

Star BUSINESS

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Top 20 defaulters owe Tk546cr to Janata Bank

Only Tk10 lakh recovered in 6 months

REJAUL KARIM BYRON

The top 20 defaulters of Janata Bank (JB) are indebted for Tk 546 crore, which accounts for 33 per cent of the bank's total classified loans.

The bank has sued 9 defaulters so far to realise Tk 234 crore from them, although no case has been filed against the remaining 11 defaulters who owe Tk 312 crore to the bank.

Sources said the bank has been able to recover only Tk 10 lakh during the last six months, manifesting a sheer failure in realising bad loans, though it expressed its determination to realise such bad debts. There are also allegations that the bank has adopted a dilly-dallying tactic to sue the defaulters even.

A source, however, said the bank now puts its efforts in realising the classified loans through negotiations with the defaulters.

When contacted, some of the defaulters pointed out that faulty

government policy, complexities in holding share of companies and stock disposal have pushed them to being defaulters.

Up to June 30, 2006, the JB's total classified loan reached Tk 1675 crore, which is 14 per cent of the bank's total outstanding loan.

Of the top 20 defaulters, who owe Tk 546 crore to the bank, two Beximco Group companies--Beximco Engineering Ltd owes Tk52.36 crore and Shinepukur Holdings Ltd owes Tk 21.20 crore.

The Beximco Group is yet to be sued for its failure to repay the JB loans as it has come forward to negotiate with the bank and rescheduled its loans by making down payment of Tk1crore to the bank, the sources said.

Lexco Ltd, a leather company, which owes Tk49.66 crore, is the second largest defaulter of the top 20 defaulters of Janata Bank.

Lexco said it failed to repay the loan to the bank because of its huge losses. The JB has been negotiating with the company to

recover the loan, but not filed any case, the bank sources added.

Nirman International Construction Co, one of the long-time defaulters of Janata Bank, owes Tk47.30 crore. The bank sued the company but failed to get back money from the loanee as the company filed writ petition against the case.

The bank sources said the bank is trying to vacate the writ petition to recover the loans from the company.

As per the JB's list of the top 20 defaulters, Fuad Spinning Mills Ltd, who owes Tk 43 crore, has proposed to make down payment to the bank to reschedule its loan.

Shahjalal Leather Complex Ltd, who owes Tk36.22 crore, has applied to the bank to cut interest.

BD Autorickshaw Chalak Samity owes Tk26 crore of the total default loans. Bank sources said the four nationalised banks provided loans to the company during the Awami League regime, but the company failed to repay the loans

so far.

Sources said the committee of the Samity, which recommended for providing loans to the company, has already been dissolved. Besides, most of the Samity offices have suspended their activities.

Others listed defaulters are Alhaj Oil Mills Ltd (Tk 35.40 crore), Green Arrow Tannery Ltd (Tk 26.13 crore), BD Maize Products Ltd (Tk 25.12 crore), Sohrab Vegetable Oil Refinery Ltd (Tk 23.66 crore), Rahatn Industry Ltd (Tk 23.31 crore), Samanta Leather Complex Ltd (Tk23.07 crore), Hasna Traders (Tk 20.74 crore), Penguin Corporation (Tk17.79 crore), Mita Textile Ltd (Tk 16.42 crore), Viva Trade International (Tk14.79 crore), Dynamic Textile Ind (Tk 14.15 crore) and Bikrampur Tannery (Tk 13.49 crore).

Another company, Yousuf Leather Corporation, which regularised its loan, has been able to cut its name from the top 20 defaulters list of Janata Bank.

Bangladesh knitwear show in Germany from tomorrow

STAR BUSINESS REPORT

In a bid to make Bangladesh knitwear more popular in Europe, especially in Germany, an international exposition on the Bangladeshi products will begin in Dusseldorf tomorrow.

Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) is organising the two-day fair in cooperation with German Technical Cooperation (GTZ) at Radisson Hotel.

Around 48 members of BKMEA will participate in the fair and put Bangladeshi knitwear on display. A 91-member team led by BKMEA President Fazlul Huq will leave Dhaka today for Germany, a statement issued by the association said.

ABM Manzur Rahim, Bangladesh ambassador to Germany, will inaugurate the Knitexpo 2006.

"It is an exclusive fair for Bangladeshi knit products," Huq said. "The exposition will help increase our exports to Germany and achieve the export target set for the current financial year."

Total export target from the knitwear sub-sector has been set at \$4,846 million for the current financial year.

Knitwear export grew by 35.38 percent fetching US\$3,817 million in 2005-06 financial year. On the other hand, Bangladesh exported knitwear products worth \$993 million to German market during the same year.

A similar two-day fair will also begin in Munich on November 6.

Dollar stages modest rebound

AFP, London

The dollar rose on Tuesday against the euro and the yen before a further batch of US economic numbers, and as dealers digested recent heavy losses to crude oil prices.

However, gains were limited following recent weaker-than-expected US third quarter growth figures.

The European single currency fell to 1.2690 dollars in European trading, from 1.2724 dollars in New York late Monday.

The dollar climbed to 117.76 yen from 117.46 yen late on Monday. Dealers were waiting for publication of the Chicago purchasing managers' index for October later on Tuesday, as well as a fresh reading on US consumer confidence.

"The correction (lower) in the oil price is, in our view, the principal factor imparting a firmer dollar tone (on Tuesday), although the weakness in German retail sales... is notable," HBOS analyst Steve Pearson said.

The dollar tends to firm as oil prices fall because many participants divert cash away from the oil market, dealers said. Early on Tuesday the oil price retreated beneath 58 dollars per barrel.

Meanwhile, data showed Tuesday that German retail sales fell in September, confounding analysts' expectations of a 0.6-percent increase ahead of the planned rise in value-added or sales tax (VAT) at the beginning of 2007.

Ethiad launches non-stop daily flights to New York

Ethiad Airways, the national airline of the United Arab Emirates, is continuing to expand its international network of global destinations with the launch of its daily, non-stop service between Abu Dhabi and New York, says a press release.

To celebrate the inaugural US flight, Ethiad is offering its customers various benefits, including bonus air miles on the New York route.

Additional promotions include free flights for children under the age of 12 when flying with an adult in Coral Zone. Pearl Zones Guests, meanwhile, are also entitled to a 50 percent discount off a second round-trip Pearl Zone ticket.

DSE trading resumes after 8-day break

Indices decline slightly

STAR BUSINESS REPORT

Trading on Dhaka Stock Exchange (DSE) resumed yesterday after an eight-day break with indices declining slightly.

Meanwhile, trading on the country's second bourse in the port city of Chittagong resumed on Monday.

Although the bourses were scheduled to be opened on Sunday after a six-day Eid-ul-Fitre vacation, DSE and CSE remained closed until Monday and Sunday respectively due to volatile political situation.

The fourteen-party alliance postponed its countrywide blockade programme on Monday.

DSE All Share Price Index went down by 3.66 points or 0.28 percent to close at 1291.28 points while the DSE General Index declined by 0.78 points or 0.5 percent to close at 1541.65 points yesterday.

However, DSE-20 Index, which comprises blue chips increased by 2.23 points or 0.17 percent to close at 1315.60 points.

Gainers outnumbered the losers on the DSE. Of the total 182 issues traded, 93 advanced, 68 declined and 21 remained unchanged. A total of 35,84,517 shares worth Tk 26.12 crore changed hands.

Trading on the Chittagong Stock

Exchange closed lower yesterday.

The CSE All Share Price Index decreased by 23.01 points or 0.62 percent to close at 3643 points while the CSE-30 Index shed by 14.12 points or 0.44 percent to close at 3160.44 points.

A total of 78 issues were traded yesterday. Of them, 42 gained, 29 declined and seven remained unchanged. Some 1,390,110 shares worth Tk 4.38 crore changed hands on the CSE yesterday.

Talking to the Daily Star, DSE Chief Executive Officer Salahuddin Ahmed said although there was some positive news on the market, the trading was thin. "The current volatile political situation has thrown the investors into confusion to come in the market," he said.

"Though we have decided to keep the bourse open from Sunday, but we could not do so due to lack of quorum," he said.

On that day, only 27 members logged into the trading system, which forced the prime bourse to remain closed, he explained.

Presently, at least 78 members need to log into trading in order to fulfil the DSE quorum.

"If there is no political programme from the 14-party combine after November 3, the market will be vibrant further," he hoped.

China adopts new anti-money laundering law

ANN/ CHINA DAILY

China's top legislature yesterday adopted an anti-money laundering law that broadens the definition of money-laundering crimes to include accepting bribes.

The definition of money laundering has been expanded to include corruption and bribe taking, violating financial management regulations and financial fraud.

The law is expected to come into effect on January 1, 2007.

Previously, the law only identified drug trafficking, organized crime, terrorist crimes and smuggling as money laundering crimes.

China's officials and analysts believed the coverage is too narrow. They called for stepping up efforts to combat money laundering, which has risen in recent years along with activities such as embezzlement, drug trafficking and other smuggling.

The law demands financial and some non-financial institutions to maintain record on clients and transaction records and to report large and suspect transactions.

The People's Bank of China, or central bank, is the nerve center of the anti-money money laundering campaign. Its provincial branch offices are authorized to investigate suspect fund transfers of financial institutions.

The law demands financial and certain non-financial institutions to keep identity information of clients and transaction records, report large and suspect transactions.

Oil prices go high

AP, London

Oil prices edged higher Tuesday, after tumbling more than \$2 a barrel the previous day as traders anticipated that U.S. supply data due out this week would show rising inventories of crude.

Traders were also doubtful about Opec's ability to implement its plan to cut 1.2 million barrels a day of production or that it would make a significant difference in oil prices.

Testu Emori, chief commodities strategist at Mitsui Bussan Futures in Tokyo, said that because "huge amounts of oil are available ... I don't think these cuts will have a huge impact."

"We'll have to watch the U.S. winter," when demand for fuel rises, Emori said. "I think the fundamentals of the oil market should be weak. I think the average price of oil will be lower next year."

Light, sweet crude for December delivery on the New York Mercantile Exchange rose 2 cents to \$58.38 a barrel in electronic trading, after tumbling \$2.39 Monday.

Brent crude rose 6 cents to \$58.74 a barrel on the ICE Futures exchange.

Last week, oil prices surged by \$2 a barrel after U.S. Energy Department data showed a large decline in U.S. crude-oil inventories. But some analysts believe the market overreacted to the data by failing to account for the impact of a brief shutdown of the Louisiana Offshore Oil Port, through which 10 percent of all U.S. oil imports flow.

"Everybody expects a correction this week," said Antoine Half, an analyst at Fimat USA in New York who warned of the market's misinterpretation of the data in a report last week.

IBM to set up development centres in India, China

REUTERS, Mumbai

IBM, the world's largest computer services company, said on Tuesday it would set up two new IT solutions centres in India and China, underscoring the Asian countries' growing importance as a hub for outsourcing.

The new centres, in the Chinese capital of Beijing and Pune in western India, will each employ 500 people. Jebby Cherian, director of IBM's global business solutions center, told Reuters in a phone interview from Bangalore.

Earlier in October, IBM relocated its global procurement headquarters to Shenzhen in southern China. The company has also made India a global delivery hub for software needs and client services.



PHOTO: BRAC BANK

Kaiser Tamiz, chief operations officer of Brac Bank Ltd, inaugurates the 17th ATM booth of the bank at Rifle's Square in Dhanmondi in the capital recently. Other senior officials of the bank are also seen.

Microcredit Summit in Canada to set new goals

STAR BUSINESS REPORT

The Microcredit Summit 2006, due at Halifax, Canada on November 12-15, will launch new goals for 2015.

Nobel laureate and Grameen Bank founder Muhammad Yunus will join 2,000 delegates in Halifax for the launching of Phase 2 of the campaign with two new goals, a press release of the summit issued from Washington yesterday said.

The goals are reaching 175 million of the world's poorest families with microcredit and ensuring 100 million families to rise above

the US\$1 a day threshold, lifting 500 million people out of extreme poverty.

The campaign was launched in 1997, and the overall growth between 1997 and 2005 has been significant.

The organiser of the summit announced that more than 113 million clients received small loans last year to start or expand small business, 82 million of them were among the world's poorest people.

Globally, 847 micro finance practitioners submitted their data in 2006 of which 88 percent of all the poorest clients were reported.

The 2006 report includes data gathered from more than 3,100 institutions worldwide and finds that of the 82 million poorest, 84 percent are women.

Loans are used for a wide range of business activities including low-tech ventures such as selling milk and eggs, making tortillas or producing handicrafts, as well as high-tech enterprises like selling solar-powered cellular phone in rural areas without land-line phone service.

Following the Grameen Model, a host of micro-finance institutions (MFIs) have been built up in Bangladesh.

India central bank warns of overheating economy

AFP, Delhi

India's central bank warned Tuesday of overheating in one of the world's fastest growing economies as it juggled interest rates in a mid-term policy review aimed at keeping prices in check.

The Reserve Bank of India raised the cost for banks to borrow by a quarter percentage point to 7.25 percent and kept its reverse repurchase rate, the rate paid for deposits from commercial banks, at a four-year high of 6.0 percent.

The central bank did refrain from lifting its long-term rate, or bank rate, from 6.0 percent and kept the cash reserve ratio, the percentage of funds banks have to

keep as cash, at 5.0 percent.

The central bank said global oil prices, down more than 10 dollars from record levels above 70 dollars earlier this year, and a booming economy posed a threat to price stability.

The economy, which grew 8.4 percent in the fiscal year ended March and 8.9 percent in the quarter ended June, showed "signs of overheating", it said.

"While global inflation conditions have not worsened, concerns relating to price pressures and uncertainties surrounding international crude prices persist," Reserve Bank Governor Y.V. Reddy said in a statement.

The central bank meanwhile

raised its growth forecast to 8.0 percent for the year to March 2007, from an earlier forecast of 7.5-8.0 percent, and said inflation would be contained at 5.0-5.5 percent.

Reddy said industrial output, led by manufacturing, has performed better than expectations.

Inflation, as measured by wholesale prices, rose to a four-month peak of 5.26 percent last week at the same time in a sign of a booming economy, the benchmark Mumbai stock exchange Sensex hit a record high close Monday of 13,024.26.

The Sensex opened firm Tuesday but fell 0.48 percent or 62.36 points in choppy trade to 12,961.90.



PHOTO: STANCHART

The newly renovated Station Road branch of Standard Chartered Bank in Chittagong was formally inaugurated recently. Among others, Harunur Rashid, general manager of Bangladesh Bank, Chittagong, and Vikram Issar, head of Standard Chartered Consumer Banking, were present.