

Funds pour into telecom, data processing

Overall investment is still sluggish

REJAUL KARIM BYRON and ABDULLAH MAMUN

Investment in some industries, including data processing and telecom, has been rising significantly although the trend of overall investment is still sluggish.

Opening of letters of credit (LC) for capital machinery in the data processing industry rose by 145 percent year-on-year during the July-February period of the current fiscal year, according to Bangladesh Bank's special review on the import situation.

During the same period, LC opening for import of capital machinery in the telecom industry surged by 309 percent. Settlement statistics also show that import of machinery for the telecom sector rose by 62 percent.

In September last year the government offered 3G licences to mobile operators. As per a tentative roadmap, the telecom operators were supposed to roll out 3G services throughout the country by March. Grameenphone

LC OPENING FOR CAPITAL MACHINERY	
JULY-FEB IN FY '14	
YEAR-ON-YEAR, GROWTH IN %	
Textile	-18.19
Leather/Tannery	118.58
Jute	-5.77
Garments	14.79
Pharmaceutical	-17.52
Plastic	-20.47
Packing	-52.69
Telecom	309
Energy/Power	111
Ceramic/Melamine	318
Data processing	145
Ship building	-49
Steel and engineering	58.65

has already expanded its 3G network across the country, while other operators are still working on expansion. BB Governor Atiur Rahman told

The Daily Star that the mobile operators' need for capital was increasing after they went for 3G licences.

He said the central bank gave a go-ahead to Banglalink for releasing corporate bonds worth \$300 million. Grameenphone has also been given permission to take a big amount of foreign credit.

"These have been done considering the gradual expansion of the telecom industry."

Both IT-related activities and software exports are on the rise.

Rahman said, as BASIS (Bangladesh Association of Software and Information Services) has targeted exporting software worth \$1 billion per year, investment in the sector is increasing now.

Import of new equipment is needed to introduce mobile banking, he said, adding that a new IT platform will also be required for selling bonds.

The central bank has laid emphasis on automation of the banking sector.

READ MORE ON B3

Credit scheme starts for stock investors today

Tk 900cr to be disbursed

STAR BUSINESS REPORT

The Investment Corporation of Bangladesh (ICB) will release funds from the Tk 900-crore government refinancing scheme for share investors today, as the finance ministry withdrew its condition of providing personal guarantee by the directors of merchant banks and stockbrokers to receive the funds.

In August last year, the finance ministry approved the scheme and the central bank released the first instalment of Tk 300 crore in favour of the ICB, the scheme manager.

The ICB has since sanctioned Tk 345 crore for the retail investors affected by the 2011 market crash, through 31 merchant banks and stockbrokers.

READ MORE ON B3

BASIC loans the costliest

Bad loans and weak governance to blame

SAJJADUR RAHMAN

Scam-hit BASIC Bank has made loans more expensive than any of the 56 banks operating in the country, according to latest data of Bangladesh Bank.

The state-owned bank's weighted average interest rate on loans stood at 16.37 percent on March 31 this year, up by more than 3 percentage points than the average rate of all banks.

BASIC's interest rate spread, which is the difference between lending and deposit rates, is also highest among all eight state-owned banks. Its spread was 5.55 percent at the end of March, against the industry average at 5.15 percent.

"Bad loans and weak governance in the bank pushed its interest rate up," said Monzur Hossain, senior research fellow at Bangladesh Institute of Development Studies.

At the end of December 2013, BASIC's nonperforming loans stood at 11.82 percent or Tk 1,282 crore of its total loans, down from 18.43 percent or Tk 1,863 crore in the previous quarter.

The credit for the fall in NPL goes to the central bank, which had relaxed loan rescheduling rules in December 2013 to safeguard businesses affected by political unrest. The BB move helped all banks, especially the state banks burdened with bad loans, reduce their NPL.

"But in reality, BASIC Bank's NPL will be no less than 40 percent of its total loans," an official of the bank said, requesting not to be named.

The official said, before 2009 BASIC's NPL had never crossed 5 percent of its total loans.

He said it had been the best state-owned bank till 2009 when the Awami League-led government formed a new board of directors headed by Sheikh Abdul Hye Bacchu.

According to insiders in the bank, BASIC has lent around Tk 8,500 crore since September 2009. Of the amount, nearly Tk 4,500 crore are bad loans and may never be recovered.

"The bank charges higher rates from its clients to show profits. But why will people borrow at this high rate?" questioned a managing director of a private bank.

"It means borrowers are taking loans

Six more RMG factories identified for shutdown

REFAYET ULLAH MIRDHA

The two foreign inspection agencies have prescribed closure of another six garment factories, to go with the 16 already shut down, for structural flaws.

The Accord on Fire and Building Safety, a platform of 150 retailers mainly European, advised the closing of Sadaf Fashions, Daelim Textile,

Angela Fashions and Ali Apparels.

The platform of 27 North American retailers, the Alliance for Bangladesh Worker Safety, called for the shutdown of Jans Fabrics and Mam Garment.

Syed Ahmed, convener of the government-formed review panel, said the body would visit the factories this week for further inspection. If the panel deems the factories to be too

unsafe, they would be shuttered.

Jans Fabrics has already shifted the workers to a nearby safe factory.

So far, 16 factories have been shut down and 11,500 workers were made redundant, said Ahmed, also the inspector general of the Department of Inspection for Factories and Establishments.

READ MORE ON B3

মুদারাবা গ্রহণী

আমানত প্রকল্প

ঘরণী

প্রতি মাসে ৫০০ থেকে ২৫,০০০ টাকা

৩ থেকে ১০ বছর মেয়াদী

www.fsibld.com

সবার জন্যে

স্ববন্দন

ফাস্ট সিকিউরিটি

ইসলামী ব্যাংক

লিমিটেড

যোগাযোগ : ০১৭৩০ - ৩১৬১৬৮, ৯৮৯২২১

MTB RUBY

Pleasure of Being Unique

Exclusive Savings Account for Women

- Daily interest, monthly payment
- Higher interest rate
- Free debit card
- Free internet banking

মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড

Mutual Trust Bank Ltd.

you can bank on us

16219 or +88 096040 16219

www.mutualtrustbank.com

WHERE SOME SEE BARRIERS WE SEE BRIDGES.

At HSBC, we believe nothing should stand in the way of a growing business. In Bangladesh, growing businesses helped fuel 14% export growth in 2013*.

HSBC also believes in celebrating your success and your commitment to help lead Bangladesh to a more prosperous future.

HSBC proudly announces the 5th HSBC Export Excellence Awards. Submit your entries now.

When you shine, Bangladesh shines brighter.

Visit www.hsbc.com.bd/eea
Call 0197 HSBC EEA (4722 332)

* Source: Export Promotion Bureau of Bangladesh (www.epb.gov.bd)

Strategic Partners: The Daily Star প্রথম আলো Bangladesh BRAND FORUM

HSBC Commercial Banking