

BASIC's single borrower exposure exceeds limits

RASHIDUL HASAN and Rejaul Karim Byron

BASIC Bank has progressively increased its single borrower exposure limit since 2009, which is a gross violation of banking rules, the finance ministry's latest report said.

Bangladesh Bank rules say a bank cannot grant more than 15 percent of its capital to a single borrower, but in 2012 and 2013 the state-run specialised bank's single borrower exposure stood at 22.86 percent and 21.07 percent respectively.

In 2009, its single borrower exposure stood at 15.58 percent, 10.67 percent in 2010 and 15.49 percent in 2011, said the report that looked in-depth at the bank's financial indicators over the past five years.

It found that all of BASIC's financial indicators deteriorated in the last five years due to irregularities.

The report, which was conducted at BB's behest, was handed to the parliamentary standing committee on finance ministry on Wednesday, and a discussion chaired

by the committee's chief Abdur Razzak focused on it. Further discussions will be held on the matter at the committee's next meeting, a finance ministry official said.

The bank's return to equity was 18.79 percent in 2009, which dropped to -1.71 percent in June 2014, according to the report.

At the end of June, BASIC's loss against per share stood at Tk 1.77, but in 2009 it was Tk 18.79 in the earning.

In 2013, the bank suffered a loss of Tk 53 crore for the first time in its history, and in June this year the loss stood at Tk 5.22 crore, the report.

At the end of June, 34 of its 68 branches were loss-making, whereas only three branches suffered losses in 2009.

The report said the amount of default loans at the end of June was 40.38 percent of the total outstanding loans. It was only 4.83 percent in 2009.

At the end of June, it had a capital deficit of Tk 1,675 crore, whereas in 2009 it was Tk 111 crore in the surplus.

Rice millers demand soft loans to modernise

AHMED HUMAYUN KABIR TOPU, Pabna

Millers can increase rice parboiling by 8 lakh tonnes and rice bran oil production by 15 lakh tonnes a year with implementation of the modern parboiling technology developed by Bangladesh Rice Research Institute in collaboration with the German aid agency GIZ.

Almost 70 percent of fuel potential from rice husk is wasted in the traditional method of parboiling, speakers said at a discussion yesterday.

The introduction of the new fuel-efficient parboiling system can easily halve the use of husk as fuel, and produce rice bran oil from the savings, said Taposh Kumar, additional secretary of the power and energy ministry as the chief guest.

Small and medium level rice producers are unable to introduce auto-milling because of fund shortage, said Md Abdul Aziz, a leading rice producer in the north.

The new method can boost production capacity nearly 10 times, according industry estimates.

Currently total 17000 rice mills including 450 automatic, around 1500 semi automatic, and the traditional rest produce 1 lakh to 1.25 lakh tonnes of parboiled rice every year.

GIZ and the rice millers of Ishwardi jointly organised the discussion on government support for disseminating the improved parboiling system at Ishwardi Sugarcane Research Institute yesterday.

"Introducing automation is too costly for the small and medium millers," said Abdul Aziz, also the secretary of Ishwardi rice miller owners' group. He demanded soft loans from banks to



Taposh Kumar, additional secretary of power and energy, attends a discussion on government support for dissemination of modern rice parboiling technology organised by German aid agency GIZ and local rice millers association at Ishwardi Sugarcane Research Institute in Ishwardi yesterday.

assist millers automate.

Bank officials should widen their loan disbursement services among the small and medium millers of the zone to increase production, said Md Masum Patwary, general manager of Bangladesh bank.

"Bangladesh Bank is ready to assist the commercial banks in providing SME loans. The new system will create jobs and scope for female

employment, which is why the central bank is encouraging it," Patwary said. So far, GIZ has helped set up at least 50 such auto mills in parts of the country, said Al Mudabbir Bin Anam, component manager for energy efficiency at GIZ.

Traditional boilers are accident-prone, costly and fuel-inefficient as compared to the newer method, which is also more environment friendly, according to GIZ.



NITOL NILOY GROUP

Dileep Kumar Das, additional secretary of the Board of Investment; Deepak Mokashi, head of global business of Hero MotoCorp India; and Abdul Matlub Ahmad, chairman of Nitol Niloy Group, attend the launch of Hero's "iSmart" and "Xtreme" motorcycles at the capital's Ruposhi Bangla hotel yesterday.

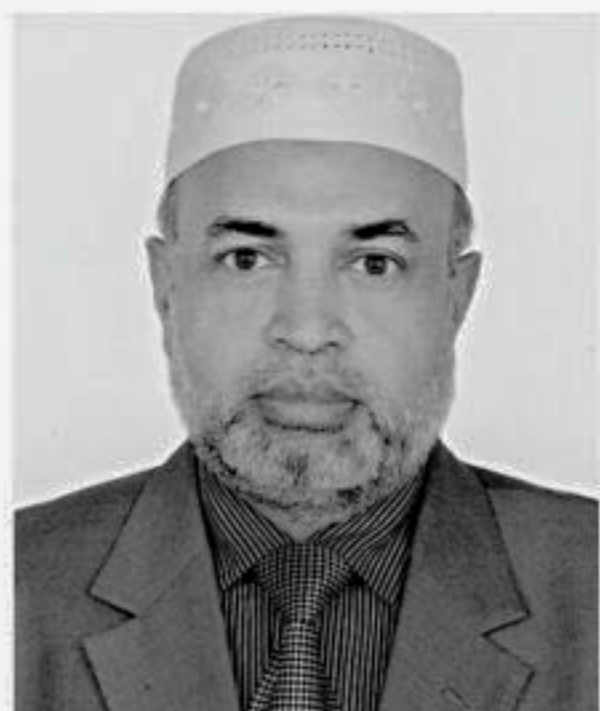
Jamuna Bank gets new DMD

STAR BUSINESS DESK

Jamuna Bank has promoted Md Habibur Rahman to deputy managing director, it said in a statement yesterday.

He served as senior executive vice president and head of credit risk management division prior to the promotion, it said.

Rahman has worked with Islami Bank, Prime Bank, Mercantile Bank and Shahjalal Islami Bank during his two-decade career. He is an economics post-graduate of the University of Chittagong.



Most insurers see a hike in profits

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Phoenix Insurance profit rose 22.2 percent year-on-year to Tk 8.67 crore during the period due to dividend income from stockmarket investment, said Rafiqur Rahman, company secretary of the insurer.

The company's premium income rose 13 percent to Tk 35 crore during the period.

Rahman also called for reining in the unethical practices in giving commission to sales agents.

Green Delta Insurance saw Tk 7 crore in net profit in the six months, which is 58.8 percent lower than that in the same period last year.

The company's costs for claim settlement rose during the period, said Nasir A Choudhury, an adviser to Green Delta. "We also saw a rise in premium income."

Sheikh Kabir Hossain, chairman of Bangladesh Insurance Association, said the government should give proper policy support to develop the sector.

The government should also ask industrialists to go for individual insurance for each worker instead of a group insurance, Hossain said.

gazitowhid@gmail.com

NET PROFIT OF INSURERS IN JAN-JUN

NAMES	GROWTH IN %
Agrani	16.5
Asia Pacific	-19.9
Bangladesh General Ins.	6.4
Central	33.6
City	5.6
Continental	8.8
Eastern	-22.3
Eastland	3.5
Federal	-25.2
Global	-8.6
Green Delta	-58.8
Islami	11.7
Janata	33.8
Karnaphuli	10.5
Mercantile	25
Nitol	8
Northern	37.2
Paramount	11.5
Peoples	5.3
Phoenix	22.2
Pioneer	-0.4
Pragati	-38.9
Prime	-32
Provati	-25.7
Purabi	125.3
Reliance	10
Republic	1.1
Rupali	10.3
Sonar Bangla	8.7
Standard	16
Takaful	-40.8
United	10.4
Dhaka	6.7

SOURCE: DSE



Mahtabuddin Ahmed, chairman of PRAN-RFL Group, inaugurates an outlet of Banga Bakers' 'Tasty Treat', a sister concern of the group, at Tajmahal Road in Mohammadpur, Dhaka recently. Md Abdullah Al-Mamun, chief operating officer of Banga Bakers, was also present.

Shahjibazar shares defy regulator's efforts to control prices

FROM PAGE B1
A market expert identified lower free float ratio of the company's shares a major factor behind the continuous rise in prices, even after the regulatory probe. Lower free float ratio means that there is lesser quantity of tradable shares in the market.

Only 1.26 crore shares of the 12.68 crore Shahjibazar Power shares are free floating or tradable.

"It is easy to inflate the price with lower free float stocks, as shares can be dried up in market easily to send the price up," said Akter Hossain Sannamat, managing director of Union Capital, an investment bank.

The lower free float ratio of a company's shares, however, also creates an opportunity for foul play in the market, he said, adding

that the general investors should be very careful while putting money in such securities.

They should avoid any types of rumour and should invest only following the fundamentals of the company, he suggested.

Located in Habiganj, Shahjibazar Power raised Tk 31.7 crore through initial public offering, which was approved by the BSEC in January. The company floated 1.26 crore ordinary shares of Tk 10 each at an offer price of Tk 25, including Tk 15 as premium.

The company produces electricity from natural gas and supplies to the Bangladesh Power Development Board. The company started commercial production with its 86MW power plants in February 2009.

Pay by Sunday or face legal action

FROM PAGE B1
"I came to the association office willingly as I urgently need money to clear my house rent and food bills," said Mohammad Ratan, a 19-year-old worker of Tuba Textile Mills, adding that his landlord has already locked up his home due to non-payment of rent.

He was one of the 1,475 workers that have made it to the BGMEA office to collect his salary.

Ratan, who has been working with Tuba Textile Mills for over a year now, has received Tk 11,000 yesterday as salary for the months of May and June.

The amount, he says, is not enough to clear all his dues as he has to pay Tk 10,500 as house rent for three months and Tk 5,500 for food bills.

Md Rahmat, a quality inspector of Tuba Textile Mills, echoed the same. "I have come here willingly - no-one has forced me."

Rahmat, who has been with the company for upwards of seven years, said he needs money urgently to clear the dues and send money to his parents in Jamalpur.

Tuba Group's total employee count stood at 1,495 in May and 1,458 in June, according to Shahidullah Azim, vice-president of BGMEA.



AML

ASM Mohiuddin Monem, deputy managing director of Abdul Monem Ltd, has recently been appointed the honorary consul of Czech Republic. He is also chairman of ServEngine Ltd, which ranks amongst Fortune's top 100 Business Process Outsourcing companies in the world.



FIRST FINANCE

AQM Faruk Ahmed Chowdhury, chairman of First Finance Ltd, inaugurates the company's 6th branch in Wari, Dhaka on Tuesday. AQM Faisal Ahmed Chowdhury, vice-chairman, was also present.



EXIM BANK

Mohammed Haider Ali Miah, managing director of Exim Bank, receives the 'Most Talented Islamic Banking Professional' award from CMO Asia at a ceremony in Singapore recently.