

আপনার সংসার গুছিয়ে দিচ্ছি আমরা।
 এসআইবিএল ইসলামিক কনজুমার ফাইন্যান্স।
 আপনার সংসার সোজানোর আসবাবপত্র, সিন্ধা সামগ্রী, ইলেক্ট্রনিক ও অন্যান্য জোশাপস্যা কেনার সুন্দর সমাধান দিচ্ছি আমরা।
 * ফ্রি অনলাইন সেবা
 যে কোন প্রয়োজনে ০৯৬৯২০০৯২২

Star BUSINESS

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Banks often troubled by influential defaulters

BIBM studies how loan rescheduling impacts lenders' performance

REJAUUL KARIM BYRON

Influential defaulters took advantage of the loan rescheduling policy repeatedly, Bangladesh Institute of Bank Management or BIBM said in a study.

"Many borrowers, especially the influential borrowers and wilful defaulters, place unethical requests and create pressure on banks to regularise their problem loans through rescheduling/restructuring without having proper justification to do so," it said.

BIBM prepared the report, 'Implication of Loan Rescheduling and Write-off on the Performance of Banks', early this month after analysing data from 2010 to 2014 and recording statements of bankers.

The government, judicial authority, the central bank, law enforcement agencies, political parties, trade associations and the media should work to restrain bad borrowers from unethical practices, it said.

The rescheduling of delinquent loans is actually a deferral process of accumulating default loans.

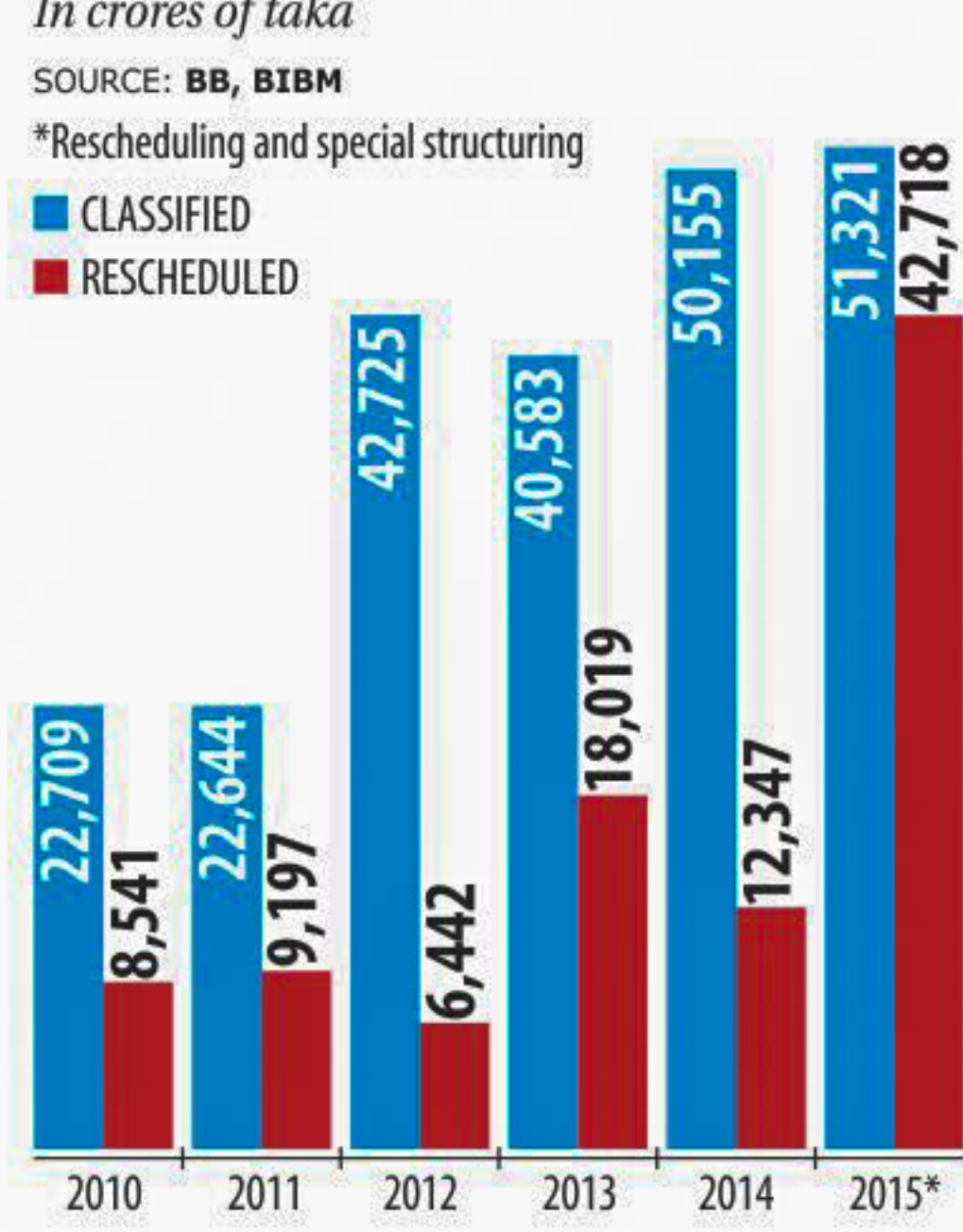
The move puts immense pressure on the bank's capacity to recover the loans, which are not only "toxic assets" but will go on to become irrecoverable in the long run.

Banks on average rescheduled Tk 10,909 crore a year between 2010 and 2014, according to the BIBM study.

In 2015, banks rescheduled Tk 26,308 crore in bad loans, which is 50.1 percent more than in 2014, as per central bank statistics.

Besides, under pressure from influential businessmen, the central bank last year offered a

DELINQUENCY IN BANKING



special restructuring opportunity for loans upwards of Tk 500 crore.

Under the facility, Tk 16,410 crore was restructured in loans. The loans were already rescheduled and restructured several times.

The study shows that the recovery of rescheduled loans is small and realisation of funds from large borrowers even smaller.

It seems that banks always try to facilitate

large loans or large composite loans, allowing multiple rescheduling for a longer period with negligible down-payment, interest blocking, extension of fresh loans to sister concerns, according to the study findings.

"In a sense, these practices are stimulating discrimination between good and bad borrowers," BIBM said.

The study also revealed that most of the rescheduling is not based on the borrowers' cash flow and repayment ability.

"That's why the rescheduled loans are not recovered in most cases and eventually end up as litigated bad loans."

Many of the borrowers do not have the entrepreneurial ability or the managerial capacity to run a business profitably, according to the study.

"Nevertheless, banks are extending rescheduling facilities to those borrowers."

The report also said the banks should allow rescheduling strictly based on a future cash flow and repayment ability of the borrower, rather than using the facility as a stimulating instrument for non-performing loan management.

Those who have been identified as bad or recalcitrant borrowers and never paid off their loans even after multiple rescheduling facilities should be restricted from taking any fresh loan from the banking system in future, even with other entrepreneurs.

The repeated application of rescheduling and write-offs for reducing classified loans on banks' balance sheets has not yielded the intended results yet, said Zahid Hussain, lead economist of the World Bank's Dhaka office.

Ex-directors of People's Leasing move to repay loans amid pressure

ACC files cases against them as they took loans from the company violating rules

SAJJADUR RAHMAN

Five directors of People's Leasing and Financial Services, who were removed from the board last year for taking loans of about Tk 400 crore from the company breaching rules, have now moved to pay back the loans to avoid arrests.

According to Bangladesh Bank rules, directors of banks and financial institutions or their family members cannot take loans from their own companies.

Panic gripped the directors, especially after the Anti-Corruption Commission arrested Khair Uddin Miah, one of the five directors, a few days ago.

Pranab Kumar Bhattacharya, a spokesman of ACC, confirmed that two persons, including Miah, have been arrested on the basis of a case filed by the anti-corruption watchdog.

"Some of these directors have contacted us to settle their loans. One has already offered to pay back Tk 100 crore and we have sent the proposal to the central bank for its approval," said Sami Huda, acting managing director of the financial institution.

Bangladesh Bank detected the irregularities in September 2014 and suggested the company remove the directors and file cases against them to recover the funds misappropriated between 2002 and 2014.

Though the accused were removed from

the board, no cases were filed. Then chairman M Moazzam Hossain claimed he was not removed, he resigned himself.

The scams have put People's Leasing and Financial Services in a tight spot as it is struggling to maintain loan-loss provision and capital adequacy ratio, which the BB mentioned in its recently-released financial stability report.

The company is not getting adequate deposits even by offering higher returns -- close to 10 percent, which is above the average market rate.

Huda, however, said filing cases will not help them get back the money quickly. "We sent them legal notices two months ago," he said.

According to the BB report, the former chairman and several other directors of the non-bank embezzled the funds using family members and people and representatives of companies in which they have interests.

Three of the directors are blamed for insider lending worth Tk 123 crore. They are: Arafin Shamsul Alamin, Humaira Alamin and Nargis Alamin. They took the loans for the companies, where they have ownership or interests.

Miah, another accused, had bought shares from the stockmarket in the name of his family members by taking loans worth more than Tk 60 crore from People's Leasing.

JCI to recognise outstanding young persons

STAR BUSINESS DESK

JCI Bangladesh yesterday announced a plan to recognise the outstanding achievements of the country's youth.

The chamber will recognise the achievements in various categories -- from business accomplishments and humanitarian efforts to outstanding leadership, medical and cultural achievements, said Shakawat Hossain Mamun, president of JCI Bangladesh.

Nominations are now open for Ten Outstanding Young Persons of Bangladesh (TOYP Bangladesh), he said at a press conference.

JCI is a worldwide community of young citizens aged 18-40 who are dedicated to creating the positive change they wish to see in themselves and the world.

The community has nearly 200,000 active members in 115 countries.

"We want our country to be well-represented. We know our exceptional youth can act as role models for other young people around the world," Mamun said.

"If you know outstanding young persons, we encourage you to nominate them for the TOYP award," Mamun said.

This year JCI Bangladesh will organise the third version of the award.

Through the event, JCI Bangladesh is contributing to the country by preparing better leaders, who will create better societies, according to a statement.

Irfan Islam, national treasurer of JCI Bangladesh and chair of the organising committee of TOYP; Shakib Al Hasan, a national cricketer; Shameem Ahsan, former president of BASIS, and Korvi Rakshand, founder of JAAGO Foundation, were also present.



Analysts attend a discussion on how to develop entrepreneurs in Bangladesh, organised by the Prothom Alo in association with Daffodil International University, on the premises of the newspaper in Dhaka yesterday.

Entrepreneurship held back by poor access to finance: analysts

STAR BUSINESS REPORT

The private sector as an engine of economic growth is playing a key role in Bangladesh's progress, but limited access to finance still remains as a major barrier to developing new entrepreneurs, analysts said yesterday.

They also suggested creating an 'entrepreneurial ecosystem' to develop and promote entrepreneurship in Bangladesh.

The entrepreneurial ecosystem concept refers to the collective nature of entrepreneurship, as new enterprises emerge and grow not only because of heroic, talented and visionary individuals.

New ventures emerge also because they are located in an environment or 'ecosystem' made of private and public players, which nurture and sustain them, making the action of new entrepreneurs easier.

The analysts spoke at a discussion on how to develop entrepreneurs in Bangladesh, organised by the Prothom Alo in association with Daffodil International University. Abdul Quayum, associate editor of the newspaper, moderated the discussion.

It is the private entrepreneurs who brought changes to the economy for the last 44 years. "It proves that we are on track, but we need some fine-tuning," said Humayun Rashid, senior vice-president of Dhaka Chamber of Commerce and Industry.

Limited access to finance, bureaucratic tangles in licencing, inadequate infrastructure and limited utility supply are the major challenges for the entrepreneurs, he said.

Apart from addressing the challenges, innovative education at the university level is a must to develop new entrepreneurship, said Rashid, also managing director of Energypac.

Md Fazlul Hoque, former president of Bangladesh Knitwear Manufacturers and Exporters Association, said banks are chasing entrepreneurs who do not need funds, while new entrepreneurs who need money are often ignored by the banks.

"So, financing is the biggest challenge for new entrepreneurs or start-up businesses," he said, suggesting the use of remittance in developing and promoting the new entrepreneurs.

Simultaneously, Hoque said, young or new entrepreneurs would need to have a risk-taking behaviour among them. "There are many who do not want to take challenges in business," said Hoque, also the managing director of Plummy Fashions.

Mir Nasir Hossain, former president of Federation of Bangladesh Chambers of Commerce and Industry, advised the government to change the education system, citing that most students want to be doctors. "But we need textile engineers."

"If we cannot ensure a need-based educational system, it will not work whatever the number of GPA-5 may be."

Easy access to finance, an enabling business environment, government policy, utility supply and simple licencing processes help create new entrepreneurs, said Hossain, who is also the managing director of Mir Akhter Hossain.

Mustafa Jabbar, president of Bangladesh

Association of Software and Information Services, said intellectual labour is replacing physical labour worldwide. "But we are heading backwards. We are yet to see an updated patent and design law, in place of the ones enacted in 1911."

He alleged that local IT companies and software developers cannot take part in the bidding of government IT projects. If local companies cannot get the opportunities, entrepreneurship will not develop," said Jabbar, also the owner of Ananda Computers.

In response, Industries Secretary Md Mosharraf Hossain Bhuiyan said the cabinet committee has already approved the patent act in principle. "We will also place a separate law on design before the cabinet committee within two or three weeks."

He hoped that these two acts will be passed in parliament and then come into effect this year.

Syed Abdul Momen, head of small business of Brac Bank, said it is difficult for a bank to finance a new entrepreneur, as a bank will have to lend its depositors' money. "Venture capital is the best option for new entrepreneurs to get the initial finance."

And after reaching an acceptable stage, bank financing may not be a problem, he said.

Shahana Jefrin, a member of Bangladesh Women Chamber of Commerce and Industry, said getting soft loans is the biggest problem for women entrepreneurs. "We request the government to formulate a guideline on women entrepreneurship."

Citycell users ask for compensation

A court hearing today to fix when it will shut down

MUHAMMAD ZAHIDUL ISLAM

Pulack Ghatak, a journalist in Dhaka, has been using a Citycell connection for the last 17 years. Despite network problems and poor service quality in the last few years, he did not switch to any other operator.

He was quite upset upon learning about the government's recent decision to shut the country's oldest network, which began operations in 1993.

"I took two alternate connections recently and had to update my bank account information, credit cards and other things. At the same time, it had to inform my colleagues and other contacts of the change in number," said Ghatak.

The government had a plan to bring down the curtains on Citycell on August 24, after the operator failed to clear dues amounting to Tk 477.51 crore. However, a High Court bench asked Bangladesh Telecommunication Regulatory Commission not to shut its operations until September 16.

BTRC appealed against the High Court order on Wednesday and a hearing is due today.

AMOUNTS CITYCELL OWES TO BTRC	
Spectrum price	Tk 229cr
Annual spectrum charge	Tk 27.14cr
Licence renewal fees	Tk 10cr
Revenue sharing	Tk 27.45cr
Social obligation fund	Tk 8.92cr
VAT	Tk 39.92cr
Late fees	Tk 135.07cr
Total	Tk 477.51cr

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