



Business

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Top defaulters escape grip

REJAUUL KARIM BYRON

State-owned banks could recover only 2.31 percent loan of their target from top 20 defaulters in the first quarter this year, while the recovery rate was 22 percent from other defaulters.

A high-level meeting of state-owned commercial banks, with Bangladesh Bank Governor Atiur Rahman in the chair, reviewed the overall situation of defaulted loans for the January-March period and asked the banks to take stern action to speed up recovery from the big shots.

An official of Sonali Bank said the present government has relaxed loan policy in various sectors, including jute, garments and salt, and deferred loan recovery from these sectors by 5 years to 10 years. The government guideline also provided for loan rescheduling by taking 1 percent down payment, he added.

As a result, the process of loan recovery from both public and private organisations in various sectors has slowed down, the official said.

Bangladesh Bank data show that only Tk 8.43 crore of the total Tk 36.50 crore bad loans were recovered from the top 20 defaulters in the first quarter this year.

Among the state banks, Sonali could retrieve Tk 40 lakh or 0.34

Bank	Target for 2011	Recovery in first three months
Sonali	Tk 119 crore	Tk 0.40 crore
Janata	Tk 78 crore	Tk 2.8 crore
Agrani	Tk 95 crore	Tk 5.17 crore
Rupali	Tk 73 crore	Tk 0 crore

percent of its target, Janata Tk 2.86 crore or 3.67 percent, and Agrani Tk 5.17 crore or 5.44 percent of its target for the period.

Rupali Bank could not recover a single taka in the first three months this year.

However the four banks had a target to recover Tk 1,190 crore from other defaulters in the period, and they retrieved Tk 258 crore.

Sonali Bank recovered 23 percent of its target, Janata 29 percent, Agrani 20 percent and Rupali 6 percent.

Although the central bank has been putting continuous pressure on the banks to recover the bad loans fast, there have been no improvements.

"There is no significant improvement yet in bad loan recovery, especially from the top defaulters," said a central bank official.

Officials at the state banks attribute such a slow recovery to a sloth in the disposal of cases filed against the defaulters. Big defaulters' writ petitions submitted with higher

courts have also stuck the whole process of classified loans recovery, they said.

An official of Agrani Bank said the top borrowers normally do not want to repay loans. This time, taking the advantage of the government's guideline for special sectors, the delinquent borrowers are averting payments.

In the first quarter, the state of classified loan improved slightly in percentage, but the amount of such loans marked a rise.

With Sonali Bank, the default loan decreased by 0.5 percentage point to 25.47 percent. But in amount, it increased by Tk 383 crore and stood at Tk 7,207 crore. In Janata Bank, default loans increased slightly in both amount and percentage.

The amount increased by more than Tk 100 crore with Janata Bank and stood at Tk 1,186 crore, which is 5.36 percent of the bank's total outstanding loans. With Agrani and Rupali banks, both the amount and percentage of default loans marked a fall.

Human resources come to limelight

STAR BUSINESS REPORT

Top management of the country should see human resources department as a strategic business partner to attain sustainable growth, experts said at a seminar in Dhaka yesterday.

Human resources experts at the international seminar also put forward a set of recommendations for organisations to help them attain excellence in business.

They stressed attracting and developing talents, treating HR as frontline operation and branding the HR functions.

Bangladesh Society for Human Resources Management organised the daylong 'C-suite HR Summit 2011' in collaboration with Bangladesh Brand Forum at Ruposhi Bangla Hotel.

More than 500 people from corporates, academia and NGO took part in the biggest event on HR in Bangladesh.

Four international speakers shared the cotemporary people management issues. Two panel discussions were also held.

As a keynote speaker, Rashmi Sharma, director for HR of American Express Banking Corporation in India, talked on talent development and management issues.

She said: "The war for talent is now on because the corporate sector faces a huge talent shortage with the changes of time."

Sharma suggested the business organisations focus on building talent as well as buying talents.

Biplob Banerjee, an Indian consultant, asked entrepreneurs or promoters to spend more time with HR professionals to get great result from them. "Spend time with HR department like other departments to attain the best result."

Arnfinn Groven, chief people officer of Grameenphone, stressed organisational change or transformational issue.

He said the best time for transformation of an organisation is at its good time. "Our change is always directed to its (the company's) values."

David Weller, a strategic HR consultant from New Zealand, called for promoting the HR manager as business manager strategically.

He said: "A modern HR department will have communication, organisation development, remuneration and reward, as well as more traditional areas such as union relations, employee administration and staff welfare."

The role of HR has transformed significantly over the years, said M Zulfiqar Hussain, chief executive officer of Grown Excel, a leading human resources and management consultation organisation in Bangladesh.

"There is an old saying that the main function of HR is to hire, fire and retire people," he said.

But, HR professionals are now

performing more strategic issues of an organisation like attracting, attaining and retaining the talents pools, said Hussain.

So, corporate Bangladesh should treat the human resources operations into its core business strategy, he added.

"HR is a part of our executive committee in our organisation because we treat human resources as a key element for success," said Khalid Hasan, managing director of The Nielsen Company Bangladesh.

He said, "We value the role of HR as they are the supplier of talents."

K Mahmood Sattar, managing director of The City Bank, said: "Human resources are a very core part of strategic management because all line managers have to work as the HR managers to run the daily operations of an organisation effectively."

The HR department generally works as the biggest change agent of an organisation and adds value to the business process through arranging necessary training and engaging the workforce, said Sattar.

So, the top management should consider chief people officer as important as chief financial officer, he added.

Tapas Kumar Mondal, country manager of International Beverages Pvt Ltd (Coca Cola), said: "We should see HR functions as frontline function as they are the builder of an organisation."

Exporters fear loss on tax hike plan

SAJJADUR RAHMAN

Emerging export sectors, which are already facing hard times for the gas crisis, fear a three-times hike in tax at source would not only hurt businesses but also cost the country a lot of much-needed foreign exchange.

The government in the proposed budget for fiscal 2011-12 has imposed 1.5 percent tax at source on all export proceeds instead of existing 0.4 percent for readymade garments and 0.5 percent for other goods.

The tax hike plan may affect agricultural, chemical and plastic products, home textile, footwear, jute and jute goods, engineering products and ships.

These products had a combined export earning of more than \$2.1 billion out of the country's total shipment of \$16.2 billion in fiscal 2009-10.

These sectors altogether are expected to bag more than \$2.5 billion from exports in the outgoing fiscal year ending on June 30.

"The proposed tax on exports is discouraging and may compel exporters to take dishonest ways to

evade tax," said Dr Abul Barkat, president of Bangladesh Economic Association. Barkat said the tax should not be more than 0.60 percent.

An export tax is a tariff placed on any item or merchandise leaving the country through trade. Bangladesh applies specific tax, which has been proposed at 1.5 percent on FOB (freight on board) for the next fiscal year.



According to the new tax proposal, the government would earn Tk 3,000 crore plus from the exporters even if their income remains unchanged at \$21 billion in fiscal 2010-11. At the present rate (0.4 percent for garment exporters and 0.5 percent for others), the government gets more than Tk 1,000 crore.

"The proposed tax rate will push up our production costs. We may

lose our competitiveness to other nations," said Halim Khan, general secretary of Bangladesh Bicycle Manufacturers and Exporters' Association.

Bangladesh earned nearly \$110 million (more than Tk 800 crore) from bicycle exports in 2009-10. This year's target of \$155 million would not be achieved as only \$91 million worth of bicycles were exported in the first 11 months.

"China is our biggest competitor and exporters there get 17 percent subsidy for bicycle exports," said Khan. He said two bicycle factories have already been shut down as they failed to compete with exporters from other countries due to a severe gas crisis at their plants.

Footwear and jute and jute goods makers also fear a blow next year due to a hike in tax on exports.

Bangladesh Garment Manufacturers and Exporters Association has already protested the tax hike proposal. Anwar-ul Alam Chowdhury Parvez, former BGMEA president, proposed a 15 percent tax on profits the way textile millers pay.

sajjad@thedailystar.net

BlackBerry maker upbeat on Asia

AFP, Singapore

BlackBerry maker Research in Motion (RIM) is banking on Indonesia and other populous markets for growth in Asia, while it faces intensifying competition worldwide from rivals like the iPhone.

The Canadian firm had one of the most prominent stands at the CommunicAsia telecom fair that ended Friday in Singapore, where industry executives gather annually to check out new technology and seal deals.

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