

DHAKA WEDNESDAY MARCH 18, 2009

Stocks

DGEN ▼ 0.57%

CSCX ▼ 0.80%
5,246.85

Asian Markets

MUMBAI ▼ 0.89%
8,863.82

TOKYO ▲ 3.18%
7,949.13

SINGAPORE ▼ 1.72%
1,559.03

SHANGHAI ▲ 3.02%
2,218.33

Currencies

| Buy Tk | Sell Tk |
|-----------|---------|
| USD 68.45 | 69.45 |
| EUR 87.30 | 91.92 |
| GBP 94.81 | 99.70 |
| JPY 0.69 | 0.73 |

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold ▼ \$920.10
(per ounce)

Oil ▲ \$46.92
(per barrel)

SOURCE: APP

(Midday Trade)

More News

New law to boost tourism



The government is considering approval of the Bangladesh Tourism Ordinance 2008 by June, says Civil Aviation and Tourism Minister GM Quader. "The government sincerely wants to reform the entire tourism industry, so it can perform as a strong revenue generating sector like in Singapore, Thailand and Malaysia."

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International

Nokia to lay off 1,700 worldwide

Nokia Corp said Tuesday it will lay off 1,700 people worldwide to cut costs, as the global economic downturn strikes deeper into the mobile phone sector. The world's top mobile phone maker said the job cuts will affect several sectors, including its devices and markets units, the corporate development office and global support functions.

Bank of Japan announces new crisis measures

Japan's central bank said Tuesday that it would lend up to 10 billion dollars to commercial banks in the latest effort to tackle a deepening recession in Asia's biggest economy. The Bank of Japan said it would supply funds of up to one trillion yen to encourage the banks to keep lending during the credit crunch.

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Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thendaystar.net

State banks better off

Loan recovery from top 20 defaulters at 50pc

REJAUL KARIM BYRON

Four state-owned banks performed better than before by realising around 50 percent of their default loans from top 20 defaulters and pulled off 94 percent of their targets from other defaulters in 2008, according to a central bank review released yesterday.

The four state banks had the target of realising Tk194 crore from top 20 loan defaulters last year but they could realise Tk98 crore, while the banks' target from other defaulters was Tk1,039 crore but they could realise Tk980 crore.

The Bangladesh Bank (BB) not only evaluated their cash recovery, it also reviewed their achievements in operating expenses, costs of deposit, manpower rationalisation, and reducing classified loans against the target fixed for them in 2008.

BB officials said the banks succeeded in reaching the targets in some areas but failed in others.

Sonali Bank had the target of retrieving Tk100 crore from top 20 defaulters but could realise only around Tk21 crore, while its cash recovery target from other defaulters was Tk484 crore but its realisation was Tk474 crore or 98 percent of the target.

In 2008 the bank's target of reducing operating costs over 2007 was 5 percent, but instead the expenditure increased by 20 percent to Tk649 crore.

Also the cost of deposit of the bank went up from 4.80 percent in 2007 to 5.04 percent in 2008.

Classified loan decreased by percentage but increased by gross amount from Tk6,859 crore in 2007 to Tk7,217 crore in 2008. However the

growth in percentage went down by 2.08 percent points to stand at 33.28 percent last year.

The bank reduced the number of cases with Artha Rin Adalat (loan court) from 7,141 in 2007 to 5,727 in 2008, and also cut manpower by 1,994 and the total number of staff stood at 20,548 in 2008. The BB said all these were positive signs.

Janata Bank though could not achieve success in realising loans from the top 20 defaulters, it exceeded the target in retrieving loans from other defaulters. Its target of realisation from top 20 was Tk30.25 crore, but the recovery was Tk20.17 crore or 66 percent of its target.

The bank's recovery target from other defaulters was Tk181.504 crore, but the realisation was Tk258.54 crore or 142 percent of the target. It also succeeded in lowering the costs of deposit and the number of manpower. Cost of deposit was 4.79 percent in 2007 that came down to 4.53 percent in 2008.

The bank failed to reduce its operating expenses against its target of 5 percent as the expenditure increased around 15 percent to stand at Tk461 crore in 2008.

However its number of cases with the loan court decreased but the amount against the cases increased compared to December 2007. The number of cases dropped from 5,728 in 2007 to 4,720 in 2008, but the amount went up from Tk2,725 crore to Tk2,755 crore.

Agrani Bank though succeeded in realising loans from top 20 defaulters, it failed to reach the target for other defaulters. Its recovery target from the top 20 was Tk21.78 crore but the realisation was Tk37.34 crore or 171 percent of the target. However its target from other defaulters

was Tk302 crore but it recovered Tk209 crore or 69 percent of the target.

The bank could lower its cost of deposit from 3.74 percent in 2007 to 3.44 percent in 2008. It reduced manpower by 357 and its total staff stood at 2,988 in 2008. However it failed to cut operating expenses that rose by 14 percent to Tk343 crore.

Its classified loan was Tk3,178 crore or 28 percent of its outstanding loan in 2007, which came down to Tk2,548 crore or 24 percent in 2008.

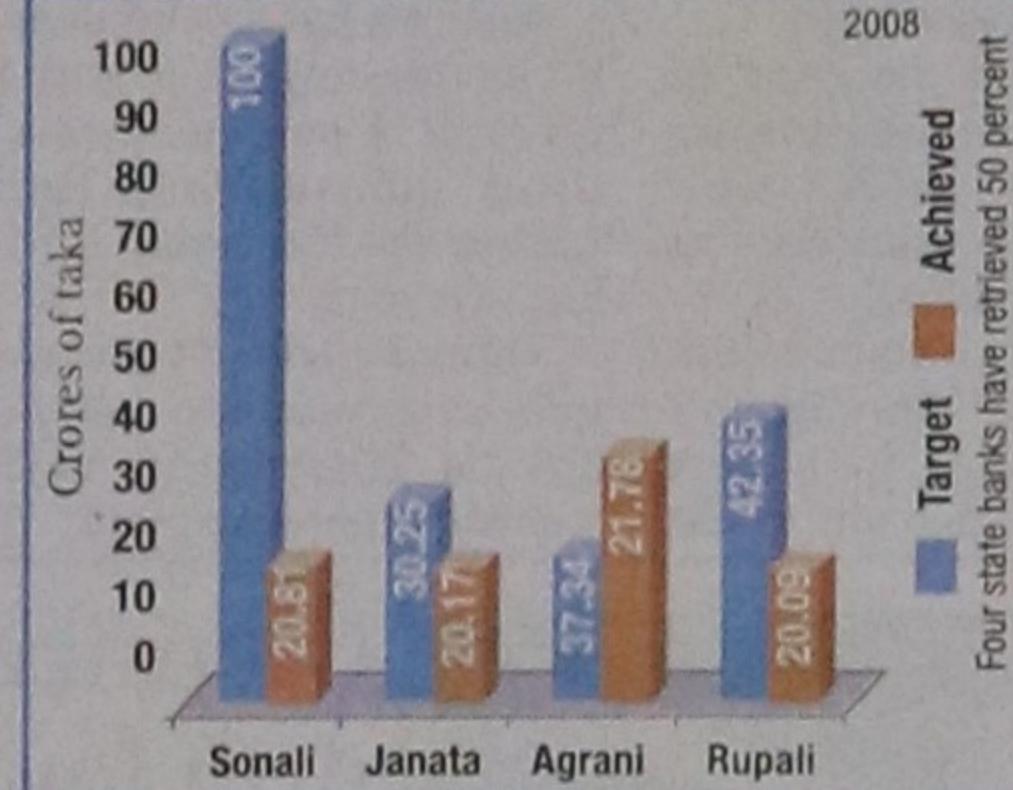
The bank's number of cases with the loan court remained almost unchanged at 7,462 in 2008. But the amount against the cases increased from Tk3,166 crore in 2007 to Tk3,630 crore in 2008.

Rupali Bank failed to reach its recovery target from all the defaulters.

The bank's target from the top 20 defaulters was around Tk42 crore but the recovery was around Tk20 crore. From other defaulters its

loan recovery target was Tk72 crore, whereas it retrieved around Tk38 crore in 2008.

LOAN DEFAULT BY TOP 20



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MCCI meets Hasina over recession today

REFAYET ULLAH MIRDHA

The Metropolitan Chamber of Commerce and Industry (MCCI) is set to turn in a "contingency plan" to Prime Minister Sheikh Hasina today to help tackle fallout from the global recession on the local economy.

"We have prepared the recommendations of the contingency plan. We won't directly propose any financial package in the plan like FBCCI," said a senior official of MCCI, requesting anonymity.

"We suggested the government take tax-cutting measures during the recession as the normal economic theories do not work in this situation," he said.

Earlier, the Federation of Bangladesh Chambers of Commerce and Industry had demanded Tk 6,000 crore in a bailout package.

Finance Minister AMA Muhith had also announced a taskforce to watch the impact of global recession on the domestic economy.

On March 11, the MCCI leaders put forward 56 proposals to make the next budget a trade- and industry-friendly and take fiscal and taxation measures to assist productive sectors.

MCCI representatives, led by its president Abdul Hafiz Chaudhury, had presented the budget proposals for fiscal 2009-10 to the National Board of Revenue (NBR).

At that meeting, the MCCI chief said it is essential not only to remain vigilant against fallout from the global crisis, but also to adopt strong stimulus measures to help boost economic activities.

For this, he said, the two most important components of any stimulus package are supportive fiscal policy and a congenial tariff regime.

MCCI expressed concern at the government's bank borrowing.

The government's borrowing from the banking sector steadily increased from Tk 36,230 crore in 2006 to Tk 43,348 crore in 2007 and Tk 53,458 crore in 2008, reducing the availability for private sector credit.

reefat@thendaystar.net

Tech-savvy businesses to propel economic engine

State minister tells inauguration of e-banking fair

STAR BUSINESS REPORT

Bumping up the use of latest technological infrastructure will propel the country's economic engine faster as technology is considered the backbone of any organisation, said State Minister for Science and ICT Yeafesh Osman yesterday.

A boost in responsiveness to customers is becoming even more important as financial service providers respond to the pressure of globalisation, and regulatory and compliance requirements, Osman said.

"Various international surveys revealed that electronic banking gives better value to businesses. Like other countries, Bangladesh is not an exception," he said.

He asked all stakeholders to help build digital Bangladesh, as it was committed by the incumbent government in its manifesto.

The state minister was speaking as chief guest at the inaugural session of an e-banking conference and exhibition at Dhaka Sheraton Hotel.

The objective of the international conference on e-banking was to bring together all local and regional stakeholders of financial and ICT sectors for sharing their knowledge.



Visitors flock to an e-banking exhibition, the first of its kind in Bangladesh, which was organised at Dhaka Sheraton Hotel yesterday.

Total Communications Ltd of Pakistan and local Axiom Technologies Ltd have jointly organised the daylong conference as part of the fair joined by 25 stalls from China, Pakistan, Singapore, United Arab Emirates and the US.

At least 600 executives of different levels of various organisations from home and abroad took part in the conference to share their experiences about the issue.

At the inaugural session, Anis A Khan, president of Bangladesh Leasing and Finance Companies Association, said

the country is yet to land on that stage where utility bills are paid through e-banking although some private banks have introduced internet banking.

"Technological comfort for the clients is very important for any business sector. So we have to adopt such system that comforts the clients," he said.

He said e-banking would bring speed and ensure transparency in the financial sector.

K Mahmood Sattar, president of the Association of Banks Bangladesh, said

the country is lagging behind in e-banking not for the absence of technological facilities but for regulatory issues.

"Technologies are here, but we are not utilising the facilities of the technologies," Sattar said.

He also said Bangladesh has advanced technologically, but not "psycho logically" as people here still hesitate to adopt any latest technologies.

Mahfuz Anam, editor and publisher of The Daily Star, warned that the whole system of e-banking may fail to reach the

FACTBOX

- 25 stalls set up at the first-ever e-banking fair
- At least 600 execs from home and abroad join in
- Major participants include China, Singapore, USA And Pakistan
- Co-organised by Total Communications of Pakistan and Axiom Technologies of Bangladesh
- Venue: Dhaka Sheraton Hotel

Tea" on the local market.

Before going into international market, Kazi & Kazi was recognised under JETRO's one village one product programme as part of its effort to familiarise the concept among policymakers.

The press conference was organised to make the activities public.

Organic tea is produced through organic method in which chemicals and toxic elements are not used in manufacturing states.

The production of organic tea is around one million kilogram worldwide.

Export earnings from tea stood at \$14.89 million in fiscal 2007-08, up 114.55 percent from \$6.94 million in 2006-07, according to the Export Promotion Bureau.

Speaking as special guest at the function, Shahab Ullah, vice-chairman of Export Promotion Bureau, said Bangladesh has also undertaken a one-district-one-product plan and identified few districts to develop certain products in line with Japan's OVO.

Tomohiro Kinomoto, country representative of JETRO, also spoke.

DSE halts trade of two firms

STAR BUSINESS REPORT

In response to share price jumps of Aftab Automobiles, a sister concern of Navana Group, was riding on speculation that another concern of the group, Navana CNG, will be listed directly on the stock exchanges.

But officials from Navana Group previously said they did not take any such decision. They are simply studying the possibilities of a direct listing by Navana CNG.

It was also rumoured to believe that Navana CNG's direct listing would benefit Aftab Automobiles financially, as it has stakes in the former.

But Aftab Automobiles said they do not have any stakes in Navana CNG.

On the other hand, share prices of Eastern Housing were soaring on speculation that the company will be evaluated soon, the results of which would disclose the company's strengths.

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