ASIAN MARKETS

0.43%

MUMBAI

\$55.22

V 0.73%



DHAKA SUNDAY MARCH 22, 2015, e-mail:business@thedailystar.net

\$1,185.40

Defaults creep up at NBFIs

REJAUL KARIM BYRON

Non-bank financial institutions saw their default loans rise 11.71 percent year-onyear in 2014, which observers say is a byproduct of the sector's expansion.

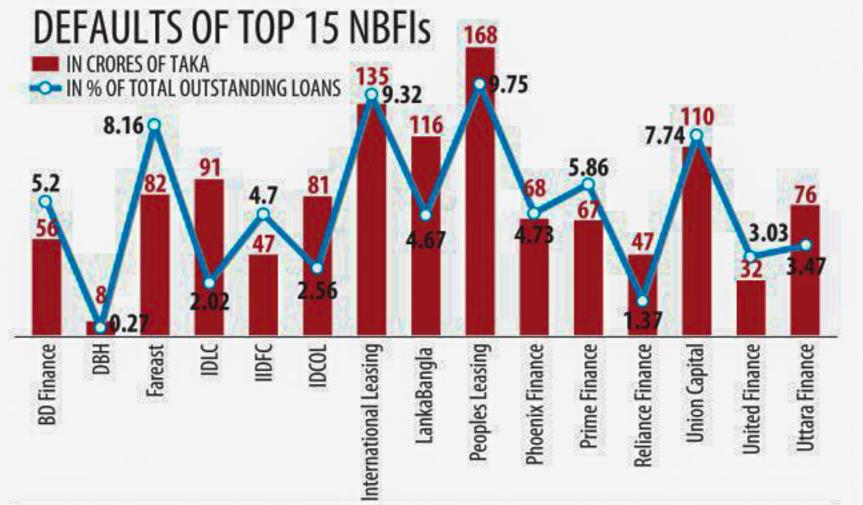
On December 31 last year, 31 NBFIs' default loans amounted to Tk 1,975 crore, according to central bank statistics. And some 15 firms account for 80 percent of the amount.

"As the amount of investment increases, so does the classified loans," Asad Khan, chairman of Bangladesh Leasing and Finance Companies Association, said.

The NBFIs' total outstanding loans at the end of last year stood at Tk 37,276 crore in contrast to Tk 31,675 crore at the close of 2013.

Another reason for the increase, he said, was the absence of any helping hand from the central bank in 2013 for NBFIs to get by the prolonged political unrest, which unilaterally battered all forms of economic activities.

But that year, the banks were given the scope to reschedule loans under a



relaxed policy.

"No such facility was extended to NBFIs and neither did we ask the central bank for it. Our clients continued to repay their loans, albeit in less amounts than they were supposed to."

Yet, the NBFIs' total defaults are low when viewed against the figures of banks. At the end of last year, the banks'

defaults stood at Tk 50,155 crore or 9.69 percent of their total outstanding loans against 5.3 percent for NBFIs.

Mahfuzur Rahman, executive director of Bangladesh Bank, said the rate of interest on NBFI loans is more than that of banks, but in spite of that their classified loans are less.

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Cotton consumption to soar on rising garment exports

Global Cotton Summit ended yesterday

REFAYET ULLAH MIRDHA

CURRENCIES

BUY TK 76.90

SHANGHAI

0.98%

0.78%

...... The country's cotton consumption will continue to rise given the optimistic forecast for apparel exports, Tapan Chowdhury, president of Bangladesh Textile Mills Association,

The garment exporters are looking to hit the \$50 billion-mark by the end of 2021, meaning more raw materials will be needed, Chowdhury told The Daily Star yesterday on the sidelines of the Global Cotton Summit.

At present, Bangladesh is the second largest cotton importer after China, sourcing in the vital raw material from the US, India, Uzbekistan and a host of African countries.

In fiscal 2004-05, the country imported three million bales of cotton [480 pounds make a bale], but within a span of ten years the country's consumption doubled, according to BTMA.

Cotton import registered 8 percent growth to 5.6 million bales in fiscal 2013-14 and 6 percent the previous

Currently, the local spinners and weavers have the capacity to consume 10 million bales of cotton, but they are unable to go into full production due to inadequate supply of gas and power to industrial units.

Yet, the 400 local spinners can supply 90 percent of the demand for



Sector leaders forecast a rise in cotton use in Bangladesh.

raw materials for the knitwear sub- continue for a long time, Bangladesh sector of the apparel industry and 40 percent for the woven sub-sector.

"If we get adequate supply of gas and power we will go for a massive expansion as the demand is here," said Abdullah Al Mahmud, managing director of Mahin Group.

He has plans to set up a big spinning mill but it largely depends on the availability of gas connection.

The price of cotton has reached its five-year low of 60-65 cents.

"If the current prices of the cotton

cotton trade," Mahmud said, adding that it will spur a major expansion of the spinning sub-sector. The first ever global cotton summit

will be immensely benefited from

in Bangladesh came to an end yesterday. BTMA and Bangladesh Cotton Association jointly organised the twoday event, where over 250 delegates from Bangladesh, India, Poland, US, Russia, Pakistan, China, UK, Turkey, Egypt, Switzerland, Singapore, Hong Kong and France participated.

Liberalise to boost growth: Atiur

STAR BUSINESS REPORT

Bangladesh Bank Governor Atiur Rahman yesterday called for making the best use of liberalisation and economic reforms to further economic growth.

While the country's stability in inflation and growth is the best in the region, its per capita income is not quite there yet, he said at a seminar on monetary policy at the business faculty of Dhaka University.

"Of course our trend is satisfactory, but we have to take the full advantage of liberalisation and economic reforms to grow as fast as 7 to 8 percent per year," Rahman said.

"We have to include all segments of people, such as peasants, workers, women, and the poor to expand the activity base of growth. That is how we can make our growth resilient and sustainable."

Rahman said the country's monetary policy has done a commendable job in comparison to its comparable neigh-

"But that should not be seen as a point that we are the best. Still we need a lot of improvements every financial year, every month, and even every day.

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Left, Jamilur Reza Choudhury, vice chancellor of the University of Asia Pacific, receives the ICT Excellence Award 2015 as one of the five recipients from South Asia for his contribution to the sector, from AK Azad Chowdhury, chairman of the University Grants Commission, and KK Mahapatra, organising secretary of INFOCOM, at a programme organised as part of Tech Summit in Dhaka yesterday.

Bangladesh vulnerable to cyber attacks

Ernst & Young says in report

STAR BUSINESS REPORT

Cyber attacks could emerge as a major threat to the digital transformation of Bangladesh given the poor knowledge and lack of government initiatives to counter the growing problem, according to a study.

With the growing use of mobile phones and internet, Bangladesh is ever

more vulnerable to cyber attacks, said Burgess Cooper, a partner at Ernst & Young, a global professional services firm headquartered in London.

Cyber criminals can gain access to financial data, compromise intellectual property of companies, tap sensitive national data and steal government records.

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Dyeing factories have dismal record of effluent treatment

An economist says at seminar on textile sector

STAR BUSINESS REPORT

Only 30 percent of the 1,300 dyeing factories in the country have effluent treatment plants, making it all the more difficult to bring down water pollution, an economist said yesterday.

rivers surrounding Dhaka are dead for discharge of waste and chemicals. More rivers will follow suit if we allow the existing trend to continue," said Ahsan H Mansur, executive director of Policy Research Institute, a private research organisation.

Mansur's comments came yesterday while presenting a paper at a seminar on legal and regulatory issues related to environmental sustainability of the textile sector.

PRI in collaboration with International

Finance Corporation organised the event at the office of the research organisation.

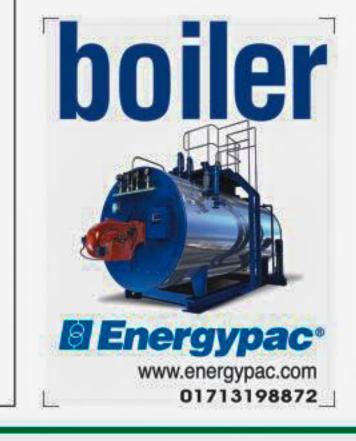
While the exact data is not available, the perception of experts is that the ETP coverage in dyeing factories is very low, at around 30 percent, he said.

The textile sector, the backward linkage "This is a major challenge. Already the of the apparel industry, which is the main export earner, consumes 1,500 billion litres of water, mainly groundwater, annually to produce five million tonnes of fabric.

> The water level is falling due to continued extraction of underground water, threatening sustainability.

Without enforcement of rules and full ETP coverage, the water pollution due to industrial waste will rise, as the apparel industry is expected to expand in the coming days, Mansur said.

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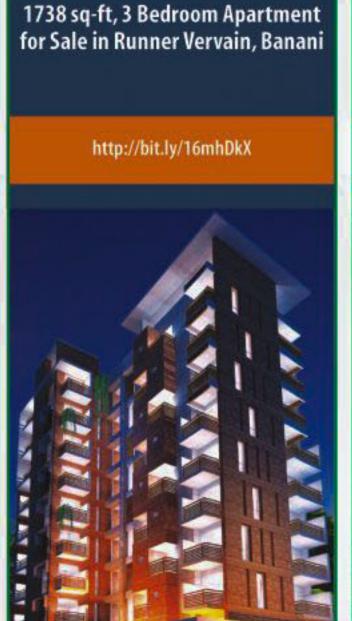




HOT-ESTATES

Five featured properties of this week





2750 sq-ft. (Type-C), 4 Bedroom Apartment for Sale in RANS ROMENA, Dhanmondi

http://bit.ly/1JWcRYd



950 sq-ft. 3 Bedroom Apartment for Sale in Blooming Shafi Heights, Panchlaish

http://bit.ly/1aod9we



2400 sq-ft. 4 Bedroom Under Construction Apartment for Sale in Eureka, Niketon

http://bit.ly/1CM78CN



1388 sq-ft. (7th floor), 3 Bedroom Apartment for Sale in Assure Swapno Bilash, Dhanmondi

http://bit.ly/1wZxlPb



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