

# Star BUSINESS

Plastic goods makers urged the interim government to implement measures to ban single-use plastics after 2030



Story on B4

## UK assets of ex-land minister under NBR scanner

STAR BUSINESS REPORT

The Central Intelligence Cell (CIC) of the National Board of Revenue (NBR) is looking into allegations of tax evasion and illegal transfer of money abroad, including to the United Kingdom, by former land minister Sailuzzaman Chowdhury.

In this regard, the CIC sent a letter to the NBR's International Taxation Wing last week, requesting the Ministry of Foreign Affairs to take up the matter with authorities in the UK, a top official of the CIC said yesterday.

The CIC's move comes following media reports on Chowdhury's foreign assets.

In the past, The Daily Star and Bloomberg have run separate reports on Chowdhury's assets in the UK. Most recently, Al Jazeera reported that Chowdhury has assets worth over \$500 million in the UK.

**As a citizen of Bangladesh, the ex-minister is supposed to pay taxes on income earned both in Bangladesh and overseas, an NBR official says**

The international taxation division has already taken the initiative to write to the foreign affairs ministry based on the CIC's request.

"It may take one week for us to present it to the foreign ministry," a top official of the NBR said.

As a citizen of Bangladesh, the ex-minister is supposed to pay taxes on income earned both in Bangladesh and overseas, he said.

Asked about further steps by the NBR, the official said: "We will mostly focus on tax evasion as per the income tax law as we are simply the tax authority."

"We aren't the proper authority to bring back siphoned money. But we will cooperate with other government agencies to this end," he added.

"At first, we will verify his ownership of the properties in the UK. Then we will check how the money was sent from Bangladesh. If there is any money laundering issue, we must file a case on it."

Besides, some other agencies such as the Bangladesh Financial Intelligence Unit (BFIU) and the Anti-Corruption Commission (ACC) will act if needed.

Al Jazeera's Investigative Unit went undercover to reveal how the former minister built a real estate empire worth around half a billion dollars, which he claims to have funded through his businesses.

Strict currency laws restrict citizens from taking more than \$12,000 a year out of Bangladesh.

Al Jazeera revealed that Chowdhury, a close ally of the

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## Amid liquidity crunch, banks offer high rates to lure depositors

AM JAHID

Amid a persistent liquidity crunch, some lenders are desperately trying to increase their deposit base by offering higher interest rates to attract customers.

As of September, some banks were offering above 13 percent interest on deposits, nearly double the average rate of 6 to 8 percent before the ceiling on the interest rate of deposits was withdrawn, according to data from the Bangladesh Bank.

NRB Bank is offering the highest interest rate on deposits at 13.46 percent followed by Commercial Bank of Ceylon at 13.13 percent, and Meghna Bank and South Bangla Agriculture and Commerce Bank at 11.50 percent each.

Besides, NRBC Bank, AB Bank, Global Islami Bank and Jamuna Bank are offering as much as 11 percent interest on deposits while Basic Bank is providing 10.67 percent and Islami Bank 10.50 percent.

According to industry insiders, some banks are currently struggling to maintain adequate cashflow to meet their short-term obligations, with severely ailing lenders even unable to return depositor's funds.

This is why some of them are now desperate to increase their deposit base, they said.

Besides, as some banks are finding it difficult to meet the mandated Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR), they are compelled to attract deposits by offering high interest rates, they said.

Some Islami banks already have a deficit in their current accounts with the central bank. They have failed to maintain the CRR and are paying a 9 percent penalty levied by the central bank.

Besides, the interest rates for deposits, loans and bonds increased after the Bangladesh Bank hiked the policy rate to 9.5 percent in late September.

Apart from that, the withdrawal of the

### DEPOSIT RATES OFFERED BY BANKS

Commercial Bank: 13.13%
NRB Bank: 12-13.46%
Meghna Bank: 10.5-11.5%
SBAC Bank: 6-11.5%
NRBC Bank: 11%
AB Bank: 11%
Global Islami Bank: 10.5-11%
Jamuna Bank: 7-11%
BASIC Bank: 7.5-10.67%
Islami Bank: 10.5%

### REASONS BEHIND OFFERING HIGHER DEPOSIT RATES

- Deposit collection drive to cope with liquidity crisis
- A rise in policy rates by Bangladesh Bank
- Lifting of interest rate cap on deposit and lending

**CAUSE OF CONCERN**  
Lending rate as well as investment costs will rise



lending rate cap and the interest rate spread limit, which controlled the difference between lending and deposit rates, has allowed banks to set interest rates as they please.

Mohammad Abdul Mannan, chairman of First Security Islami Bank, said some banks, including Islamic banks, have been facing acute liquidity crises due to the overwhelming amount of non-performing loans, something that has cast a shadow over the entire banking sector.

Although crisis-hit banks have been allowed to secure liquidity support from the interbank money market, it is not enough to meet the current demand, Mannan said.

"I think this is not unusual considering the present context," he said.

Any bank that takes support from the interbank money market will have to pay high rates and this loan will have to be repaid within three months, he said.

"In contrast, banks will get a long time to

repay money collected from depositors, which will help them cope with the current cash crunch."

According to the banker, the sudden increase in deposit interest rates to as much as 13 percent may seem too high.

"But if the current inflation rate, which is hovering over 10 percent, is taken into consideration, it is normal from the perspective of depositors," Mannan said, explaining that if the inflation rate outpaces the deposit rate, people will lose money by storing it in banks.

According to economists, as a consequence of higher deposit rates, lending costs will also increase, fuelling the investment costs.

They also warned that the lucrative rates may land depositors in further trouble.

If those banks cannot maintain the high rates due to lingering financial stress, the

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## Uttara Finance spends big despite anomalies

AHSAN HABIB

Alleged discrepancies in financial records and subsequent board restructuring and non-payment of dividends to investors over the past five years have done little to dissuade Uttara Finance and Investments from going for lavish expenditures this year.

The Bangladesh Bank had rejected the non-bank financial institution's (NBFI) financial report in 2019 and run an audit in 2020 through KPMG Bangladesh, which found discrepancies in financial records involving Tk 5,300 crore.

The central bank then removed the managing director and dissolved the board of directors in 2022 and formed a new board in January 2023. However, this apparently had little effect.

Established in 1995, the NBFIs has not published any financial report since 2019, according to the Dhaka Stock Exchange.

For this, investors have neither received any dividend over the past five years nor have any idea about the NBFIs current financial condition.

In contrast, between 2014 and 2017, they had received 30 percent dividend. Even in 2018, it was 20 percent.

On top of it, the investors saw a huge erosion in the value of the NBFIs shares. In 2019, it was Tk 55. Yesterday, it stood at Tk 15.80.

General investors, institutional investors and foreign investors hold 8.09 crore shares of the company, which is around 61.56 percent of the total.

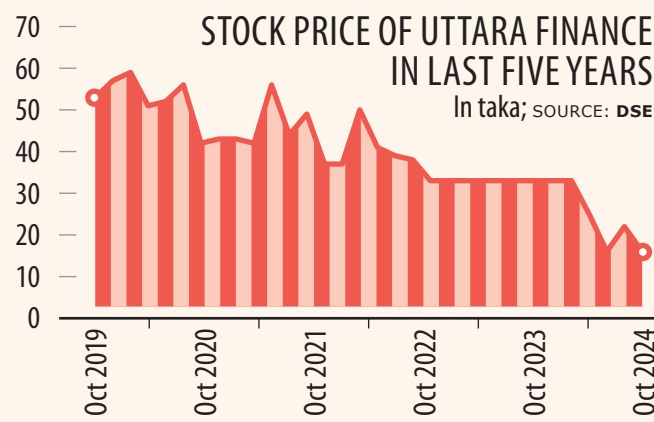
One of the investors, Abdul

### INVESTORS' SUFFERINGS

- No financial report since 2019
- No dividend for the last five years
- Stock price dropped 70% in the last five years

### EXTRAVAGANCES

- Luxury vehicles bought for MD and chairman
- Business meeting for top management and board held in Cox's Bazar



Mannan, said he had been drawn to the company for its good track record. "I don't know when I will get my investment back...I am in the dark on what is going on in the company," he said.

Amid all this, the NBFIs board last March approved the purchase of two 1,498cc Honda CR-V 1.5 Turbo or sport utility vehicles (SUVs) for around Tk 1.54 crore for its chairman and managing director this year.

The company also spent Tk 15.62 lakh on flying 25 officials from the top management and board to Cox's Bazar and providing their accommodation at one of the most expensive hotels for a "strategic business meeting" from March 7 to 9.

Some board members were accompanied by their spouses, who were also presented gifts, courtesy of the NBFIs.

The Daily Star got in touch with the NBFIs current chairman,

Mohammad Maksudur Rahman, last Saturday to comment on the matter.

He said the central bank had rejected the financial report of 2019 citing that it had not taken the KPMG findings into consideration.

"We did not get full support from the chief financial officers (CFOs) so we had to change the CFO a couple of times," he said.

They were "unnecessarily" delaying preparation of the reports and not focusing on the BB's concerns although they had assured doing so to the board, added Rahman.

Moreover, the company's financial data was in paper and not digitalised, for which compiling it was a lengthy process, he claimed.

An audit firm has been appointed to check the financials from 2003 to 2019, he said.

A new CFO will also join next month and hopefully the financial

report of 2019 will be available within the next couple of months, he said.

Once the BB approves it, the financial reports for the subsequent years will be prepared within six months and the company will be able to clear the dividend payments, said Rahman.

The board has formed many internal policies and taken action against "wrongdoers", including filing cases against wilful defaulters, he said.

The company recovered over Tk 170 crore, which earlier could not be traced, and a former director also returned around Tk 420 crore, he said.

Regarding the vehicle purchase, he said six of the NBFIs vehicles had become "too old", for which the board approved selling them and buy new ones.

No unfair means were adopted in the purchase, said Rahman.

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## Rules eased for export through e-commerce

STAR BUSINESS REPORT

The Bangladesh Bank (BB) yesterday eased the rules relating to exports through e-commerce platforms to facilitate small value exports under a business-to-consumer process.

The central bank issued a notice saying small-scale exporters can now ship products worth up to \$500 per transaction through e-commerce systems without an EXP form.

Generally, exporters must submit an EXP form with export-related documents to the customs authority.

The BB said other customs-related formalities, including the issuance of

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## Govt cancels CIP awards for 2023

STAR BUSINESS REPORT

The government has cancelled all activities related to issuing commercially important person (CIP) cards for 2023, according to a circular issued by the Export Promotion Bureau (EPB) yesterday.

Every year, the government awards CIP status to businesspeople in recognition of their contributions to the country's export and trade activities.

A senior official of the EPB, requesting anonymity, said they do not know the reasons behind this year's cancellation and the instruction came from the commerce ministry.

Criteria for CIP selection typically include tax compliance, export volume and value, expansion into new markets, and loan management.

CIP cardholders enjoy several privileges, such as priority seats on government transport, invitations to national events, access to VIP lounges at airports and access to the secretariat.

Ashraf Ahmed, president of the Dhaka Chamber of Commerce and Industry (DCCI), said the government should continue issuing CIP cards to recognise the businesspeople who contribute to the country's exports as well as the economy.

Ahmed said he has no idea why the government has decided to cancel issuing CIP cards.

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