ASIAN MARKETS

TOKYO

1.57%

V 0.90%

MUMBAI

V 0.11%



DHAKA TUESDAY DECEMBER 16, 2014, e-mail:business@thedailystar.net

COMMODITIES

Banks bulging with defaults

The amount rises by Tk 16,708cr in nine months

REJAUL KARIM BYRON

STOCKS

V 0.29%

DSEX

CSCX

0.17%

Loan defaults have swelled by Tk 16,708 crore in the first nine months of the year, a development which has put the central bank in a state of great

"It is a matter of concern," said Atiur Rahman, Bangladesh Bank governor, at a meeting with chief executives of all banks yesterday.

At the end of September, the total defaults stood at Tk 57,290 crore, which is 11.60 percent of the total outstanding loans, according to central bank statistics.

On December 31, 2013, it was Tk 40,583 crore, which was 8.93 percent of the total outstanding loans at the time. Between January and September, the state-

owned banks saw their defaults increase by Tk

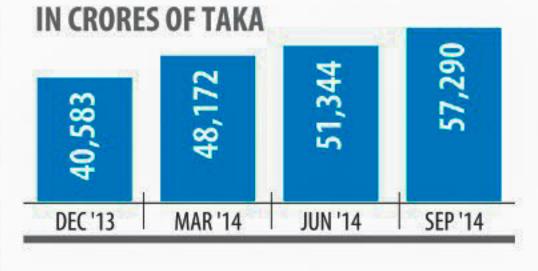
4,191 crore, the private banks by Tk 7,878 crore, the foreign lenders by Tk 335 crore and the specialized ones by Tk 4,304 crore. Though the macroeconomic indicators were

positive this year, the banking sector's classified loans still increased steadily from quarter to quarter, Rahman said.

Loan defaults rose by Tk 7,589 crore in the first quarter, Tk 3,172 crore in the second quarter and Tk 5,946 crore in the third quarter.

If the trend continues, the banking sector's defaults may cross the Tk 60,000 crore-mark by the end of the year. "The last quarter is lying ahead -- I hope you will take effective steps to cut

LOAN DEFAULTS



down rate of classified loans before the end of the year. For this, you will have to give your utmost effort to realise the loans," Rahman said. The BB governor went on to advise the banks

to bring down the loan defaults -- at all costs. "I repeat, in the quarter ending in December, your main aim will be to cut both the amount

and percentage of classified loans." To trim down the default loan portfolio, the central bank has advised banks to adopt three

steps: write-off, reschedule and restructure. However, the existing rules would still have to

be followed and down payment taken. In case of restructuring, BB said if the some of the banks' problematic loans are down to the same large single party, the banks should sit

instead of handing in individual ones. Meanwhile at the meeting, the CEOs said a good part of the precarious loans are those

together and come up with a joint proposal

extended to commodity traders, who are defaulting after being struck by the vicissitudes of price fluctuations and demand.

CURRENCIES

BUY TK 77.70

SHANGHAI

0.52%

For instance, the managing director of a private bank cited the case of a group of traders who took loans to import sugar. Now, they are struggling to sell-off the stock and pay the bank.

And, with the rising bad loans, the banks' capital adequacy ratios are shrinking. This comes at a time when the central bank is preparing to implement BASEL-III, the global regulatory standard on bank capital adequacy, stress testing and market liquidity risk. In December last year, the banks' capital

adequacy ratio stood at 11.52 percent of their risk-weighted assets. At the end of September, that ratio slipped to 10.57 percent. Subsequently at the meeting, Rahman said the central bank will soon issue an amended

roadmap for maintaining capital in line with the BASEL-III standards. Basel-III implementation will start in January next year and will continue through to

December 2019. "I hope we will be able to ensure complete implementation of BASEL-III from the first day of 2020."

Anis A Khan, managing director of Mutual Trust Bank, advised the central bank to organise a workshop to implement BASEL-III, as it will then be easier to convince the banks' boards to maintain capital in line with the globallyadopted standard.

Printing industry in festive cheer

SUMAN SAHA

The printing industry is eyeing higher sales of calendars, diaries and greeting cards ahead of the New Year and Christmas, buoyed by a stable political environment.

.................

"We are expecting increased sales of calendars, diaries and greeting cards this year compared to the previous year mainly due to an improvement in political environment," said Shahid Serneabat, chairman of the Bangladesh Mudran Shilpa Samity (BMSS), a platform for printing entrepreneurs.

Sales of printing products centring on the New Year and Christmas festival could be as much as 50-60 percent higher than last year, according to industry people. November to January is the peak period for printing products such as calendars, diaries and greeting cards, they said. Last year, the printing industry suf-

fered just like all other businesses from the violence that ensued from the opposition party's refusal to participate in the tenth parliamentary election on January 5 this year.

"This year sales are somewhat satisfactory," said Abul Kalam Azad, founder and chief executive of Azad Products, a major printing house, adding that he is expecting 60 percent more orders.

Azad Products has already developed calendars, diaries and greeting cards of many sorts to cater to all segments, he said, adding that the prices range from Tk 15 to Tk 180.

The company had to sell off half of last year's calendar and diary production as scraps. Most of those remained unsold due to political instability, Azad said. Sales of calendars and diaries run into

about Tk 270 crore annually, according to industry insiders. Helpline Resources Ltd, another

leading printing company, is also expecting increased sales this year. It has already sold calendars and diaries worth more than Tk 7 crore, said one of its officials wishing not to be named. The company, which mainly supplies

diaries worth around Tk 33 crore in 2012, but the amount plummeted to Tk 13 crore last year, he said. Abul Kalam, proprietor of Memorial Products, another seller of calendars,

to corporate clients, sold calendars and

diaries and greetings cards, is also upbeat about the sales. Meanwhile, the demand for printed greeting cards is on a declining trend due to growing popularity of e-greeting cards, said Hasina Newaaz, vice-

chairman of BMSS.

READ MORE ON B3

Forex reserves cross \$22b again

STAR BUSINESS REPORT

Foreign currency reserves crossed \$22 billion for the third time in five months, buoyed by the release of funds from development partners and a steady inflow of remittances.

Forex reserves were \$22.06 billion yesterday, said an official of Bangladesh Bank.

In the first 12 days of December, remittances were \$558 million, the Asian Development Bank released \$70 million and the UN released \$36 million for peacekeepers.

As the supply of greenbacks increased, the demand for foreign currency fell, the official said, adding that many banks have been showing interest to sell dollars instead of buying it from the central bank.

www.mutualtrustbank.com

READ MORE ON B3

Bengal Meat coming of age

GAZI TOWHID AHMED, back from

Even a decade ago, cold cuts, cured meat and specialty cuts were the reserves of well-off connoisseurs: the places which sold them were few and far between and the prices exorbitant.

Enter: Bengal Meat Processing Industries into the scene in 2006, providing customers with a taste of safe meat and meat products. Its products include primal

cuts of cattle, lamb and goat, whole chicken, marinated chicken products, cured meat including smoked turkey, and cold meat such as salami, specialty sausages, luncheon meat and corned beef.

With 24 outlets under its name, the company caters to a growing consumer class who are weary of the quality of meat sold in the kitchen markets, where allega-

tions of sales of water buffalo meat in the name of beef are rife.

only fresh but also exactly what the customers want. There is no such fraudulence in Bengal Meat," AFM Asif, Santhia. chief executive officer of the company, told The Daily



Star during a visit to the company's meat processing plant in

In the short span, Bengal Meat has been able to win the hearts of top restaurants and hotels. It regularly supplies beef and

goat meat to the country's five-star hotels including Westin, Radisson and Sonargaon in Dhaka and the leading hotels in Cox's Bazar, including Ocean Paradise, Hotel The Cox Today and Mermaid Café.

The company also supplies meat to the country's most elite clubs such as Dhaka, Gulshan and Uttara as well as diplomatic mis-

"We are expanding our distribution through opening of new outlets in prominent locations as well as kiosks in leading supermarkets," Wayne Gaskell, a director of the company, said. At the heart of the success of Bengal Meat

is its insistence on high quality.

Food Equipment Australia, a leading Australian com-"We have been able to ensure that our meats are not pany in food processing automation, provided technical assistance to Bengal Meat in setting up the plant at

READ MORE ON B3

GP signs messaging deal with Syniverse STAR BUSINESS DESK

Global transaction processor Syniverse has recently signed a deal with Grameenphone to provide its subscribers with global mobile messaging services.

With the service, Grameenphone subscribers can enjoy seamless messaging experiences across geographic and technological borders, Florida-based Syniverse said in a statement yesterday.

"Whether users are connecting to one another or applications are delivering information to people automatically, mobile mobile service providers, enterprises and subscribers expect instant and accurate ISPs in nearly 200 countries and message delivery wherever they are in the territories.

world," said Allan Bonke, chief marketing officer of Grameenphone. "Syniverse's messaging solutions manage

the behind-the-scenes business and technical relationships." "Syniverse messaging solutions unravel

the costly complexities associated with globally managing and delivering reliable, high-quality mobile SMS, MMS and video communications," said Sanjay Kasturia, Syniverse's vice president and managing director of sales for India.

Syniverse connects more than 1,500

www.nblbd.com



www.mohsteel.com ফোনে ফোনে 🕎 ফ্রি একাউন্ট শিক্ষা প্রতিষ্ঠানের ফি প্রদান ইউটিলিটি পেমেন্ট



ফার্স্ট সিকিউরিটি ইসলামী ব্যাংক লি:

Isolux, Samsung strike power deal

The 383MW plant to cost \$323m

STAR BUSINESS REPORT

The government yesterday signed a deal with a Spanish-Korean joint venture company to produce the cheapest power in the country.

As per the deal, the joint venture between Isolux Ingenieria SA of Spain and Samsung C&T Corporation of South Korea, will build the 383megawatt gas-based combined cycle power plant in Habiganj. The construction of the plant is tipped to cost \$322.96 million.

One kilowatt-hour power to be produced from the gas-based power plant will cost Tk 1.13, which is the cheapest in the country, said Abduhu Ruhullah, chairman of the Power Development Board, the executing agency. It will run at 53.3 percent efficiency,

which is one of the highest in the power sector, he added.

The first unit of the power plant, which will produce 252.26 megawatts of electricity, is expected to be ready in two years, followed by the second unit with a capacity of 131.24mw. Zahurul Haque, secretary of PDB, Jose

Luis Dago Elorza, general manager of

Isolux Ingenieria and Sung Ki Na, general

manager of Samsung C&T, signed the

agreement in Dhaka yesterday. This is the first time the state-run PDB

is financing any project from its maintenance and development fund, Nasrul Hamid, state minister for power, said at the signing ceremony.

The fund was opened in mid-2011 as per a directive of Bangladesh Energy Regulatory Commission and is powered by monthly deposits from a part of PDB's electricity power sales.

Every month, about Tk 40-50 crore is deposited with the fund and is now said to be holding an amount of Tk 2,000 crore, according to officials.

"Nobody thought even five or six years ago that PDB would be able to construct a power plant with its own funds," said BERC Chairman AR Khan, while urging the authorities to ensure that consumers get power at affordable rates. Both Hamid and Power Secretary

Monowar Islam urged the companies to complete the project by the deadline. Sung Ki Na said he hopes the joint

venture company would be able to construct the power plants within the stipulated time.

The main equipment for the project, located over 14.54 acres of land, will be bought from Germany, Belgium, the USA, Spain and China.



