

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: AFP

(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."

B-4

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.

B-4

Contact Us

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

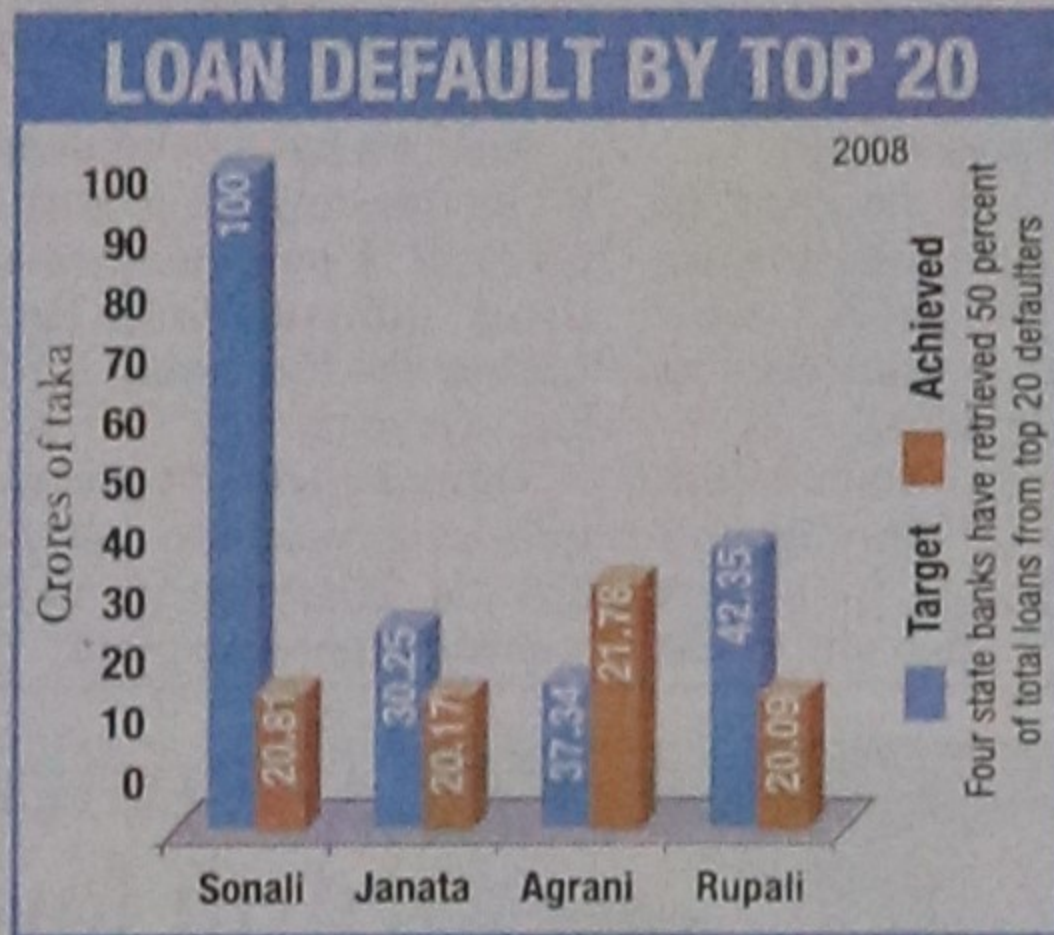
Janata Bank though could not achieve success in realising loans from the top 20 defaulters, it exceeded the target in retrieving loans from other defaulters. Its target of realisation from top 20 was Tk30.25 crore, but the recovery was Tk20.17 crore or 66 percent of its target.

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.

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 'psychologically' 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

desired goals in absence of proper monitoring.

"Since e-banking is a sophisticated technology and a digital banking system, we must monitor it properly, otherwise there is a risk of failure," Anam said.

Habibullah N Karim, president of Bangladesh Association of Software and Information Services, said a large number of banking transactions are still taking place through the conventional banking system without using the latest technologies.

"Although the banking sector has been developing here significantly over the years, the rate of IT usage did not increase at the same pace," he said.

Jehan Ara, president of Pakistan Software House Association, said Pakistan has already made a \$2.8 billion software market.

The use of ICT in different financial institutions of Bangladesh is increasing rapidly as there is no alternative to it, she said.

At least 200 brokerage houses in EU and US are using software developed in Pakistan, she said, adding that the number is growing.

Any joint venture initiative between Bangladesh and Pakistan in developing software may bring more positive results in software business for both the nations, Jehan Ara told The Daily Star.

Jorge L Daly, senior business adviser (Emerging Markets) of BearingPoint, USA, outlined different services and opportunities of e-banking and said those could be taken to the doorsteps of the customers.

DSE halts trade of two firms Organic tea grower enters Japan

SARWAR A CHOWDHURY

In response to share price jumps of Aftab Automobiles and Eastern Housing, the Dhaka Stock Exchange management yesterday halted trade of the two companies to make way for a market probe, a move to prevent unusual security price hikes.

Some brokers and investors were however disappointed by DSE's decision.

"Why is the management only looking at these two particular issues? There are many other issues, whose prices have doubled or trebled in the last one month. The DSE management did not halt trade of those issues," said a broker.

The DSE will investigate whether there were any efforts to manipulate prices or any insider news on why the share prices rocketed, officials said.

"We are closely monitoring the share price hikes of some scrips, beginning with Aftab Automobiles and Eastern Housing," a senior official of DSE told The Daily Star.

He said the share prices of one company doubled in just a month, while the prices of the other soared by more than 50 percent in the same period.

Prior to the halt, each Aftab Automobiles share was traded at Tk 1,224 yesterday, while the company closed at Tk 683.25 a month ago.

Meanwhile, each Eastern Housing share was traded at Tk 496, before the halt by the DSE yesterday. The price for a share was Tk 314.25 a month ago.

However, share prices of the two companies were seen to be rising for some time

now.

Share prices 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.

The temporary suspension of trade also left an impact on the market.

As news of the halt was posted on the DSE website at around 11:30am, the market started falling and finally, it closed low.

The DSE General Index fell by 15.11 points, or 0.56 percent, to 2,637.99. The DSE All Share Price Index also declined 12.75 points, or 0.57 percent to 2,194.94.

Losers outnumbered the gainers by 169 to 82. Seven securities however remained unchanged.

A total of 3,43,12,630 shares worth Tk 496.79 crore were traded on the premier bourse.

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STAR BUSINESS REPORT

The country's lone organic tea grower has recently bagged export orders from the quality-conscious Japanese market, opening a new avenue for the local teasector.

Kazi and Kazi Tea Estate Ltd, which for the first time in Bangladesh ventured into the organic tea business by taking up a project in Panchagarh in 2000, grabbed an order for exporting 4,000 kilograms of tea through a food exposition in Japan in March.

"Demand for organic foods is being created in different areas of the world, which is sure to rise in the coming days," said Kazi Anis Ahmed, director and chief executive officer of Kazi and Kazi, at a press conference, organised by Japan External Trade Organisation (JETRO) in Dhaka yesterday.

"The order volume is not so big, but the important thing is, we entered the highly sensitive Japanese market with our own brand," he said.

"It has created a new window of opportunity."

The organic tea estate is located over 600 acres of land in Tetulia and capable of producing around 2.4 lakh of tea a year. Each kilogram of organic tea sells at \$4-\$9 on the global market, depending on quality.

The company sells its products on the international market with the brand name "Tetulia". It is known as "Kazi & Kazi

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 kilograms 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 OVOP.

Tomohiro Kinomoto, country representative of JETRO, also spoke.

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