

এসআইবিএল সুপার ডিপিএস বিশেষ সঞ্চয় স্কিম

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৯.২৫%	৯.৫০%	১০%

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FALLOUT OF PEOPLE'S LEASING LIQUIDATION

Worries among 15 banks, NBFIs over Tk 850cr deposit

AHSAN HABIB

Some 15 banks and non-bank financial institutions (NBFI) that have Tk 850 crore stuck with People's Leasing Financial Services (PLFS) are on edge over the government's decision to liquidate the ailing NBFI as they stand to lose a large portion of the sums.

Of the institutions, International Leasing and Financial Services (ILFS), another NBFI, alone has deposited Tk 227 crore in PLFS, which is more than its paid-up capital of Tk 211 crore. ILFS may be in serious trouble if it has to write off the sum.

Four state-owned commercial banks also have huge deposits with PLFS.

In the event of liquidation external creditors are paid off first and then the depositors, debenture holders and preferential shareholders in that sequence, according to Mohammad Mohiuddin Ahmed, executive director of Financial Reports Monitoring Division at Financial Reporting Council.

But given the dire position of PLFS, there is unlikely to be much to salvage

Don't panic BB tells PLFS depositors

STAR BUSINESS REPORT

The Bangladesh Bank yesterday assured the depositors of People's Leasing and Financial Services (PLFS) not to worry about their money as they would be getting it back within the shortest possible time.

"Depositors have no reason to be worried," said Md Shah Alam, executive director of the central bank,

at an emergency news briefing at its headquarters.

The central bank will act in line with the decision of the High Court to liquidate the non-bank financial institution so that depositors can get back their fund within a shortest possible time.

It has already started discussions with lawyers.

from liquidation. For instance, in the first nine months of 2018 the NBFI's operating expenses stood at Tk 22.48 crore against the operating income of Tk 2.05 crore.

It has failed to repay depositors' money despite the maturity of funds, found a central bank report. PLFS sometimes failed to pay its employees' wages because of severe liquidity crunch, some officials informed The Daily Star.

When a financial institution sinks it brings down some other good financial institutions with it, said Mizanur Rahman, professor of the Department of Accounting & Information Systems at Dhaka University.

"It's a contagion."

The government should deploy every tool in its box to recover PLFS's money.

"Who took the money and where is the money being kept? It should be found out and then paid back to depositors. Otherwise, it will create a crisis of confidence among the people, which is not good for the financial sector," he added.

PLFS's problems began in earnest 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 report.

Meanwhile, the news of PLFS's liquidation has impacted the stocks of NBFIs, with the sector losing 1.8 percent.

The decision has further exposed the vulnerabilities of the financial sector, said

DEPOSITS OF BANKS AND NBFIs IN PEOPLE'S LEASING (As on Dec 31 of 2017)

Bank/NBFI	Deposit (In crore taka)
International Leasing	227
Bangladesh Commerce Bank	140
Rupali Bank	120
Reliance Finance	61.6
BIFFL	55
Sonali	44
Premier	40
Janata	38
Agrani	37
Fareast Finance	28
UCB	25
IFIC	15
FAS Finance	10
NRB Commercial	5
BDBL	5

SOURCE: ANNUAL REPORT OF PEOPLE'S LEASING

UCB Capital, one of the leading stock brokerage houses.

"Investors penalised the NBFI sector," it added.

dbi CERAMICS

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BTRC refuses to accept operators' quarterly payment sans VAT

STAR BUSINESS REPORT

The telecom regulator has refrained from receiving mobile phone operators' various payments for the April-June quarter after the latter declined to include the associated value-added tax in the sum.

Yesterday was the last day for making the payments, amounting to Tk 1,000 crore and pertaining to revenue sharing, social obligation fund, annual spectrum fee etc.

The operators say they were withholding the VAT as the Bangladesh Telecommunication Regulatory Commission (BTRC) does not have the relevant registration to receive it.

SM Farhad, secretary general of the Association of Mobile Telecom Operators of Bangladesh (Amtob), said according to the recently passed VAT and Supplementary Duty Act 2012, it was mandatory for suppliers or service entities, including the BTRC, to have the VAT registration.

Under section 49(2), if a supplier is not registered or enlisted, and if a combined tax invoice and withholding certificate is not issued, the withholding entity shall not receive any supply from such supplier and shall pay no price against such supply to the supplier, he said.

The mobile phone operators want to pay the charges to the regulator to run the telecommunication service uninterrupted for the sake of more than 16 crore mobile users but the BTRC refused to accept it, the Amtob said.

However, Md Jahurul Haque, the BTRC chairman, said the commission would receive the payments sans the VAT only if the operators could produce in writing that the National Board of Revenue (NBR) would itself be receiving the VAT.

"Even if they do collect the NBR note, the last date has already passed and the operators failed to make their payments, so they will be charged 15 percent in late fees," he said in the evening yesterday.

The VAT amount is huge and could be about Tk 150 crore, and the BTRC can't take a decision on it by itself, Haque said.

Earlier, the Amtob had requested both the NBR and the BTRC to find a way for the quarterly charges to be paid avoiding legal complications but did not receive any response till date.

BTRC officials say if the commission gets registered, the operators will be able to claim rebates on the VAT, but NBR officials are not willing to register it.

Rain, rough seas halt unloading at Ctg outer anchorage

DWAIPIYAN BARUA, Ctg

Rough seas and incessant rain have kept suspended the unloading of imported bulk cargo from vessels at the outer anchorage of the Chattogram port and Kutubdia anchorage for the last four days.

Unloading activities had slowed down since last week due to choppy seas and it was halted following incessant rain that started on Saturday morning.

However, the unloading of bulk cargoes from the vessels berthed at the port's main jetties has continued as they are not susceptible to water damage, port officials said.

With lighter vessel unable to go out for unloading, at least 35 cargo vessels with around 10 lakh tonnes of goods remain anchored at the outer anchorage, sources said.

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load before berthing or transfer all of their cargoes to lighter vessels, say ship handlers.

At least 44 small lighter vessels remain in the Karnaphuli river waiting for the inclement weather to subside.

Ataul Karim, an official of the Water Transport Cell, a private organisation that allocates lighter vessels, said they allotted 44 lighter vessels for unloading goods from the cargo vessels at the outer anchorage four days back.

But none could get to work for the rain and rough seas, lengthening the stay of cargo vessels at the outer anchorage.

Each day's overstay was costing \$12,000 for one charterer, said Zahur Alam, director of Seacom Shipping Lines, the local agent of a ship stuck with 54,500 tonnes of cement clinker.

The goods include wheat, soybean oil, sugar, salt, fertiliser, stone and industrial raw materials like cement clinker, slag and steel scraps.

The vessels can either lighten their



People are seen queuing at the post office in the capital's Mohammadpur area to buy savings certificates. The higher interest rates ranging from 9.35 percent to 11.76 percent offered by the government's savings schemes are keeping savers away from banks which currently give at best 8.50 percent interest for fixed deposits. Now, the government and the central bank want to cap the deposit rate at 6 percent.

New tax return form for firms mandatory

STAR BUSINESS REPORT

The tax administration has made it mandatory for both local and foreign firms to use a new form from the current fiscal year while filing returns, which will require companies to disclose more information in detail.

"There will be no usefulness of any other forms," the National Board of Revenue (NBR) said in a notice yesterday.

The tax administration amended the income tax rules three years ago to introduce the new return form, IT-11GHA 2016. It, however, did not make its use compulsory.

In the new form, companies will have to state the areas of tax exempted incomes and the incomes that were granted reduced tax benefits. Exporters will have to highlight the main items they sell abroad.

The NBR has added provisions for multinationals and foreign companies to cite in the return form if they perform any international transactions with their associated or related enterprises abroad.

Multinationals and foreign companies will have to give statements about their international transactions with related entities abroad under the Transfer Pricing (TP) rules, which were framed in 2012 to check illicit profit shifting abroad by foreign companies.

TP is the price at which divisions of a company transact with each other for goods or services. It takes place when two related companies -- such as a parent company and a subsidiary, or two subsidiaries controlled by a common parent -- engage in international trade with each other for goods and services.

An NBR official said companies that carry out international transactions already have to furnish a statement of such transactions separately with tax offices.

3 economic zones get \$17.91b investment proposals

JAGARAN CHAKMA

Businesses from home and abroad have come up with investment proposals worth \$17.91 billion in Mirsarai, Sreehatta and Moheshkhali economic zones, which are now under construction.

Around \$5.78 billion will come as foreign direct investment from companies in China, South Korea, Japan, India, Singapore, the UK, Australia, Malaysia and the US.

Over 60 local companies will invest the rest \$12.13 billion, according to data from Bangladesh Economic Zones Authority (Beza).

TK Group, Karmo Foam Industry, Mango Teleservices, BDCOM Online, Bashundhara Group, Siraj Cycle Industries Ltd, Abdul Monem Limited, Star Consortium and Ayesha Clothing Co Ltd are the major local investors.

The domestic companies want to pour funds in pharmaceuticals and chemical, steel, textiles, garments, bicycle, automobile, tyre and tube, electronics and ceramic sectors.

Both local and foreign businesses who will invest in the economic zones will enjoy the same facilities, said Paban Chowdhury, executive chairman of Beza.

Among the foreign ones, the highest investment proposal worth \$2.83 billion came for the power sector from two Chinese companies.

South Korean entity Super Petrochemical showed interest to invest \$2.38 billion in petrochemicals, the second biggest amount.

A Singaporean company stood third in the list with a fund of \$400 million for the food processing sector.

"We hope the total investment in these zones will reach \$50 billion by 2030. Mirsarai economic zone will get \$25 billion and the other zones the rest \$25 billion," said Chowdhury.

He said more proposals are coming in thanks to the growing interest of foreign investors.

"We are receiving investment proposals regularly from local and foreign investors as we have created an investment-friendly environment."



Construction work is going on at a factory inside Mirsarai Economic Zone in Chattogram.

Mastercard acquires Transfast to expand payment network

STAR BUSINESS REPORT

Mastercard has announced the completion of its acquisition of Transfast, a global payments company with significant cross-border network reach.

The acquisition builds on Mastercard's strength in payments and drives improved transparency and certainty in cross-border transactions, enabling people and businesses to send and receive money beyond borders with greater speed and ease, Mastercard said in a statement.

The announcement is an exciting milestone for Mastercard in helping further build democratised access to predictable and faster payments globally, said Stephen Grainger, executive vice-president of Mastercard, in a statement.

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