw power in hybrid mode. The four-wheel drive SUV power

comes with hybrid efficiency, making it a perfect combination.

Ahmed said the 12-kilowatt-hour battery is capable of running the vehicle up to 54kms on electric mode, with no fuel consumption and carbon dioxide emissions. The battery can be charged at home or garage and charging appliances come with the vehicle. It can be fast-charged to 100 percent in just half an hour.

The CEO said for day-to-day driving in hybrid mode, the engine generates electricity when running and the motors deliver that energy to make the drive more fuel-efficient.

The model is a spacious, practical family vehicle with a boot capacity to boast of and generous room in the back for rear seat passengers.

The standard edition comes with premium leather seats, Rockford fosgate sound system, seven airbags, keyless operating, and bluetooth functionality and electric tailgates as standard.

Ahmed said the Mitsubishi Outlander PHEV has gained several international recognitions, including the best plug-in vehicle, the green SUV of the year, and Japan Car of the Year in the last six years of its journey.

READ MORE ON B3



COLLECTED

Shoeb Ahmed, CEO of Rangs, along with other officials launches Mitsubishi Outlander PHEV, a four-wheeler using both electric and gas power, at Mitsubishi's outlet in the capital's Tejgaon yesterday.

ACI launches two models of Sonalika tractors

STAR BUSINESS REPORT

ACI Motors, as a distributor of India-based multinational International Tractors, yesterday introduced two models of Sonalika tractors of 48 horsepower and 75 horsepower engine capacities priced at Tk 10.60 lakh and 13.50 lakh respectively.

At the launching in the capital's ACI Centre, FH Ansarey, managing director and chief executive officer of ACI Motors, said the farm mechanisation units feature fuel efficient engines and high speed, torque gearboxes.

Other aspects include spacious driving platforms, digital instrument clusters and aerodynamic designs, "all of which represents the latest technologies", he said.

READ MORE ON B3

ADD COLOR TO YOUR DREAM

MTBHOMELOAN

Apartment Purchase

Home Construction

Home Extension

Home Renovation

Takeover Loan

16219 or 09604016219

www.mutualtrustbank.com

Tweet@MTB

Mutual Trust Bank