

## JS body to comment on Agrani loan irregularities

RASHIDUL HASAN

A parliamentary body yesterday formed a three-member sub-committee to comment on a Bangladesh Bank report on widespread allegations of irregularities in loan disbursement from state-run Agrani Bank.

The parliamentary standing committee on estimate also asked the sub-committee to provide a report within a month and recommend how to improve the bank's financial condition, sources in the committee said.

The sub-committee is headed by independent MP Yusuf Abdullah Harun and includes ruling Awami League MPs Sheikh Fazle Nur Taposh and Wasika Ayesha Khan.

BB submitted the report at the parliamentary body's meeting yesterday. Details could not be known immediately.

Meeting sources, however, told The Daily Star that several hundred crore taka was provided to various individuals and organisations without risk factors being assessed.

The parliamentary body in an earlier meeting expressed serious dissatisfaction over the irregularities and had asked the BB to submit a detailed report on the bank's present condition.

## India's North American coal imports may surge on domestic shortage

REUTERS, New Delhi

India's coal imports from North America are likely to surge as buyers are looking to boost purchases amid a domestic shortage of the fuel and a regional ban on petroleum coke, traders and cement company officials said.

Shipping data from Thomson Reuters showed that India's coal imports from North America tripled to 2.1 million tonnes in October from a year ago. Other trading sources put this figure lower, at 1.47 million tonnes, and they said coal imports for Nov. 1-20 have reached 1.14 million tonnes.

Indian imports of North American coal, including supplies from Canada, stand at about 1.5 million tonnes from Nov. 1 to 20, Thomson Reuters data showed, already more than 70 percent of last month's purchases.

A ban on the use of petroleum coke, a dirtier but better-burning alternative to coal, is spurring expectations India will buy even more coal from the United States in coming months.

Petcoke has been banned in

some states around the Indian capital New Delhi which is battling heavy smog.

But rising pollution in other Indian cities could lead to tougher restrictions such as a nationwide ban on use and imports of petcoke, with environmentalists requesting other states in the country to consider banning the use and import of the dirty fuel.

"Every cement company is looking for an alternative to petroleum coke, and all of them are scrambling for U.S. coal," a senior executive from one of India's top three cement companies told Reuters.

The executive had sold 70,000 tonnes of U.S. coal to a client, of which the client had paid for 30,000 tonnes. But the executive said he later took back the 40,000 tonnes that was still unpaid, after realising his own company might need it.

Cement companies account for nearly 75 percent of India's annual petcoke demand of 27 million tonnes, according to trade data, and small industries such as lime manufacturers are also considering the use of U.S. coal, which is almost as efficient as petcoke.



BRAC BANK

Tareq Refat Ullah Khan, head for corporate banking at Brac Bank, and Meer Sajed-UI-Basher, CEO of Impress Capital Ltd, attend a deal signing ceremony. The bank will provide custodial services to Impress Capital for the operation of a mutual fund which is open ended in nature and has an initial size of Tk 25 crore.

## Four brokerages fined Tk 70 lakh for bending rules

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Sharp Securities also breached rules by providing loans to its directors, relatives and employees. The brokerage house allowed its director to withdraw funds unlawfully despite having negative balance in the account.

Sharp also opened a BO account in an authorised representative's name and finally faced a penalty of Tk 25 lakh.

Meanwhile, BSEC approved prospectus of LankaBangla Al-Arafah Shariah Unit Fund to collect Tk 50 crore, according to the statement.

The sponsor will contribute Tk 10 crore into the fund. Tk 16 crore will be collected through private placement

and Tk 24 crore will come from sales of units. The face value of each unit will be Tk 10, according to BSEC.

Daily Market:

Dhaka stocks ended flat yesterday although the benchmark index—DSEX—increased by 7.46 points to 6,289.33. The daily market turnover reached Tk 898 crore, down by 76 percent from the previous session.

The news of a rising default loan in the banking industry published in different media put a negative impact on banking stocks and kept the retail investors inactive, market insiders said.

The market started the session on a bullish note and witnessed a free fall

during the mid session of the trade amid a sell-off pressure in banking equities, UCB Capital Management said in its daily market analysis.

However, a late session buying spree of some of the heavyweight securities helped the market close flat, it said.

Among the major sectors, telecom gained 2.05 percent while banks retraced by 0.79 percent yesterday.

LankaBangla Finance was the highest traded share with a turnover of Tk 60 crore followed by AB bank with Tk 37.26 crore.

Banking sector led the market turnover by contributing 24.17 percent of the total market turnover.



AE Abdul Muhaimen, managing director of United Commercial Bank, receives a highest taxpayer award in the banking and non-banking financial institution category on behalf of the bank from Fazle Kabir, governor of Bangladesh Bank. Md Nojibur Rahman, chairman of the National Board of Revenue, also present.

UCB

## BB frets about rising NPL in 3 new banks

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The new banks have drastically adopted an aggressive lending in the competitive market, which has ultimately deteriorated their asset quality.

"The government is now mulling over giving licences to more new banks. This will not bring any good for the financial sector," he added.

Of the three troubled new banks, it is the Farmers Bank whose problem appears to be most acute.

The bank has been facing liquidity crisis acutely for the last few months due its failure to mobilise funds from clients despite offering 12 percent interest on its different deposit schemes.

The cash-strapped bank got a short-term loan amounting to Tk 96 crore by

way of repo on Tuesday from the central bank to meet its instant liquidity demands.

The bank counted 6.75 percent interest to take the loan through the repo, which is much higher than that of the inter-bank call money rate. The inter-bank call money rate is now less than four percent.

Earlier this month the bank twice failed to honour a cheque worth Tk 35.44 crore presented by the Bangladesh Telecommunications Company Ltd due to fund shortage. The state-owned telecom firm eventually got the sum.

The central bank had earlier slapped some restrictions on fresh loan disbursement and opening of new

branches, with a view to protecting depositors' money given the precarious financial health of the Farmers Bank. It has also appointed an observer in the new bank to ensure the credit discipline and restore the corporate governance.

But the bank has frequently breached the central bank's restrictions and disbursed fresh loans.

The BB has recently grilled NRB Commercial's managing director due to his alleged involvement in financial scams.

"The central bank should take initiative to merge the new weak banks with the stronger ones for the best interest of the banking industry," Mansur said.

## ICT awaits a fillip

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Even Prime Minister Sheikh Hasina attended meetings with the top company executives, as part of attempts to invite them to Bangladesh, said Palak.

The government is fully prepared to establish a complete ICT industry in the country and it is now investing heavily to increase human resources in the sector, he said.

Bangladesh offers cost-efficient production facilities now and this could be a major factor to encourage companies to come here, said Mustafa Jabbar, president of BASIS.

"We need more foreign investment in this segment...we have enough entrepreneurs in this field," said Jabbar.

The opposite is also happening in Bangladesh, as some global tech giants have recently left the country.

Accenture, a global outsourcing firm that entered Bangladesh in 2013 by acquiring 51 percent share of Grameenphone's GPIT, will wind up its operations and lay off all 556 of

its employees by November.

This year, Norwegian software solution provider Vizrt closed its Bangladesh operations followed by ekhanei.com, an online marketplace of Telenor.

"We are well aware about these situations and this is an ultimate result of global economic recession," said Palak.

The ICT state minister said this kind of 'company exchange' would ultimately be helpful for the industry.

The fourth recession will soon hit the world when some companies would vanish and new ventures would come up, he said. That is why the government is taking preparations, he said.

"In the last two years, India lost over 20 lakh jobs in ICT sector and they are estimating losing another 20 percent of jobs in the next two years," Palak said.

"We need to understand the reality and accept the challenges."

## Garment makers call for fresh wage board

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Food inflation fell 25 basis points to 7.62 percent last month after reaching a 38-month high of 7.87 percent in September.

In recent months, rice prices rose to record highs, reflecting the dwindling supplies following flood-induced losses to the main boro crop coupled with reduced production and imports in 2016.

This time, at least one lakh workers employed in the washing and dyeing units will finally come under the formal wage

structure.

If the current number of workers in the garment sector is 4.4 million, the proposed board would recommend salary hike for 5.4 million workers, including those in the washing and dyeing units, according to Rony.

The union leaders are yet submit their proposal to the labour ministry.

Mujibul Haque Chhunna, state minister for labour and employment, could not be reached over telephone despite repeated attempts.

## Energy crisis a threat to SDGs

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In Bangladesh, 53 percent of the companies said they face trouble because of a lack of electricity. It is 12 percent in Bhutan, 6 percent in Cambodia and 7 percent in Myanmar, according to the report.

"Energy access alone is not enough in LDCs. What is needed is transformational energy access," said the report.

Fahmida said energy is a major component of production costs. "We will have to supply energy at an affordable cost. If we can make electricity available for all it will be helpful in attaining SDGs."

According to the report, the LDCs are falling far behind the rest of the developing world in terms of getting power to homes and businesses.

While they have made great strides in recent years, achieving the global goal of universal access to energy by 2030 will require a 3.5 times increase in their annual rate of electrification.

Achieving Sustainable Development Goal-7 is not only a question of satisfying households' basic energy needs, Unctad Secretary-General Mukhisa Kituyi said in Geneva, ahead of the report's publication, according to a statement distributed at the CPD event.

"That in itself has valuable welfare implications, but we need to go beyond," he added.

The Unctad said more than 40 percent of businesses operating in the LDCs are held back by inadequate, unreliable and unaffordable electricity.

On average, they suffer 10 power outages per month, each lasting around five hours, and this costs them 7 percent of the value of their sales.

Achieving universal access to modern energy in LDCs by 2030 will be costly. Based on previous global estimates, the report puts the cost at \$12 billion to \$40 billion per year.

Transformational energy access would still cost more.

This far exceeds the resources currently available, the report says.

Total official development assistance to the energy sector is just \$3 billion per year. Domestic resources for public investment are scarce in most LDCs, and most also face serious limits to borrowing without risking an unsustainable debt burden.

Private investors show little enthusiasm for investments in electricity infrastructure in LDCs, which entail large irreversible costs, long project cycles and slow payback.

Governments could raise extra capital by developing domestic debt markets or tapping into alternative sources of funding, such as impact investors, infrastructure funds and, in some LDCs, the population living abroad.

Better still, the report says, would be for international donors to honour their longstanding commitment to providing at least 0.15-0.20 percent of their national income in aid.

Renewable energy sources, such as solar and wind power, could have a revolutionary effect in rural areas -- the home to 82 percent of those without power in LDCs.

Utility-scale renewable technologies capable of feeding the grids and mini-grids are necessary not only to power homes but also to grow businesses and industries, according to the report. "They need to be deployed rapidly."

Speaking at the report launch, Mustafizur Rahman, distinguished fellow of the CPD, said huge investment has been made in energy and power in Bangladesh in the last one decade, increasing production and availability, but challenges still remain.

The price of energy would play a critical role in Bangladesh's journey towards achieving the

SDGs, he said.

"Financing has to be done in a way that we can produce energy cheaply and supply the energy at cheaper rates to producers and consumers."

But if the energy price is higher the cost of production will be higher, which will erode competitiveness.

Bangladesh has to see whether it can make investment in the energy sector smartly and borrow cheaply from international sources, Rahman said.

"We will have to make the most of the investment through public-private partnership locally and we will have to see whether we can do it well, maintaining governance and completing projects in time," he added.

According to the report, the urban area in Bangladesh dominates in terms of electrification rate, but it is still low compared to world average. On the other hand, half of the rural population has access to electricity.

"So, we will have to heed to the rural areas more," said Khondaker Golam Moazzem, research director of the CPD.

"We may be able to ensure universal energy access in 2041 but pricing will be an issue at the time. We are already getting hints that energy prices will go up."

LDCs such as Bhutan, Cambodia and Vanuatu have boosted their productivity significantly by using electricity whereas Bangladesh is in the midway.

"We have increased our electricity production. But, we are not being able to supply adequate and reliable electricity to companies so they can run their operations unhindered," he added.

Bangladesh would be up for LDC graduation consideration next year and is due to leave the group in 2024, said Towfiqul Islam Khan, a research fellow of the CPD.

## ADB to give \$300m to help upgrade trade corridor

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ADB has been supporting the government in improving the Dhaka-Northwest road corridor since approval of the landmark Jamuna Bridge Project in 1994.

The first SASEC Northwest Corridor Road Project was approved in 2012 to improve a 70-kilometre Joydebpur-Elenga section of the road.

It also improved operational efficiency of Burimari and Benapole land ports, which provide gateways to Bhutan and India respectively.

The second project continues providing ADB's support to the corridor by improving a 190-km section from Elenga through Hatikurul to Rangpur.

Road operation and management in the Roads and Highways Department will also be strengthened.

There will be further work on issues such as road safety and gender responsive features to make the highway user-friendly to women.

Studies have shown that women particularly use the route on foot or slow-moving vehicles such as rickshaws, so the project will include footbridges, footpaths and dedicated lanes for slow-moving traffic.

Transport infrastructure is the centrepiece of the ADB-supported South Asia Subregional Economic Cooperation (Sasec) programme, which promotes regional prosperity.

Since 2001, Sasec members have invested over \$9.17 billion in projects with a regional dimension, including 31 transport projects worth \$7.3 billion.

Road travel accounts for 70 percent of all passenger traffic and 60 percent of freight in Bangladesh, where traffic has been growing at a rate of 8 percent a year.

Accompanying the assistance package is an ADB technical assistance grant of \$2 million to support the government in updating its Road Master Plan and enhancing planning and monitoring activities associated with roads.

The grant will be carried out from January 2018 to December 2023.



DAIHAN BANGLADESH

Mohamed Belal, owner of Daihan Bangladesh; ATM Jahirul Alam, an adviser, and Chang Xu Kim, manager for research and development at Daihan Ink Company Ltd, attend the launch of Daihan Bangladesh at a programme on Tuesday. The local digital colour bank company started its journey in cooperation with the South Korean ink manufacturer Daihan Ink.