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BUSINESS

Rice acreage and production are likely to decline for the effect of recent floods on Aus and Aman season paddy, according to the USDA.

Story on B4



BB in \$450m shady trade with Islami Bank to rebuild reserves

MD MEHEDI HASAN

In the first week of July, the Bangladesh Bank and Islami Bank Bangladesh completed a US dollar-taka trade, a typical mutual currency deal, which was supposed to replenish the central bank's dwindling forex reserves and provide the cash-strapped Shariah-based lender with some liquidity support.

The central bank was supposed to receive \$550 million in exchange for providing Tk 6,490 crore to Islami Bank.

It sounds like a win-win deal. However, central bank documents show that only \$100 million was actually deposited into the central bank's account.

The remaining \$450 million was not provided to the BB until August 11, well after the political changeover had led to major shake-ups to both the central bank and the Shariah-based lender.

A senior central bank official alleged that former Governor Abdur Rouf Talukder and other high-ranking officials in the central bank's Forex Reserves and Treasury Department were complicit in "objectionable forex trading" to benefit Islami Bank Bangladesh.

They allege that the decision ultimately benefitted the controversial S Alam Group, the then majority stakeholder and apparent controller of Islami Bank.

Although new central bank Governor Ahsan H Mansur yesterday termed the incident "unexpected" and said the dues have already been adjusted, economists called to identify and punish culprits.

On July 3 this year, during Abdur Rouf Talukder's tenure as governor of the central bank, the BB injected Tk 6,490 crore into the struggling Islami Bank in exchange for \$550 million, according to central bank documents.

On paper, \$550 million was added to the foreign exchange reserves, with the BB purchasing the forex at a rate of Tk 118 per dollar.

However, gross forex reserves stood at \$25.92 billion at the end of July compared to \$26.81 billion on June 30, as per central bank data.

On August 11, the central bank's Forex Reserves and Treasury Management Department took steps to adjust the remaining \$450 million. It deducted Tk 5,310 crore, equivalent to \$450 million, from Islami Bank's current account.

As a result, BB officials reported that Islami Bank's current account balance turned negative again.



Md Kabir Ahmed, executive director of the Forex Reserve and Treasury Management Department, told The Daily Star that those forex deals were conducted in line with instructions from former governor Talukder.

He added that the central bank had fined Islami Bank \$3 million for non-payment of the dues.

The Daily Star tried multiple times to reach former BB governor Talukder for comment, but he was unavailable.

Md Mezbaul Haque, executive director and spokesperson of the Bangladesh Bank, could not be reached over the phone until this report was filed.

Similarly, Islami Bank managing director Mohammed Monirul Moulou and board chairman Md Obayed Ullah Al Masud were also unavailable.

However, an official at the Public Relations Department of the Shariah-based bank said that the board chairman and managing director would speak to the media after a scheduled meeting with the central bank governor on Wednesday.

Central bank Governor Ahsan H Mansur yesterday told journalists that it was unexpected from the central bank.

He said the forex trading dues have already been adjusted.

However, Mustafa K Mujeri, a former chief economist of the Bangladesh Bank, believes the culprits should be identified and punished.

"We see many such irregularities in the past which are coming now out. Many such unethical benefits have been given to protect the interests of some individuals and institutions, which should be properly investigated," said Mustafa K Mujeri.

"Those who were involved in the irregularities should be punished without delay," said the economist.

Salman loses grip on IFIC Bank

BB forms new board

AM JAHID

The Bangladesh Bank yesterday constituted a new board of directors at IFIC Bank after dissolving the previous board, effectively bringing an end to Salman F Rahman's grip on the private commercial bank.

Salman, who served as the private investment affairs adviser to former prime minister Sheikh Hasina, had been chairman of the bank since 2015.

According to the circular, the central bank appointed two directors and four independent directors to the new board.

Md Mehmood Husain, former managing director of National Bank, Ebadul Islam, former executive director of Bangladesh Bank, Sajjad Zahir, a professor of economics at BRAC University, and Kazi Md Mahbub Kashem, a chartered accountant, have been appointed as independent directors.

Meanwhile, Md Golam Mustafa and Md Monzorul Haque, additional secretary and joint secretary respectively to the Finance Division, were made directors as government representatives.

The government owns 32.75 percent of the bank's shares.

Similar to how Mohammad Saiful Alam, owner of Chattogram-based conglomerate S Alam Group, weaponised his political influence to seize control of Islami Bank and several other Shariah banks, Salman, the vice-chairman of Beximco, used his connections to assert dominance over IFIC Bank.

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Real estate still a haven for black money



MD ASADUZ ZAMAN

The scope for legalising undisclosed income without facing any questions remains as the tax administration has not scrapped the provision of whitening black money in case of the purchase of flats and land, raising criticism.

The National Board of Revenue (NBR) on Sunday scrapped the provision of legalising undeclared income on payment of 15 percent tax on assets, including cash, securities, deposits, financial schemes and instruments.

The development came about amidst demands from various sections of the society to withdraw the amnesty offered by the Awami League government that was ousted in a mass uprising last month.

But the revenue administration did not cancel the amnesty to whiten black money in case of investment in real estate -- flats, buildings and land -- on payment

of a specific amount of tax depending on the size and location of the properties.

Accordingly, it fixed Tk 15,000 per square metre as the maximum amount of tax for investment in land in Dhaka's Gulshan, Banani, Motijheel, Tejgaon, Dhanmondi and Shahbagh.

The specific tax for the purchase of flats and establishments is Tk 6,000 for each square metre.

The NBR officials said the tax administration cancelled the provision of legalising undisclosed cash, securities, and deposits on payment of 15 percent tax in line with the directive from high-ups of the interim government.

Iftekharuzzaman, executive director of Transparency International Bangladesh (TIB), said it was a welcome relief and seemed consistent with the key spirit of anti-discrimination in the vision of the "new Bangladesh".

"However, it will be extremely

disappointing if at the operational level any loopholes are left, apparently deliberately, to keep the same provision for investment in any sector or sub-sector such as real estate," he said.

He said this would mean that discrimination would continue, as black money holders would be rewarded instead of being held to account.

It will also imply that by giving discriminatory advantages to illicit income earners, their monopolistic control of these sectors will be further entrenched and such sectors will become more prohibitive for honest earners, he said.

"In reality, it will be a corruption-encouraging decision, which the interim government cannot afford to allow," said the TIB executive director.

He also called for reviewing the matter in the true spirit of the anti-

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BB will safeguard depositors' interests

Mansur says as he requests customers of ailing banks not to panic

STAR BUSINESS REPORT

Bangladesh Bank Governor Ahsan H Mansur requested customers to keep calm regarding the crisis plaguing over half a dozen ailing banks, expressing optimism that their situation would turn around soon.

Seven to eight banks are currently contending with a liquidity crisis after thousands of crores were misappropriated through loans and irregularities, Mansur said at a press conference after meeting with bankers at the central bank headquarters yesterday.

He added that those banks would be given liquidity support on a limited scale considering the interests of depositors.

However, he added that help would not be provided by printing money.

"If we want to bail out these banks, around Tk



200,00 crore is needed," he said. "But if we print the money, macroeconomic stability will be destroyed and the exchange rate will surpass Tk 150 per US dollar."

So, the Bangladesh Bank will play the role of guarantor for trouble-hit lenders, allowing them to avail liquidity support or loan facilities from other banks, the central bank governor explained.

"Such banks will get liquidity from the inter-bank money market," he said.

Since Mansur was appointed as governor on August 14, the Bangladesh Bank has reconstituted the boards of Islami Bank Bangladesh, Social Islami Bank, Global Islami Bank, Union Bank, National Bank, First Security Islami Bank, Bangladesh Commerce Bank, Al Arafah Islami Bank, United Commercial Bank, Exim Bank and IFIC Bank.

Most of these lenders were controlled by S Alam

Group, a Chattogram-based conglomerate.

In recent weeks, customers have rushed to the branches of cash-strapped banks in a bid to withdraw funds.

However, the Bangladesh Bank governor requested depositors not to withdraw all their money.

"Withdraw as much as you need, but give us some time. We hope the banks will turn around," he said.

Mansur also expressed hope that the distressed banks will overcome the situation as their boards had been reconstituted.

"The quality of the banks will improve as their management will change soon," he said.

"Every bank will be audited. If needed, we will go for mergers and acquisitions of ailing banks," Mansur added.

Turning to loan defaulters, he said that major delinquents would be caught and their assets in the country would be confiscated.

"We are speaking to the World Bank, the United States and the United Kingdom to bring back

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LNG imports to be through public procurement rules

STAFF CORRESPONDENT

In a first for Bangladesh, the country's interim government is going to import liquified natural gas (LNG) purchased from the spot market in accordance with the Public Procurement Rules 2008.

The advisory committee on economic affairs gave its approval in this regard yesterday, according to the officials concerned.

During a meeting, the committee also approved LNG imports from 23 enlisted companies that have Master Sale and Purchase Agreements (MSPAs) with the state-owned Petrobangla.

The interim government found some truth to allegations over irregularities centring the purchase of LNG by the previous government, Dr Salehuddin Ahmed, finance adviser to the interim government, told journalists after the meeting.

However, investigations are ongoing and until concrete evidence is unearthed, the interim government will continue to purchase LNG from the existing enlisted companies, he said.

Md Rafiqul Islam, managing director of Rupantarita Praktitik Gas Company, one of the companies enlisted for



- 2 FSRU's regasify imported LNG and supply to the national grid
- They have a combined annual capacity of 7.6 million tonnes
- Bangladesh started purchasing LNG from the international spot market in 2020
- The country gets 3-4 million tonnes of LNG under long-term deal
- It buys 4-5 million tonnes of LNG from the spot market

importing LNG, said they have MSPAs with 23 global suppliers.

"Earlier, we invited them to quote their prices directly through email responses

or an internal application within a very short notice. We awarded the offer that quoted the lowest price," he said.

"Now, the process will take place under public procurement rules. However, this will take more time than the previous method for importing LNG," he added.

It will take around seven to 14 days to get the quoted prices after a tender notification is made public under the public procurement rules, explained Islam.

Another official concerned believes that while the new method was a lengthy process, it would be more transparent than the previous one.

After taking charge, Adviser to the Ministry of Power, Energy and Mineral Resources Muhammad Fouzul Kabir Khan said they would stop using the Quick Enhancement of Electricity and Energy Supply (Special Provisions) Act 2010.

The act allows the power and energy sector to award public works without floating any tender notices.

The act was known as the energy sector's indemnity act, as it safeguarded the government's actions in the energy sector from judicial proceedings.

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SIBL managing director Zafar, 2 DMDs resign

Zafar and former chairman Belal sued over attack on staff

STAR BUSINESS REPORT

Social Islami Bank Managing Director Zafar Alam and Deputy Managing Directors Habibur Rahman and Khorshed Alam resigned from their respective posts yesterday.

Their resignation letters came nearly 10 days after the Bangladesh Bank reconstituted the board of the Shairah-based bank to ensure good governance.

Confirming the decision, Alam told The Daily Star that he had already sent his resignation letter to the new board of directors.

The three top officials are presumed to be loyal to Mohammad Saiful Alam, the owner of Chattogram-based conglomerate S Alam Group.

On August 25, the Bangladesh Bank reconstituted Social Islami's board, freeing it from S Alam's grip.

Afterwards, M Sadiqul Islam, a professor of the department of finance at the University of Dhaka, was elected chairman of the bank on August 29.

The board also elected Md Anisul

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