

BUSINESS

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Ticfa harmless: GM Quader

No political agenda behind the deal, commerce minister insists

STAR BUSINESS REPORT

Commerce Minister GM Quader yesterday defended the Hasina cabinet's decision to formalise the Trade and Investment Cooperation Forum Agreement (Ticfa) with the US, terming it to be a 'simple and harmless' deal.

"We will not lose our sovereignty – there is nothing legally binding in the agreement. Ticfa will just create a platform to resolve bilateral trade disputes," Quader said at a press conference in his secretariat office.

Although the signing of Ticfa does not guarantee reinstatement of trade privileges to the US market, it would give the country a solid platform to present its case.

"In fact, we have already raised the issue during the signing of the agreement," he said, adding that the matter would be broadly discussed at the next forum meeting due to be held in Dhaka in January.

Following the twin industrial disasters of Tazreen fire and Rana Plaza collapse, the US on June 27, on grounds of insufficient labour rights and factory safety standards, suspended Bangladesh's Generalised System of Preferences status, which had provided duty-free access to 97 percent of the country's exports.

Garment, the country's main export item to the US, however, does not get duty-free access under the GSP scheme, and Quader said that the country would ask for its inclusion in the forum's Dhaka meeting.

The Obama administration, however, provided an action plan for the country to win back its GSP status, the progress of which is due for review by United States Trade Representative (USTR) next month. The commerce minister is hopeful that the progress made by the country with the action plan would be satisfactory.

Asked if the signing of the Ticfa on Monday in Washington would be valid seeing the Hasina government's tenure had ended, he said: "Of course it is. The version of the agreement signed was the one approved by the elected cabinet in June 17."

"We could have signed the agreement within one week of the cabinet's nod, but it was delayed only because of foreign ministry," he added.

After the cabinet approval, the commerce ministry served at least four letters to the foreign ministry to decide on a time and venue for the signing but it did not show any interest, according to Quader.

Asked about the timing of the signing which coincided with the announcement of the election schedule, he said: "These two events are totally unrelated."

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Goods trucks remain stranded at Karwan Bazar in Dhaka yesterday. The vehicles that arrived at the kitchen market before the opposition's blockade could not leave the city for fear of street violence. Related story on Page 1



STAR

BASIC Bank caught in huge bad loans

Scam-hit three branches account for more than 78pc of total default loans

SAJJADUR RAHMAN

Three branches of BASIC Bank that extended random loans between 2009 and 2012 have been caught in massive nonperforming loans, according to Bangladesh Bank data.

As on October 31, classified loans at these branches in Dilkusha, Gulshan and Shantinagar in the capital stood at Tk 1,465.5 crore against their total loans of around Tk 6,000 crore.

The amount of default loans in the three branches is more than 78 percent of the total default loans of the bank worth Tk 1,863 crore.

Also, more than Tk 550 crore of these three branches lies in the 'special mention account' of the bank, meaning the amount is partly classified and the bank has to keep provisions ranging from 20-50 percent of the amount.

"A high-level taskforce has been formed to oversee the recovery of these

GULSHAN BRANCH

Deposits: Tk 1,024 cr

Loans: Tk 2,708 cr

NPL: Tk 1,010 cr, 37.31% of its loans

SMA: Tk 255 cr, 9.42% of its loans

SHANTINAGAR BRANCH

Deposits: Tk 1,203 cr

Loans: Tk 2,351 cr

NPL: Tk 227.5 cr, 9.68% of its loans

SMA: Tk 90.5 cr, 3.85% of its loans

DILKUSHA BRANCH

Deposits: Tk 2,338 cr

Loans: Tk 1,029 cr

NPL: Tk 228 cr, 22.2% of its loans

SMA: Tk 207 cr, 20.14% of its loans

BETWEEN 2009 AND 2012; NPL = NONPERFORMING LOANS; SMA = SPECIAL MENTION ACCOUNT

nonperforming loans," Ruhul Alam, general manager of BASIC Bank, told The Daily Star yesterday.

Alam said the bank has now become so cautious that it has issued only one loan since the signing of a memorandum of understanding with the BB in July.

The BASIC Bank scam came to the fore early this year after the BB detected massive irregularities in giving loans. A central bank inspection found that the Shantinagar, Dilkusha and Gulshan branches of the state-owned bank gave more than Tk 4,000 crore in loans between December 2009 and November 2012, mostly by violating banking norms and rules.

The bank gave loans to nonexistent companies and approved loans instantly after the clients had opened accounts.

Moreover, the bank's board sanctioned loans even before the branch sent the loan proposal to its headquarters.

In violation of banking rules, the bank showed interests as income against many

loans that had not been paid. Also, borrowers diverted their funds at will, but the board and management did not take any action.

"Our performance is improving gradually, at least the bleeding (issuing risky loans) is off now," Alam said.

Another senior official of the bank, requesting not to be named, said the bank is in serious trouble and it will not be able to pay dividends for next several years as it will be busy with adjusting all its income with the bad loans.

"The bank has to keep around Tk 1,500 crore aside for provisioning the bad loans of these branches only. Where will the money come from?" he said.

Mahfuzur Rahman, an executive director of the central bank, said they are keeping a close watch on BASIC Bank.

"Officials of the bank have also become cautious as they know the central bank will take actions against them if they are found guilty of wrongdoing," Rahman said.

BB rolls out loans for 10-taka account holders

REJAUL KARIM BYRON

The central bank yesterday approved a Tk 200 crore refinancing scheme to provide loans to Tk 10 account holders.

The purpose of the scheme is to enable the poor to earn additional money by initiating small businesses, said a Bangladesh Bank official, adding that the inclusion of poor in business activities would benefit the economy.

The central bank will provide the fund to commercial banks and financial institutions at 5 percent interest rate. The banks in turn will provide collateral-free credit to the Tk 10 account holders at single digit interest rates, according to the scheme.

Once the credit has been repaid, the amount will be used as a revolving fund. Details on the scheme such as credit amount, loan criteria, recovery process

and the single digit interest rate will be set at a later date, the central bank official added.

The Bangladesh Bank board also instructed the management to involve non-governmental organisations while disbursing loans to the account holders.

As of September this year, the number of Tk 10 account holders—who are mostly farmers, garment workers, city corporation cleaning workers, freedom fighters and social safety net beneficiaries—stood at around 1.32 crore. There is no provision of keeping any amount of balance in these accounts.

A central bank official said the NGOs' involvement in the scheme is aimed at supervising and monitoring of the fund.

The central bank board also approved a Tk 5 crore fund yesterday for corporate social responsibility activities.

Panic grips stocks

Ongoing countrywide blockade holds back investors from injecting funds into markets

STAR BUSINESS REPORT

Stocks plunged yesterday as investors sold shares and mutual fund units in anticipation of a downturn amid the ongoing 48-hour nationwide blockade.

DSEX, the benchmark general index of the Dhaka Stock Exchange, fell 1.78 percent or 77.34 points, to close the day at 4,277.54 points.

As the clock is ticking for the national elections, a turbulent political environment once again started hurting the market sentiment, IDLC Investments said in its regular market analysis.

Fear among investors during the first day of nationwide blockade pulled the market down, LankaBangla Securities said in its daily market analysis.

Turnover declined 3.25 percent to Tk 726 crore from the previous day, which indicates sellers are not aggressively selling off their holdings, the stockbroker said.

"Rather, they are booking some profits to remain in the safe side."

Losers took a strong lead over the gainers as out of the 290 issues traded, 209 declined, 60 advanced and 21 remained

unchanged on the DSE floor.

Among the major sectors: banks declined 2.30 percent, power 2.00 percent, non-bank financial institutions 1.70 percent and telecoms 1.30 percent.

An aggregate of 1.65 lakh trades were executed, with 18.42 crore shares and mutual fund units changing hands on the Dhaka bourse.

Orion Pharma saw the highest liquidity with 51.71 lakh shares worth Tk 33.61 crore changing hands.

RN Spinning Mills and Generation Next Fashions were the next popular stocks of the day.

Fu-Wang Ceramic was the biggest gainer of the day, as it posted a 9.74 percent rise, while Samorita Hospital was the worst loser, slumping by 20.06 percent.

The Chittagong Stock Exchange also declined yesterday with its CSCX, the selective categories index, losing 130.14 points to close the day at 8,419 points.

Losers beat gainers 169 to 39 with 13 issues remaining unchanged on the port city bourse that traded 2.39 crore shares and mutual fund units with Tk 80 crore in turnover.

Regulator plans to offer fourth LTE licence

Mango to be a prospective applicant

ABDULLAH MAMUN

The telecom regulator plans to offer another LTE (long term evolution) licence in the broadband wireless market, while three such licences already exist.

The prospective new licensee is Mango Teleservices, which has operations in international internet gateway and international terrestrial cable.

Mango participated in the broadband wireless access (BWA) licence auction in 2008, which was limited to WiMax technology.

Now the government is offering the BWA licence that offers a faster

internet download-upload experience than any other wireless services, such as WiMax or 3G.

Bangladesh Telecommunication Regulatory Commission will discuss with Mango management whether they want to acquire the licence under the current licence terms and conditions.

However, the licence will have to be approved by the telecom ministry.

BTRC Chairman Sunil Kanti Bose said: "Mango Teleservices never informed us about their requirement.

They did not apply for the licence yet. So we will have to sit with them for the process."

After the WiMax auction in 2008,

BT

RC

offered Mango to take the licence, but the operator could not arrange funds and filed a writ petition with the High Court, against the regulator to extend the time to deposit the spectrum fees. The case is still pending.

However, Mango Teleservices was the seventh lowest bidder in the auction among eight participants. Only the first and third lowest bidders Banglalion and Qubee took the licence, while the other bidders declined.

Mir Masud Kabir, managing director of Mango Teleservices, said he got a call from BTRC for a meeting to review if they wanted the licence.

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The advertised Singapore Airlines fares include the price of the air ticket, as well as associated taxes and surcharges only, correct at the time of publication. Fares quoted are per person in Economy Class available for sale from now to 20 December 2013 and for travel out of Dhaka from now to 28 December 2013. Blackout date is on 24 December 2013. Tickets are non-refundable, non-endorseable and cannot be used in conjunction with upgrade awards. Baggage allowance is 30 kg for all sectors. Fares are subject to change without prior notice. Other terms and conditions apply.