

Star BUSINESS

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Defaulted loans in banks rise 10.96pc in 6 months

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The volume of defaulted loans in the banking system rose by 10.96 percent in six months to stand at Tk 22,302 crore in June 2007 from Tk 20,098 crore in December 2006.

The total increase in defaulted loans is Tk 2,204 crore. The amount of defaulted loans in national commercial banks (NCBs) increased 13.51 percent or Tk 1,555 crore while private commercial banks (PCBs) saw an increase of 17.98 percent or Tk 785 crore, and foreign commercial banks (FCBs) witnessed a rise of 65 percent or Tk 76 crore, according to Bangladesh Bank statistics.

However, the amount of defaulted loans in specialised banks declined by 5 percent or Tk 211 crore.

Banking sources said due to

write-off of bad loans the amount of defaulted loans dropped significantly in 2004 and 2005.

But the amount of defaulted loans started to climb from 2006 mainly due to banking sector 'inefficiency' in disbursing loans. Some PCBs and NCBs sanctioned some loans without maintaining due process and analysing risk factors.

Before 2004, the amount of classified loans reached around Tk 25,000 crore. But due to write-off the amount of classified loans came down to Tk 17,509 crore in December 2005.

Since the loan write-off policy was adopted by the Bangladesh Bank in 2003, the commercial banks so far wrote off around Tk 11,000 crore.

In 2006, the total increase in defaulted loans was Tk 2,589 crore. In the first quarter of 2007

(January-March), the amount of defaulted loans increased Tk 1,125 crore and in the second quarter (April-June), the amount of defaulted loans increased Tk 1,079 crore.

NCB sources said the recent anti-corruption drive against the big businessmen cast a bad impact on loan recovery, resulting in increase in classified loans.

Besides, Oriental Bank scam and delay in privatisation of Rupali Bank increased the amount of defaulted loans in the two banks.

Out of the total amount of Tk 1,58,707 crore in outstanding loans in the banking system, the amount of classified loans was Tk 22,302 crore or 13.96 percent on June 30, 2007 compared to 13.15 percent or Tk 20,098 crore on December 31, 2006, the sources said.

Classified loans in NCBs

amounted to Tk 13,058 crore or 26.15 percent of their outstanding loans in June 2007, which had been Tk 11,503 crore or 22.94 percent in December 2006.

Defaulted loans in PCBs amounted to Tk 5,150 crore or 6.03 percent of their outstanding loans in June 2007, which had been Tk 4,365 crore or 5.45 percent in December 2006.

Classified loans in DFIs amounted to Tk 3,933 crore or 31.44 percent of their outstanding loans in June '07, which was Tk 4,144 crore or 33.68 percent in December 2006.

Defaulted loans in FCBs came down to Tk 160 crore or 1.35 percent of their outstanding loans in June this year, which had been Tk 83 crore or 0.81 percent in December 2006.

Tata targets Indian internet users with new mobile phone

AFP, Bangalore

Tata Teleservices, a part of India's 22 billion dollar Tata group, said Thursday that a new Internet-enabled handset would increase sales by up to 15 percent for the booming mobile phone market.

Tata Teleservices is adding about one million users a month in the world's fastest-growing wireless market, said Manzoor Ameen, who heads the company's operations in southern Karnataka state, of which Bangalore is the capital.

Between 100,000 and 150,000 monthly sales will come from the new Samsung handset equipped with the country's first mobile web browser, designed to provide cellphone users high-speed access to websites, Ameen told reporters.

And 15 percent of the existing user base is expected to switch to the new mobile phone, which will come with unlimited mobile Internet access priced at as little as 99 rupees (2.45 dollars) a month.

"This innovation is an important step in extending the power of the Internet on to mobile devices, making it accessible to the large and growing mass of mobile users," Ameen said.

India adds six million mobile-phone users a month -- as many as the number of computers in the country.

Ignore WB suggestions, revive jute sector

Discussants urge govt

STAR BUSINESS REPORT

Speakers at a discussion yesterday urged the government to revive jute sector and not to pay any attention to suggestions of the World Bank (WB) in this regard.

"The World Bank is advising the government to shut down jute mills in the country,"

Salahuddin Ahmed, a former chairman of the Bangladesh Jute Mills Corporation, told the discussion.

"When we are shutting down jute mills in our country, neighbouring India is increasing investment in jute industry sensing the high demand for environment-friendly jute goods in the global market in near future," he further told the discussion on 'importance of jute as eco-friendly agriculture and industrial product', organised by Nagarik Sanghati, a non-governmental organisation.

Transparency International Bangladesh Trustee Board Chairman Prof Muzaffer Ahmed said although jute-made products

have high demand, there has been no major research to revive the sector in the country.

"After the independence, people within the jute sector and policymakers were responsible for the destruction of the sector," he said referring to the present poor state of jute sector.

"As some 3.5 crore people are involved with the jute sector, the government should undertake realistic action plans to save the sector," Ahmed said.

He also called for reviving the sector before 2009 since the UN has declared the year as 'International Natural Fibre Year'.

Professor Ashrafuzzaman Selim of Bangladesh Agriculture University presented a keynote paper in the discussion. ASM Atiqur Rahman, president of Nagarik Sanghati, also spoke.

Multilateral donor agencies have come under fire for the pitiable condition of the country's jute sector in recent days.

On September 13 at a function in Dhaka former agriculture minis-

ter Motia Chowdhury said the government destroyed the country's jute and sugar industries by implementing the World Bank and IMF suggestions.

"The finance and industries advisers are hell-bent on closing down jute and sugar factories one after another at the dictates of the multilateral donor agencies," Motia, also Awami League (AL) leader, said. Finance Adviser Mirza Azizul Islam was also present at the function.

Responding to the accusation, the finance adviser brushed aside the allegation, saying, "I swear in the name of God that neither the World Bank nor IMF even uttered a single word to close down any mill."

The caretaker government recently closed down four state-run jute mills -- People's Jute Mills in Khulna, Karnaphuli Jute Mills and Forat-Karnaphuli Carpet Factory in Chittagong, and Kaomi Jute Mills in Sirajganj. The government found the SoEs non-viable to run.



PHOTO: GMG AIRLINES

GMG Airlines on Wednesday signed a deal for syndicated lease facility of 430 million dollars with a group of local financiers led by IDFC Ltd. The lease facility will help the airline extend its fleet and widen routes.

GMG Airlines gets \$430m lease facility to extend fleet

A group of local financiers led by IDFC Ltd are financing 430 million US dollars as syndicated lease facility for fleet extension of GMG Airlines, which is adding another aircraft in its fleet, says a press release.

The additional aircraft is a noiseless Dash-8 series Q300 with sitting capacity of 50, manufactured by Bombardier Inc of Canada.

A deal was signed to this effect on Wednesday in the capital where representatives from the participating financial institutions namely Standard Bank Ltd, Oman Bangladesh Leasing & Finance Ltd, Premier Leasing International Ltd, United Leasing Company Ltd, Fareast Finance & Investment Ltd, International Leasing and Financial Services Ltd, Industrial and Infrastructure Development Finance Company Ltd were present.

The airline said it is going to add two more wide-bodied aircraft in its fleet to start operation in the Middle Eastern routes.

New addl MD of EXIM Bank



Ekramul Hoque has been promoted as additional managing director of EXIM Bank Ltd, says a press release.

Prior to this new assignment, he was the deputy-managing director of the bank. Ekramul joined EXIM Bank as an executive vice president in 2000.

Ekramul Hoque started his career in 1970 with Uttara Bank.

Sony to sell chip lines to Toshiba

AFP, Tokyo

Japan's electronics giant Sony will sell production facilities for advanced chips to its rival Toshiba for nearly 100 billion yen (870 million dollars), a newspaper said Saturday.

With the planned sales, Sony will effectively stop making advanced chips, and instead focus on such areas as audio-visual equipment, the Nikkei business daily said.

The two companies are expected to finalise the deal in a few months, the newspaper said. Under the plan, Sony will sell the system chip fabrication lines at Sony Semiconductor Kyushu Corp., a chip production unit of the company, in western Japan, the newspaper said.

The deal will likely include lines for fabricating the Cell, which Sony co-developed with Toshiba and IBM for its PlayStation 3 game console, as well as image-processing chips for game consoles and camcorders, it said.

The equipment is to remain inside Sony's plant, with the ownership to be transferred to Toshiba, while Sony will likely continue employing those currently working on the lines, Nikkei said.

Wages rising fast in Singapore

ANN/THE STRAITS TIMES

Labour-short bosses are raising wages faster than at any time since 2000, but the good times for workers could dent Singapore's competitiveness.

Workers' earnings have recorded a year-on-year increase of 8.5 percent, the largest rise since the economic boom seven years ago. Labour experts are worried that the higher labour costs could put a dampener on the economy.

But one positive from the current boom is that, overall, workers also appear to be slightly more productive than before.

Fresh figures released yesterday by the Manpower Ministry covering the April to June period showed the 8.5 percent increase was an improvement from the 5.5 percent growth in the first three months of this year.

At the peak of the 2000 economic boom, wages rose 8.9 percent.

Labour economist Cheolsung Park said this rise in wages was to

be expected during the sustained strong economic growth. "The market seems to have very little room to supply more labour because the demand has been so high and workers have had little trouble in finding jobs," Cheolsung Park said.

Singapore National Employers Federation (SNEF) executive director Koh Juan Kiat reckons employers could be hiring in anticipation of better business or greater staff turnover. "This could slow down when they have full strength," he said.

The Manpower Ministry report illustrated just how tight the labour market has become.

The construction, marine and offshore engineering sectors helped pump a record 64,400 new jobs into the pool from April to June. This added to the increase of 49,400 in the previous quarter.

Unemployment also fell. The overall rate was 2.3 per cent in June, down from 2.9 percent in March. Fewer people were also laid off, and of those who were, more had found jobs within six months.

Asian tigers rise to post-industrial stage

AFP, Manila

Hong Kong, South Korea, Singapore and Taiwan are maturing toward post-industrial status as manufacturing investments in Asia move to China, said an Asian Development Bank report released Friday.

The combined share of the quartet of "newly industrialised economies" (NIEs) along with China, Indonesia, Malaysia, the Philippines and Thailand in global manufacturing output has more than doubled to almost 14 percent between the 1980s and 2004, it said.

However the NIEs, also known as Asian "tigers" and especially Hong Kong and Taiwan, have "undergone severe deindustrialisation as manufacturing has lost significant weight in total output between the 1970s and 2000-2004," it added.

The NIEs are now going through a process similar to those of the Organisation for Economic Cooperation and Development (OECD), "the result of transferring production facilities to China, it said.

Nevertheless, other than Singapore, South Korea and Taiwan, none of the other developing Asian economies had a share of employment in manufacturing as high as that of the OECD average, said the report.

In terms of labor productivity, "there is still a large differential between most developing Asian economies and the OECD."

Also, it appears many of these economies "have industrialised at low levels of productivity due to the bias toward low-productivity industries which in turn accounted for most of the increase in employment, it added.

Dhaka needs nat'l policy to monitor aid for trade

Discussion told

STAR BUSINESS REPORT

The country needs a national policy to monitor the aid for trade, speakers told a discussion in Dhaka yesterday.

The aid for trade development should be focused on capacity building, infrastructure development and product diversification, they added at the discussion titled 'Aid for Trade and Supply Side Constraints Faced by the SMEs'.

Donor agencies need to offer unconditional loans for trade development, they told the discussion, jointly organised by Dhaka Chamber of Commerce and

Industry (DCCI) and Oxfam GB, an international NGO.

"Donor agencies appoint consultants for trade development. But we need aid for trade based on our own requirements," said Badrul Ahsan, former economic minister in Bangladesh's Geneva mission.

Echoing him, Sharifa Khan, director of WTO Cell at commerce ministry, said the country needs unconditional grants for trade development.

Emphasising the need for product and market diversification, Faridul Hassan, director general of Export Promotion Bureau, said the

country should not depend on a few export items.

Manzur Ahmed, former director of Federation of Bangladesh Chambers of Commerce and Industry, said a conference in Manila will be held this year in the context of 'Aid for Trade' initiative, which was launched in December 2005 at the WTO Ministerial Conference in Hong Kong.

DCCI President Hossain Khaled said, "We have to initiate always new ideas to make best use of foreign trade assistances."

Sayed Mohammed Nurul Alam, acting country representative of Oxfam GB, also spoke.



PHOTO: MIDAS FINANCING

Headquarters of MIDAS Financing Ltd and MIDAS were shifted on Thursday to Nahar Green Summit on Road-16 (Old-27) in Dhanmondi, Dhaka. MIDAS Director Samson H Chowdhury inaugurated the new office, while Director Rokia A. Rahman was also present.

Delhi hopeful of FTA with Bangkok

ANN/THE NATION

Despite slow progress of the free-trade-agreement (FTA) negotiations between India and Thailand, Indian External Affairs Minister Pranab Mukherjee is optimistic, saying that the pact will be inked for the free flow of goods before the end of the year.

In Bangkok Friday he said the Thailand-India FTA was an efficient accord that would not only boost their own trade and economic growth but also encourage that in neighbouring countries.

"We have had very constructive discussions with Thailand recently and are hopeful that it will be possible to sign the FTA on goods before the end of this year," Mukherjee said.

On the theme of "India's Look East Policy: Implications for Thailand and Southeast Asia", he said that Thailand and India were natural partners and that India's "Look East" policy had found a perfect match in Thailand's "Look West" policy.

Since the beginning of Thailand-India FTA negotiations in 2003, the countries have agreed to sign an Early Harvest Scheme, covering 82 products

for tariff elimination. In addition, high-level officials agreed this year to extend FTA cooperation to a comprehensive pact covering all goods, services and investments. A decision regarding a comprehensive agreement will be taken by 2010. Trade between the two countries increased 32 per cent in the first seven months of this year to US\$3.6 billion (BT123 billion). Thailand enjoys a trade surplus with India. Exports from India to Thailand grew 25.7 per cent to \$1.1 billion, while exports from Thailand to India jumped 65.9 per cent to \$1.49 billion in the first seven months of the year.