

# 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 of 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 business men 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.

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.

APB, 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.

"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 'Internationa

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 dictats of the

multilateral donor agencies,"

Motia, also Awami League (AL)

leader, said. Finance Adviser

Mirza Azizul Islam was also pres-

ent 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 govern-

ment found the SoEs non-viable to

run.



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

A group of local financiers led by IIDFC 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 seating 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, Faraest 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

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 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.

Tata targets Indian internet users with new mobile phone

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Transparency International

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## 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.

"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.

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