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DHAKA THURSDAY SEPTEMBER 19, 2013, e-mail:business@thedailystar.net

State banks progress in loan recovery

BB piles pressure on lenders

COMMODITIES

REJAUL KARIM BYRON

301

SONALI

their other defaulters.

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...... State banks look to be making much progress in recovery of their sizeable default loans, thanks to pressure from the central bank.

In the first six months of 2013, the banks realised Tk 271.4 crore from their top 20 defaulters against the Tk 1,704 crore from their other crore of the sum. defaulters against the target of Tk 4,817 crore.

The targets were set by Bangladesh Bank (BB) earlier in the year to tackle the banks' bloated bad loan portfolio and improve their financial health.

If 40 percent of the target is recov-

JANATA

ered in the first half of the year it will

be considered satisfactory, a BB offi-

cial said. But the four banks managed

to recover 48 percent from their top

Rupali—credited their more than satisfactory performance to increased monitoring by the banking division of finance ministry and the central bank.

A high official of Sonali Bank said around 36 percent of the bank's classified loans are stuck with the 20 top defaulters. Sonali's total classified loans stand at Tk 12,461 crore and the full-year's target of Tk 562 crore and top 20 defaulters account for Tk 4,500

> Pradip Kumar Dutta, managing director of Sonali Bank, told reporters on Tuesday that the big defaulters are obtaining stay orders by filing writ petitions with the High Court, which is hindering the recovery from them.

Although the banks have been

the same time, their classified loans fell by Tk 1,628 crore.

The official said the central bank will review the banks' performance against the 16 conditions in the memorandum of understanding (MoU) signed by the state banks earlier in the year, and will most likely make them stricter. He hopes by December the banks' financial condition would improve further.

A major condition for the release of next installment of IMF's Extended Credit Facility (ECF) loan is that the MoU conditions are made more stringent.

In the next MoU, the focus will be on making the banks' credit disburse-

DEFAULTERS OTHER THAN TOP 20

863

JANATA



People wait in line to get their documents photocopied at a tax fair at Officers' Club in Dhaka yesterday to submit 'returns' or sign up for tax identification numbers.

People crowd tax fair, defying shutdown

STAR BUSINESS REPORT

Hundreds of people thronged the tax fair yesterday, defying the countrywide shutdown enforced by Jamaat-e-Islami.

"I didn't expect such a large crowd on a hartal day," said Mohammad Abdul Kuddus Khan, a transport service provider, who was waiting in a queue at the Dhaka fair at Officers' Club.

taxpayer's identification number (TIN) online.

people are least bothered about TINs also increased yesterday, accordhartal," said Khan, who came to the ing to the National Board of Revenue.

ATMs catching up as

show for the first time since the tax authorities introduced such fairs in Revenue officials at the fair said the

turnout had been huge since the beginning of the show at 10am. A major portion of the visitors was jobholders and former public sector employees who took advantage of a thin traffic due to the 48-hour shutdown. The number of visitors at the fair in

Dhaka and other divisional cities and He came to the fair to re-registrar his some districts rose to 65,044 yesterday from 62,832 a day before.

The number of online registration "The mood here is upbeat. It looks for new TINs and re-registration for

On the day, 14,794 returns were submitted, up from 11,649 on Tuesday, an NBR press statement said.

AL Mamoon, a joint commissioner

(taxes) of the NBR, said people crowded the fair as if there was no shutdown. "I came to the fair today as the crowd will be huge on Friday," said Md

Rafiqul Islam, who drove his own car to the fair venue in Segun Bagicha, from Mirpur.

But he had to wait for hours to get his e-TIN because of a long queue.

"We have become used to hartal these days," said Rukhsana Jaman, who was accompanying her husband at the fair.

CASH RECOVERY VS TARGET JAN TO JUN 2013

2,712



AGRANI RUPALI SONALI TARGET* RECOVERY doing well in terms of loan recovery, their capital shortfall and classified loans, the other indicators of financial

20 defaulters and 36 percent from central bank said the banks' capital The officials at the four shortfall in June decreased by Tk 277 banks-Sonali, Janata, Agrani and crore from December 2012. During

health, are still high.

ment policy tighter, the BB official said. A separate diagnostic review has

AGRANI

been done for each of the four banks, and various steps which include However, a high official of the reducing the number of loss-making branches, cutting down expenditure would be taken on the basis of the results of the review, he said.

Jute sacks made compulsory for rice packaging

Millers warn of rice price spiral for higher packaging costs

The government has taken the decision to make jute sacks mandatory for rice packaging in a bid to increase the use of the eco-friendly product and prop up the struggling jute industry.

The decision, taken early this month by an advisory panel of the textiles and jute ministry, is also applicable to fertilisers: 50 percent of the fertilisers available in the market—be it locally-produced or imported—will have to come in jute bags. "We will issue a gazette soon. The rice millers and

traders will then have to ensure the full use of jute sacks for packaging," Jute Secretary Ashraful Moqbul told The Daily Star. The rice millers and traders, however, would be given a timeframe to finish their existing stock of synthetic bags.

The decision comes at a time when the exportdependent jute industry is going through tough times due to the depreciation of the Indian rupee and crisis in the Middle East.

The reason for the sector's high dependency on export markets is low domestic demand, due to the custom of using polypropylene or plastic products for packaging, industry insiders said. Three-fourths of domestic production of jute is exported in raw and processed forms, they

Export receipts from jute and jute goods, now the second biggest after readymade garments, dropped 15 percent year-on-year to \$130 million in the July-August period of fiscal 2012-13, according to Export Promotion Bureau.

Moqbul expects the government decision would prop up the jute industry.

Currently, the annual production of jute sacks stands at 43 crore pieces, most of which are mainly exported, according to Bangladesh Jute Mills Association (BJMA).

At present, only the Directorate General of Food uses jute sacks to pack its procurement of rice and wheat. But the rice millers and traders, the main market players, do not use the environmentally friendly product citing higher prices than polypropylene bags.

The compulsory packaging of food grains, sugar and fertiliser will create demand for 35 crore pieces, said BJMA Secretary Abdul Barik Khan.

Asked, Layek Ali, convenor of Bangladesh Auto Major and Husking Mill Owners Association, said the compul-

sory packaging of jute sacks will increase their costs, which would, in turn, be passed on to consumers.

READ MORE ON B3

Bangladesh still a magnet for clothing brands: McKinsey

STAR BUSINESS REPORT

Global retailers are banking on Bangladeshi garment items more than any other country's despite recurrence of deadly industrial disasters, a new research by an American consulting firm found.

Bangladesh's \$20 billion garment business came ahead of smaller rivals like Vietnam and Cambodia in McKinsey & Co's ranking of countries with the highest potential for future sourcing.

The country now claims 4.8 percent of the global RMG trade of \$412 billion, but McKinsey predicts Bangladesh's share of the pie to reach \$36 billion by 2020.

"Bangladesh is still number 1," says Achim Berg, a partner in McKinsey's German office and the author of the study. "Recent events present a challenge for everyone, but there's no alternative to Bangladesh for doing big production volumes. READ MORE ON B3

banks go tech-savvy Downside: card forgery is on the rise

RUPALI

* FULL YEAR

SAJJADUR RAHMAN

Automated teller machines (ATMs) are fast SOURCE: BB rising in popularity, with transactions through them rising nearly 47 percent last year.

The volume of transactions using an ATM booth stood at Tk 100,000 crore in 2012, up from the previous year's Tk 68,000 crore, according to data from Bangladesh Bank (BB).

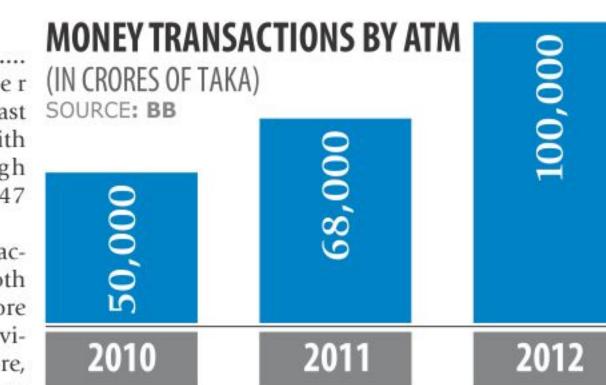
Of the 47 scheduled banks (which does not include the nine new banks), 40 provide ATM services at present.

"Banks are expanding their ATM networks fast, taking financial services to the easy reach of customers," said Kazi Saifuddin Munir, managing director of ITC Limited that runs the Q-CASH, one of the largest ATM networks in the country.

In 2012, 1,359 new ATM booths were set up, to take the tally to nearly 5,000, according to BB. Dutch-Bangla Bank Ltd (DBBL) has 2,400 ATMs, accounting for almost half of the total machines in the country.

Q-CASH itself has about 1,600 ATMs across the country, through which they render services to hundreds of thousands of clients of 28 banks. Transactions per month using the Q-CASH network now stand between Tk 1,500 crore and Tk 2,000 crore, he said.

On average, Tk 2,600 crore is transacted standard for machines."



per month using DBBL's ATM machines, up from Tk 1,600 crore a year ago, said Abul Kashem Mohammad Shirin, the bank's deputy managing director.

"We are getting benefits from our rapidly expanded ATM network -- more and more customers are shifting to ATMs from branches."

The rising presence of ATMs means the cardholders are increasingly becoming vulnerable to heists. Often, it has been reported that robbers hold their victims at gunpoint and get them to confess their PINs, which they later use to clear up the victims' accounts.

There have been reports of forgery of the bank cards as well, often involving the bank officials themselves.

"Yes, we get lots of reports on forgery," said Munir, adding that many banks import cheap ATM machines, which are vulnerable to frauds. "BB has to set a

National poverty database on way

STAR BUSINESS REPORT

The government is set to make a national poverty database in the next two years in a bid to determine the actual number of poor households in the country.

"Bangladesh is implementing a number of social safety net programmes targeting the poor. But many genuine beneficiaries are left out due to wrong data," said Satya Ranjan Mondal, a director of Bangladesh Bureau of

Statistics (BBS). An integrated poverty database is required for efficient targeting as the country wants to reduce the poverty rate to 15 percent by 2021, Mondal said at a seminar co-organised by the Statistics and Informatics Division and the World

Bank at the BBS office. The findings of two pilot studies conducted in Manikganj and Tangail to gather necessary experiences for the smooth

running of the project were shared at the seminar. The pilot study's challenges were age-mismatch between national identity cards and birth registration cards and lack

of knowledge of social safety net programmes, Mondal said. The planning ministry is implementing the database project as part of \$500 million credit approved by the World Bank in June to strengthen major safety net programmes in

Bangladesh. The coverage of the country's social safety net programmes doubled to 24 percent in the past five years,

said Iffath Sharif, senior economist of WB. Although a third of the poor are covered by the social safety net programmes, significant improvements are

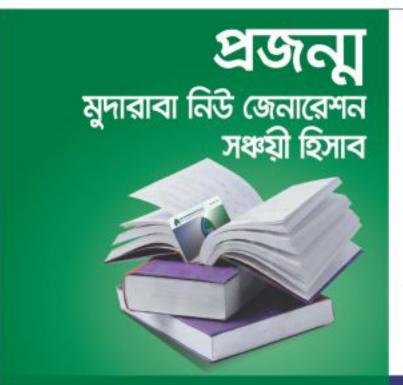
needed to better target the poor, she said. "Experience from other countries shows that a national

database developed from population census data can significantly improve benefits to the poorest from safety net programmes."

The poverty database will help the government make current planning and it will ultimately help cut poverty in the country, said Cabinet Secretary Mosharraf Hossain Bhuiyan.

Corruption or leakage is now as a big issue for the country's development and a complete database can guide all development programmes, he said.

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