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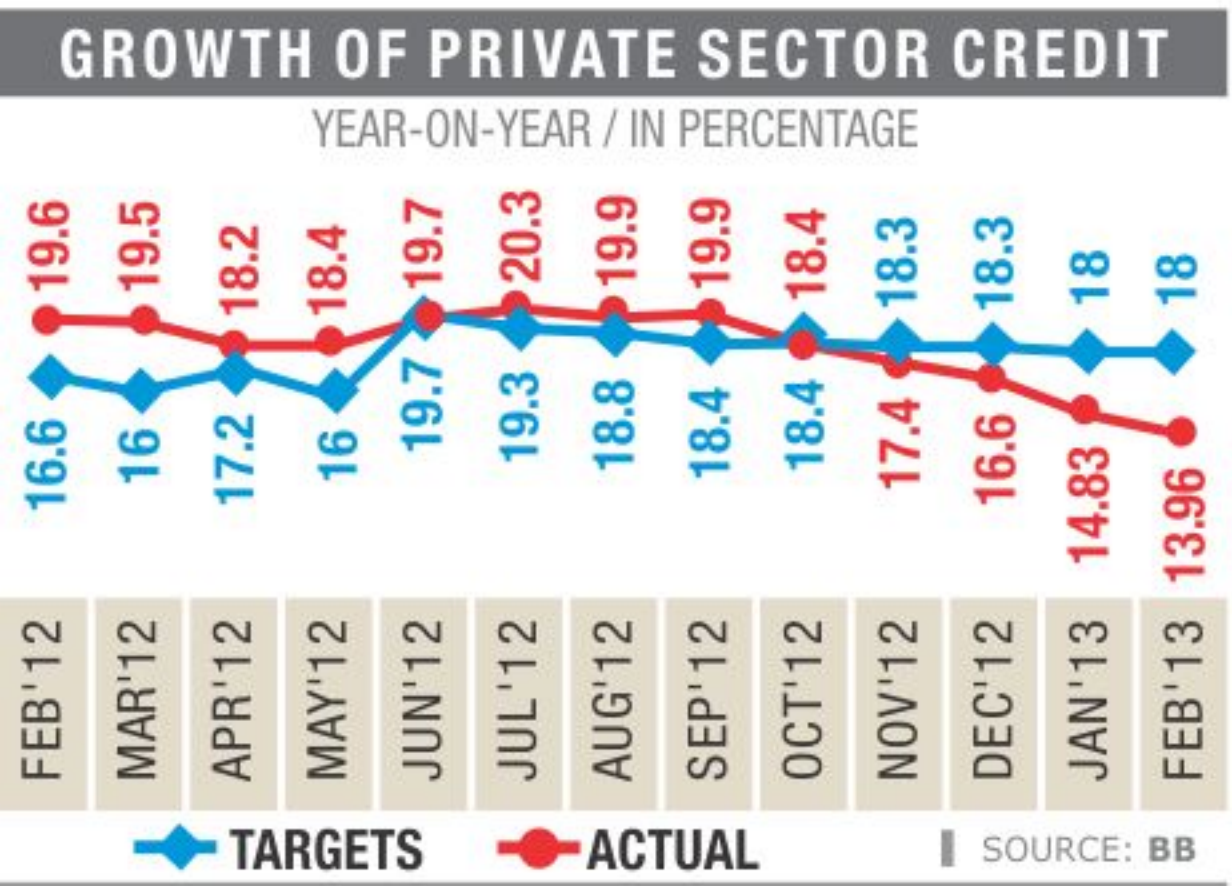
Businesses losing appetite for credit

Private sector hamstrung by political turbulence

REJAUL KARIM BYRON

The private sector credit growth dropped to 13.96 percent year-on-year in February, on the back of declining imports and political unrest.

In February last year, the figure stood at 19.55 percent, according to data from



Bangladesh Bank.

Economists and bankers alike blame the recent political turmoil for the decline, as businessmen shy away from making new investments amid a fall in industrial production and trade.

"The trucks have been failing to transport goods and ports cannot function properly," Atiur Rahman, BB governor, told The Daily Star.

"We are looking for alternatives so that the businessmen can make up for the losses and continue with their trading activities."

The private sector credit growth in the first eight months of the fiscal year, too, was lower than in the same period of fiscal 2011-12.

Another new bank gets nod

BUSINESS REPORT

The central bank has decided to give licence to another bank, Modhumoti, taking the new banks' tally to eight.

"The board of directors of Bangladesh Bank gave Modhumoti Bank the final approval [on Wednesday]," AFM Asaduzzaman, general manager (governor secretariat), told The Daily Star over phone.

On February 5, five banks -- NRB Commercial Bank, NRB Bank, Union Bank, South Bangla Agricultural Bank and Meghna Bank -- got the final approval for licences.

BB promises to reduce hassles of borrowers in garment sector

STAR BUSINESS REPORT

Bangladesh Bank Governor Atiur Rahman yesterday assured garment makers of forming a panel to settle disputes over inland bill purchase (IBP).

Rahman gave the assurance as many banks are not accepting such bills in granting loans to the businesses following scams by some garment makers.

The newly elected leaders of Ban-

gladesh Garment Manufacturers and Exporters Association, led by its President Atiul Islam, met the governor at the central bank headquarters in Dhaka.

The IBP is a credit facility through which a bank gives guarantee to its clients in purchasing goods and services from the local market for export purposes.

The committee will check whether the IBPs are acceptable, AFM Asaduzzaman, a general man-

ager of the BB, told The Daily Star after the meeting.

The central bank in July last year cut the authority of banks of accepting IBPs as the banking regulator detected irregularities in disbursing loans against letters of credit.

SM Moniruzzaman, an executive director of the BB, will head the committee, while two vice-presidents of the BGMEA will act as members.

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Market PE hits nine-year low

GAZI TOWHID AHMED

The market price-earnings ratio came down to 10.60 in April, the lowest since 2004, as the recent political unrest dented investor confidence.

The overall market PE ratio was at 10.07 at the end of July 2004, according to the Dhaka Stock Exchange.

The market lost 11.34 percent this year. The PE ratio came to this point due mainly to a lack of confidence among investors, said Ahasanul Islam, a former vice president of the DSE.

"Although the existing PE ratio suggests that the market has become attractive for investment, it has failed to attract investors."

He said margin loan is the main prob-

lem now as most of the loans got stuck due to a series of downtrends in the last couple of years.

The PE ratio determines the time an investor needs to wait to get back the invested amount. It is an indicator for considering the extent of risks an investment might entail.

The PE ratio is the valuation of a company's current share price compared to its earnings per share.

The indicator is also important to better understand what happens in the market after a large gain or decline. It is also one of the best gauges to know how expensive or cheap the overall stockmarket is at a certain moment.

Small firms protest hartal

BUSINESS REPORT

Small business owners yesterday took to the streets out of desperation to protest the recent spate of shutdowns.

More than 100 small shop owners, including boutiques and bookshops, chanted slogans at a rally in front of Aziz Super Market, to voice their frustration over the current political situation.

They said that country is bigger than party politics and thus strikes should be stopped.

In the half-hour peaceful programme, they urged political parties to strike off the idea of strikes from their next election manifesto -- for the sake of the business community.

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