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DHAKA WEDNESDAY JULY 31, 2013, e-mail: business@thedailystar.net

**Some labour rights ignored in new law: govt official**  
UNB, Dhaka

Labour Secretary Mikail Shipar yesterday admitted that the government had to ignore interests of workers to some extent in favour of the industry in the new labour law.

"There was tremendous time-bound international pressure for the amendment to the law," Shipar said, adding that even a session of parliament had to be postponed to pass the recently amended law by the deadline.

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**3G auction date put back once again**  
ABDULLAH MAMUN

The telecom regulator has once again delayed the 3G auction date, this time by around a week, but has not set any exact time.

"Still there are some unresolved issues over SIM replacement, VAT on 3G spectrum and revenue sharing. So there was a need to put the auction date back for a while," Sunil Kanti Bose, chairman of Bangladesh Telecommunication Regulatory Commission, said yesterday.

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# MICROCREDIT: Handle with care

WB report praises big players' effort to avert a crisis

STAR BUSINESS REPORT

Microfinance institutions (MFIs) come with pitfalls: their aggressive expansion plans can leave borrowers in an over-burdened state, according to a World Bank study released yesterday.

"Excessive lending into a saturated market could cause a 'train crash' that might cause great sector-wide damage and burden borrowers with debts they did not need," the study said quoting a microcredit analyst.

The report—A Microcredit Crisis Averted: The Case of Bangladesh—found that one of the telling signs of a saturated

market is rampant overlapping, or multiple borrowing, which is borrowing simultaneously from two or more MFIs by a single borrower. The study was conducted by Consultative Group to Assist the Poor, an arm of World Bank dedicated to financial inclusion.

The situation becomes untenable for many, contributing to serious deteriorations in welfare, such as reduced consumption, poor health, loss of creditworthiness or excessive stress, said Greg Chen and Stuart Rutherford, authors of the report.

The writers randomly interviewed 43 rural households in depth during the first quarter of 2013, all of whom

took the services of MFIs.

"The interviews reveal a level of stress that the microfinance industry would do well to take more seriously, and to seek ways to reduce still further, perhaps by relaxing the mantra of zero tolerance on loan repayment schedules so that repayments fit more comfortably with the often irregular and unreliable incomes streams of poor households."

The report also found that Bangladesh was on the verge of a microcredit crisis in 2008, due to a hard-line growth spurt between 2002 and 2007.

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## Index soon to rank garment units: Yunus

STAR BUSINESS REPORT

A process is underway to prepare an index to rank Bangladesh's garment factories on the basis of their fire and building safety conditions and working environment, Noble laureate Prof Muhammad Yunus said yesterday.

"The ranking will spur healthy competition among garment manufacturers," he said in his speech at a meeting of Bangladesh MBA Association at Gulshan Club in the capital.

The association organised the programme to honour Prof Hafiz GA Siddiqui, former vice chancellor of North South University, for his contribution to business education over the last five decades.

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## Regulator resumes IGW connections

STAR BUSINESS REPORT

The four international gateway (IGW) operators that had their services blocked on Sunday for non-payment of dues worth Tk 50 crore have cleared their outstanding amounts.

The dues comprise revenue shares for the January-March period, which the telecom regulator demanded by July 25. An IGW carries international incoming and outgoing calls for the mobile operators.

"All the dues are clear now. We have opened their services," said Sunil Kanti Bose, chairman of Bangladesh Telecommunication Regulatory Commission.

The four IGWs are Ratul Telecommunications, Digicon Telecommunications Ltd, Kay Tel and Vision Tel.

Three of them deposited their cheques on Monday and one yesterday, he added.

A BTRC official said the owners of the IGWs are influential people with political connections, but the commission finally realised the outstanding amounts.

A BTRC official said the owners of the IGWs are influential people with political connections

## BASIC Bank's ratings drop five notches

SAJJADUR RAHMAN

Credit Rating Agency of Bangladesh (CRAB) has recently downgraded BASIC Bank's ratings by five notches to BBB1, from AA2 a year ago, because of worries about bad governance and a build-up of nonperforming loans in the state-run bank.

The rating agency also lowered the bank's short-term ratings to ST-3, from ST-2 in the previous year. Rating outlook was also revised to negative from a stable one.

"CRAB cut the ratings of BBL (BASIC Bank Ltd) due to its 'very weak' asset quality, poor profits as well as the major challenges it has met in decreasing capitalisation,

**FACTORS THAT CUT BASIC BANK RATING**

- Non-performing loans stand over 109 percent of Tier 1 capital (equity & reserves)
- Top 50 clients given more loans than sanctioned
- Very weak asset quality
- Poor profits (Tk 97.6cr in 2011, Tk 2.78cr in 2012)
- Declining capitalisation

provision shortfall as well as weak governance and management oversight," the rating agency said in a report.

CRAB also assigned a negative outlook to the bank meaning it might be downgraded again in the medium term.

The ratings and outlook reflect the bank's deteriorating condition. Once a healthy bank, BASIC came to the spotlight in recent months after the central bank unearthed major irregularities involving around Tk 4,000 crore in the bank.

BASIC granted many of these loans without proper documentation and scrutiny.

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## ICB declares record dividends

STAR BUSINESS REPORT

The Investment Corporation of Bangladesh (ICB) announced 700 percent dividends on its first mutual fund, the highest in the history of capital market.

The state-run investment company also declared dividends on seven other mutual funds and one unit fund.

The entire dividends were higher than the disbursed amount of last year. But the good news failed to create a big positive impact on the ICB managed mutual funds.

Except for the first and second mutual funds, prices of the other six declined on Dhaka Stock Exchange yesterday.

ICB MUTUAL FUNDS	DIVIDENDS	
	2012	2013
FIRST	600	700
SECOND	300	375
THIRD	200	240
FOURTH	185	240
FIFTH	170	200
SIXTH	100	105
SEVENTH	110	120
EIGHTH	100	110

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