

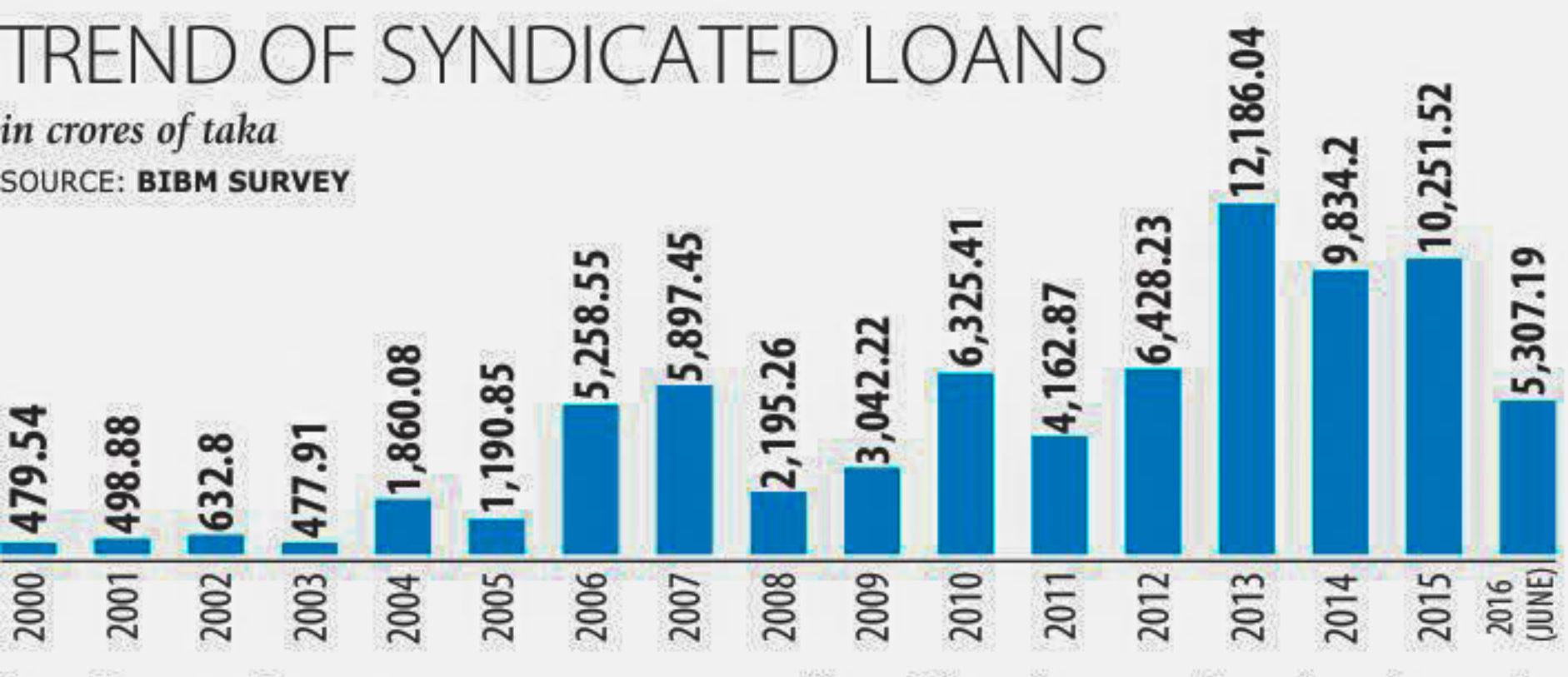
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# Star BUSINESS

DHAKA FRIDAY OCTOBER 7, 2016, ASHWIN 22, 1423 BS

## Syndication to ease lending risks: study



STAR BUSINESS REPORT

Syndicated loans have emerged as a good tool for banks to reduce the risk of loan defaults by borrowers, as financing by multiple lenders helps spread out credit risk, said a survey by Bangladesh Institute of Bank Management (BIBM).

The survey finds that only 0.64 percent of syndicated loans are classified compared to 10.06 percent of bank loans; the percentage of rescheduling of syndicated loans is also low.

"The good performance of syndicated loans might be a result of rigorous scrutiny at pre-sanction and monitoring by multiple banks at post-sanction," said BIBM Supernumerary Professor Helal Ahmed Chowdhury, presenting a draft paper on loan syndication in Bangladesh, at a research workshop at BIBM office.

The survey was conducted among the banks and financial institutions, where 62 percent of banks and 37.5 percent of non-bank financial institutions responded, said Chowdhury, co-author of the paper, at the programme.

Two assistant professors of BIBM Atul Chandra Pandit and Md Ruhul Amin, BIBM Lecturer Md Abdul Halim and Prime Bank Deputy Managing Director Md Touhidul

Alam Khan also contributed to the study, the first ever on loan syndication in Bangladesh.

By the end of June 2016, the total number of projects under syndicated lending stood at 398 with a consolidated funding of Tk 76,528 crore, according to the survey.

Banks and financial institutions began loan syndication in 1990s in Bangladesh, at a time when the central bank imposed a single borrower exposure limit.

"After 2005, the syndicated loan market experienced a continuous increase in deal size, diversification of sectors and complexity of deals. The growing demand of power sector projects, as well as the government's priority towards this sector, opened the doors for syndicated loans," the study said.

So far, local banks have accounted for more than half the syndicated projects, followed by the non-bank financial institutions and foreign banks.

The survey finds that the compound annual growth rate of syndicated loans was 23 percent between 1995 and 2016. It said the highest amount of funds was raised in 2013, which accounts for 16 percent of total fund raised between 1995 and 2016. The amount of syndicated financing dropped in 2014, but rose a bit in 2015.

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## Solar irrigation pumps winning farmers' hearts

SOHEL PARVEZ

Solar-powered irrigation is gaining popularity among farmers because of uninterrupted water supply and cost advantage over diesel-based pumps, said industry operators.

Since 2012, 358 solar-based irrigation pumps have been installed to water crop on over 23,000 bighas of land, according to Infrastructure Development Company Ltd.

Idcol, a state-run financial organisation, provides grants to set up irrigation schemes run by renewable sources with a view to reducing dependency on diesel.

The rate of installation of solar powered irrigation system shot up in the last two years, said SM Monirul Islam, deputy chief executive of Idcol.



FOCUS BANGLA/FILE

"Solar irrigation pumps ensure consistent supply of water at costs lower than diesel-based pumps -- this is one of the main reasons behind the spike in installation."

Bangladesh requires 32 lakh tonnes of diesel a year, with 40 percent of it going towards the running of 14.32 lakh irrigation pumps.

Also, 3.20 lakh pumps are run by electricity to irrigate crops on a total of 54.48 lakh hectares in the dry season, according to Bangladesh Agricultural Development Corporation data.

Some 1,700-1,800 megawatts of electricity are consumed for irrigating rice fields during the boro season. "Expansion of solar irrigation will cut that dependency," Islam said.

Idcol's data showed that installation of solar-powered pumps surged to 175 units in 2015 from only 71 a year earlier. As of August, 94 solar irrigation pumps have been installed.

Most of the solar pumps have been installed in the north and eastern regions.

The average capacity of a solar irrigation pump is 10.2 kW and it can irrigate 65 bighas of land, according to the Idcol official.

"The potential of solar irrigation system is huge," he said, adding that the state-run financial organisation has so far approved 471 solar irrigation pumps.

Initially, it was challenging to win the hearts of farmers, said Sufi Iqbal Ahmed, managing director of Solargao Ltd, one of the firms that

install solar-based pumps to supply water to farmers' fields on a rental basis.

Cost-saving is one of the main factors behind the farmers' interests in solar irrigation pumps.

Solargao charges Tk 5,000 and Tk 6,000 for irrigating a bigha paddy land during the boro season. To water the same acreage with diesel-based pumps, the farmers have to spend Tk 7,000-7,500.

"Farmers also remain anxious about whether they can irrigate the fields timely."

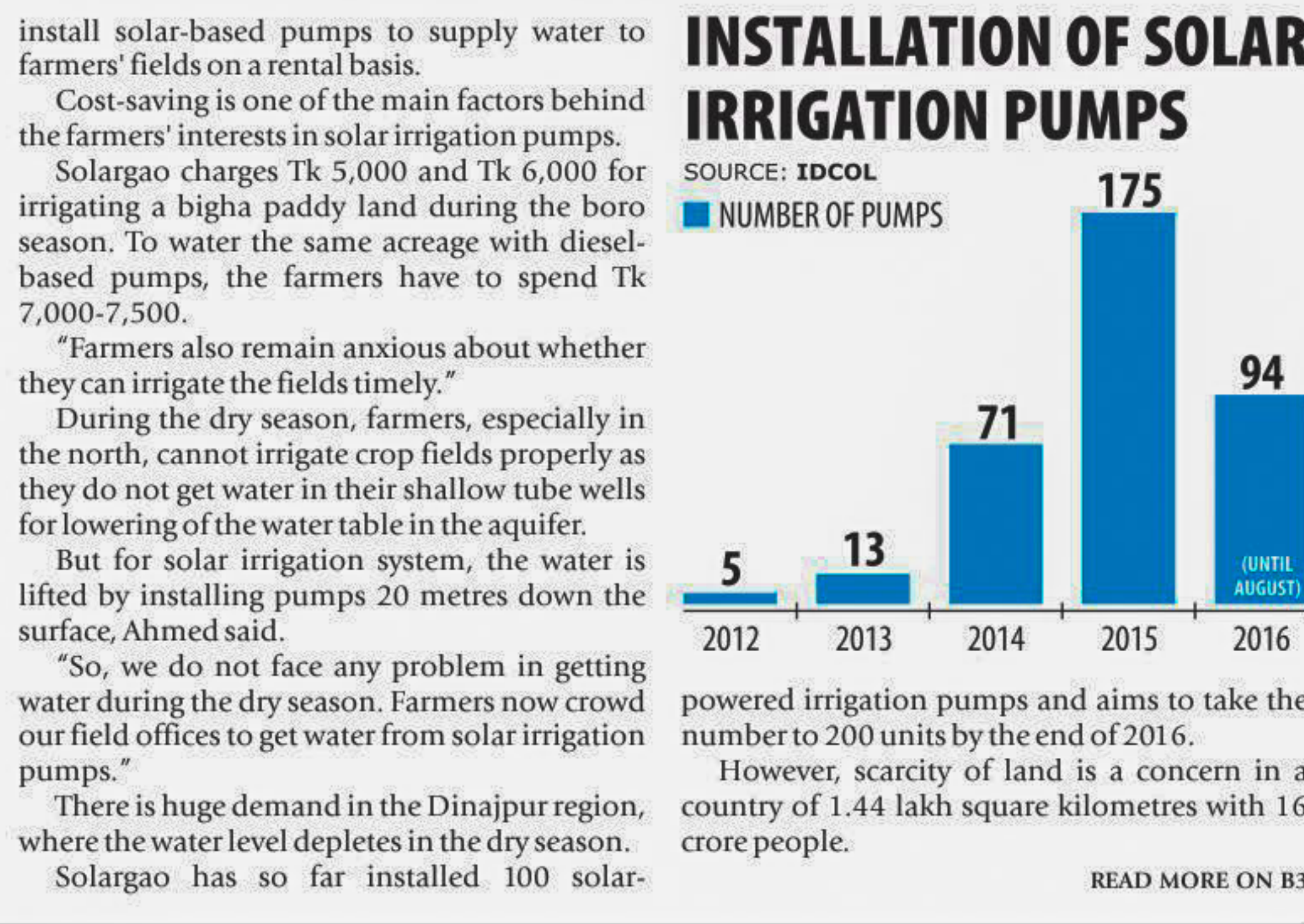
During the dry season, farmers, especially in the north, cannot irrigate crop fields properly as they do not get water in their shallow tube wells for lowering of the water table in the aquifer.

But for solar irrigation system, the water is lifted by installing pumps 20 metres down the surface, Ahmed said.

"So, we do not face any problem in getting water during the dry season. Farmers now crowd our field offices to get water from solar irrigation pumps."

There is huge demand in the Dinajpur region, where the water level depletes in the dry season. Solargao has so far installed 100 solar-

Solar panels of an irrigation pump are seen in a paddy field in Bogra.



powered irrigation pumps and aims to take the number to 200 units by the end of 2016.

However, scarcity of land is a concern in a country of 1.44 lakh square kilometres with 16 crore people.

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## ACC arrests two Janata Bank officials in graft case

STAR BUSINESS REPORT

The Anti-Corruption Commission yesterday arrested two deputy general managers of state-run Janata Bank for their alleged involvement in abetting controversial Bismillah Group to misappropriate and launder about Tk 333 crore.

The two DGMs of Janata Bank's corporate branch -- Ajmul Haque and SM Abu Hena Mostafa Kamal -- were arrested from Motijheel.

On November 3, 2013, ACC filed 12 cases against 53 top officials of five banks and the controversial terry towel maker for misappropriating and laundering Tk 1,174.46 crore.

Thirteen of the accused are proprietors and top officials of Bismillah Group and its sister concerns -- Shaharish Composite Towel Ltd, Alpha Composite Towel Ltd, Shaharish KT Ltd, Hindul Wali Ltd and Bismillah Towel Ltd.

The rest are officials of five banks -- Janata Bank, Prime Bank, Jamuna Bank, Shahjalal Islami Bank and Premier Bank.

Of them, eight, including Bismillah Group Managing Director Khaja Soleman Anwar Chowdhury and Chairman Nawrin Hasib, have fled abroad, sources said.

After completing the investigation, ACC submitted charge sheets of 12 cases before the court. The court has asked ACC to probe more into the Janata Bank's corporate branch cases.

For further investigation, ACC yesterday arrested Haque and Kamal, said Pranab Kumar Bhattacharya, public relations officer of ACC.

The rest of the cases are at the trial stage, he added.



Visitors browse around a denim show that ended at Radisson hotel in Dhaka yesterday. More than 25 companies from home and abroad took part in the two-day fair.

## Spend more on CSR activities: Gowher

STAR BUSINESS REPORT

Businesses should spend more on socially beneficial areas for sustainable development of the country, Prime Minister's International Affairs Adviser Gowher Rizvi said yesterday.

"The government is giving more and more tax exemption for contribution to corporate social responsibility -- you can expand this area."

The purpose of CSR is to address the root of a problem, he said.

"We have to address the fundamental problems," he said at the inaugural session of a conference on CSR.

Korean Embassy in Dhaka in collaboration with CSR Centre

organised the event styled "Korea-Bangladesh CSR Conference 2016: Changing for a Better World - CSR".

Farooq Sobhan, chairman of CSR Centre's trustee board, moderated the conference.

Neither the government nor the private sector nor the civil society can address all the problems the society is facing, Rizvi said.

"When we can bring our joint expertise and bring our resources together, then we are able to solve the problems."

Rizvi also asked the corporate houses to be more accountable in their CSR activities. "Yes, your generosity is admirable, but that has to be more accountable."

Apart from maintaining account-

ability to their business goals, to their shareholders and to their customers, the businesses should also maintain the accountability to those members of the community they are supporting."

"Unless your accountability reaches your target group, I fear accountability will not be there in your CSR activities."

CSR has become an integral part of the sustainable development agenda. "Resources are limited. So, we have to harness them responsibly," he added.

Korean Ambassador to Bangladesh Ahn Seong-doo said CSR is no longer a voluntary activity. "It has become an obligation nowadays."

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## 63pc repair works complete in Alliance factories

STAR BUSINESS REPORT

About 63 percent of the remediation works in the Alliance-affiliated garment factories have been completed until yesterday.

The disclosure came in the third annual report of the Alliance, which was published yesterday.

The Alliance, a platform of 29 North American retailers, was formed after the Rana Plaza building collapse in April 2013.

The association has been inspecting 765 of the garment factories from which its members source to fix three specific flaws, including structural, electrical and fire.

Currently, the Alliance is focusing on the most critical repairs, which also happen to be the costliest and most time-consuming for factories to achieve, such as installation of fire doors, reinforcement of structural beams and columns and installation of sprinkler systems.

Some 55 percent of the high-priority remediation works are complete.

"Significant remediation is now underway in all the active Alliance factories, and those unwilling or unable to comply are suspended and removed from our compliant factory list," the report said.

By July 2018, all Alliance factories will have to either complete their high-priority repairs or will be suspended from the Alliance's list of suppliers, said Ellen Tauscher, independent chair of the Alliance.

"Progress toward this goal has been significant, and achieving closer to the remaining issues most critical to life safety remains our primary focus."

More than three years have now passed since Alliance member companies launched one of the most ambitious and significant safety programmes in Bangladesh history, she said.

Despite countless challenges, the

BY THE NUMBERS

Alliance-affiliated factories:	765
Currently active factories:	685
Total workers:	1,274,612
Initial inspections completed:	759
Factories suspended:	97
Workers trained in initial basic fire safety:	1,290,971
Factories with access to helpline:	802
Workers receiving wage compensation:	6,676

reforms achieved to date are saving lives and building a safer garment sector in Bangladesh.

"But our work is far from complete -- we are pushing full steam ahead to ensure that our ambitious goals are achieved by the end of our five-year initiative."

Achieving safety in factories is more than completing repairs: it must be accompanied by comprehensive efforts to inform, engage and empower the women and men who earn their living in garment factories, said Alliance Country Director James F Moriarty in a teleconference with the reporters.

"By approaching remediation and empowerment hand in hand, we are working to set the gold standard for garment factories throughout Bangladesh," Moriarty said.

The Alliance is also ramping up its programme to establish Worker Safety Committees -- groups of workers trained and empowered to monitor on-site occupational safety and health issues, according to the third annual report.

The programme was launched in April.

Despite countless challenges, the

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