Farm lending goes up 8.71pc in Jul-Nov

STAR BUSINESS REPORT

Farm loan disbursement rose 8.71 percent year-on-year to Tk 8,230.88 crore in the first five months of the current fiscal year, according to central bank data.

Commercial banks have long been showing increased interest in disbursing more agriculture credit amid sluggish lending in the industrial sector, according to officials of the Bangladesh Bank.

In the July-November period of 2017-18, eight state-owned commercial and specialised banks -- Sonali, Janata, Agrani, Rupali, BASIC, BDBL, Bangladesh Krishi and Rajshahi Krishi Unnayan Bank -- disbursed a total of Tk 3,321.17 crore in agriculture loans.

The amount is 34.63 percent of their total annual farm credit lending target of Tk 9,590 crore.

Private and foreign banks lent Tk 4,909.71 crore to the sector during the period, which is nearly half of their total annual farm lending goal of Tk 10,810 crore.

The BB officials said the farm loan disbursement may face a slowdown in the months to come.

Six months ago, most banks had excess cash, prompting them to channel more money to the farm sector.

The surplus liquidity in some banks, however, has decreased in the last few months because of an increase in non-performing loans.

Besides, a good number of banks, burdened with classified loans, are being forced to keep a large amount of provision that weakened their liquidity position, the officials said.

Banks are also disbursing a hefty amount of consumer loans with a view to making quick profits, the officials said.

Growth of the industrial loan disbursement fell to a five-year low in 2016-17 despite a sharp decline in interest rates on lending.

Loans going to the industrial sector registered 13.51 percent growth in the last fiscal year compared to 20.77 percent in the previous year, the BB data showed.

Smart power generation to ensure fuel efficiency

Says CEO of Wärtsilä Bangladesh in an interview with The Daily Star

MD FAZLUR RAHMAN

Jillur Rahim

THE households consume the most electricity in Bangladesh -- and not the industrial units -- and their level of consumption varies from season to season.

For example, during the rainy season, all air-conditioners are shut down and the country is back to base load only. In the evenings, however, when all the lights and air-conditioners start running again, the demand for power goes up drastically.

"For countries like Bangladesh, smart power generation is a very good solution," said Jillur Rahim, managing director of Wärtsilä Bangladesh.

Established in Finland in 1834, Wärtsilä today is a global leader in manufacturing and servicing power sources and other equipment in the marine and energy markets.

The company has delivered equipment for more than 4,700 plants ranging from 10MW to over 600MW in 176 countries.

Its specialty is in providing smart power generation plants, which are based on multiple internal combustion engines that are able to run on any gaseous or liquid fuel, including bio-fuel.

Other than being able to provide industry-leading fuel efficiency and operational flexibility, smart power plants can start in 30 seconds and ramp to full output in less than 5 minutes.

To give an example of a classic smart power generation plant in Bangladesh, Rahim spoke about the United-Ashuganj 200MW combined cycle modular power plant.

"The beauty of this plant is that you don't lose efficiency when demand fluctuates. In Bangladesh where we have this type of fluctuating demand pattern, our technology is very suitable."

Wärtsilä has been present in Bangladesh since the early 1990s. As businesses grew, it set up a full-fledged office in 1998 to cater to a sizeable number of power plants.

In Bangladesh, Wärtsilä's main business activity is to provide complete lifecycle solutions for the power sector.

As of today, Wärtsilä is committed to supporting 4,200MW of power in Bangladesh, covering more than 25 percent of the national grid's power.

Along with strong local support, Wärtsilä has helped build the majority of the power plants of big groups such as Summit, United and Orion as well as state-run Bangladesh Power Development Board and Rural Power Company Ltd.

They also work with new local entrants to the power sector to help meet the electricity demand in Bangladesh.

Wärtsilä is also supporting some of the local companies, such as Meghna Group, Lafarge Surma and Heidelberg Cement by building captive power plants for their industrial needs.

"We provide onsite support engineers, online data and remote-monitoring enabled advanced support, as well as immediate response from Wärtsilä's experts to ensure safe operations of power plants," Rahim said.

The number of power plants has trebled over the years, with more new initiatives underway as the government is working towards ensuring electricity supply to every household.

The power plant owners appreciate and value when they see they are getting quality products, on-time delivery and implementation of projects and power plants.

"A lot of our orders are repeat orders because of the goodwill we have in Bangladesh," said Rahim, who has been with Wärtsilä Bangladesh since the very beginning and was appointed its managing director in 2014.

On the human resources development front, Wärtsilä Bangladesh has been heavily investing in people and bringing in the latest know-how to the country. It has trained several hundred engineers and personnel for over two decades.

Many engineers who worked with Wärtsilä are now serving other power generation companies in Bangladesh and abroad including the Middle East, Africa, Indonesia and Australia.

"We also have an engineer from Bangladesh who is working in the R&D department of Wärtsilä in Finland. This shows the extent of skills our engineers have," said Rahim, who studied marine engineering at Bangladesh Marine Academy.

Wärtsilä Bangladesh has workshops in Gazipur and Chittagong. It has recently set up a warehouse in Gazipur for spare parts in order to ensure quick support for customers.

In the event of breakdown, customers do not have to wait for months for their facility to come back into operations for a lack of critical parts, which could also result in them paying huge amounts of penalties.

"This will give our customers the peace of mind and allow them to maintain the availability of the plants," said Rahim, who also holds an MBA in finance from the Institute of Business Administration.

He also shared some insights into the changing global energy scenario.

The demand for electricity in emerging markets has continued to increase -- particularly in Asia.

The role of storage technology and hybrid solutions, including solar generation, is increasingly being discussed globally. This rising shift towards renewable energy also creates more opportunities for Wärtsilä.

"The more renewables are added to any grid, the more the need for flexible power generation technology to keep the system balanced. Wärtsilä's technology will definitely help to manage the grid."

Wärtsilä is also a recognised global leader in gas engine technology and offers solutions and services throughout the entire LNG distribution chain.

"Bangladesh has steadily been growing and Wärtsilä is happy to have helped power that growth. Together, we can grow."

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Uber suffers new blow as EU court rules it's a taxi service

REUTERS/FILE

A man uses Uber application on a mobile phone.

AFP, *Brussels*

THE EU's top court ruled on Wednesday that Uber is an ordinary transportation company instead of an app and should be regulated as such, in a decision that will be closely watched around the world.

The case is yet another thorn in the side for US-based Uber, which has drawn the fury of taxi drivers and officials for flouting local regulations.

It also comes the same week as one of its drivers admitted to the attempted rape and murder of a British embassy worker coming home from a night out in Beirut, Lebanon.

"The service provided by Uber connecting individuals with non-professional drivers is covered by services in the field of transport," said the Luxembourg-based European Court of Justice.

"Member states can therefore regulate the conditions for providing that service."

Uber, the biggest name in the growing gig economy, claims it is a mere service provider, connecting consumers with drivers in more than 600 cities.

Uber has run into huge opposition from taxi companies and other competitors who say this allows it to dodge costly regulations such as training and licensing requirements for drivers and vehicles.

The case was brought by a taxi drivers' association in the Spanish city of Barcelona, where belief runs high that Uber is a taxi company that should be subject to rules governing such vehicles.

Uber said the ruling would make little difference in practice.

"This ruling will not change things in most EU countries where we already operate under transportation law," an Uber spokesperson said in an emailed statement.

"However, millions of Europeans are still prevented from using apps like ours."

In a dense legal judgement, the ECJ said that Uber was a service that connects "by means of a smartphone application and for remuneration non-professional drivers using their own vehicle with persons who wish to make urban journeys."

That means it is "inherently linked to a transport service and, accordingly, must be classified as a 'service in the field of transport' within the meaning of EU law."

The EU court's senior adviser had said in a legal opinion in May that Uber was indeed a transport company.

Uber has had a rough ride in Spain, where a judge ruled in 2014 that its UberPop service risked breaking the law, leading to the Barcelona submission to the ECJ.

Early last year it decided to only operate a limited a version of its UberX service in Spain which uses licensed, professional drivers instead of the amateurs who had previously worked via the UberPop application.

Uber has already had problems with the law in several European countries, particularly France where the company was forced to overhaul its business model.

In November a labour court in London, where the company is threatened with losing its license, said it had to pay the drivers a minimum wage and give them paid leave.

Uber does not employ drivers or own vehicles, but instead relies on private contractors with their own cars, allowing them to run their own businesses.

Offshore oil searches are coming back to fashion - just not in Asia

REUTERS, *Singapore*

REUTERS

Crew prepare seismic streamers to be loaded on to the Polarcus Naila seismic surveillance ship in Singapore.

SURVEYING the ocean floor for oil and natural gas reserves is gradually emerging from a multi-year slump, everywhere apart from Asia.

That's despite Asia being the world's biggest consumer of oil, having by far the strongest demand growth while seeing its production fall faster than anywhere else.

The reasons for Asia's dearth in offshore exploration and production (E&P) include high costs in Australia's promising waters, declining reserves in production hotspots Malaysia and Indonesia, as well as territorial disputes in the oil- and gas-rich waters of the South China Sea.

"We only have two 3D vessels in Asia-Pacific, since there are fewer opportunities and less activity in that region," said Bard Stenberg, vice president at Norwegian offshore survey company PGS, adding that most of his company's vessels were in the Atlantic.

A 2017 and 2018 activity map by geophysical surveillance firm TGS shows the most activity in the North Atlantic.

A similar map by Bernstein Research showed the Asia-Pacific basin to have only four minor offshore developments of under 50,000 barrels per day (bpd). That compares to five major developments (above 50,000 bpd) and 11 minor ones in the Atlantic.

Asia's dearth comes despite the region's huge oil deficit, resulting from booming demand and declining output.

In one of the most promising regions, Australia, the main problem is cost, in part due to a requirement for rigs to pay for Australian crew once in Australian waters.

"Once any foreign-flagged vessel is in Australian waters, the ship operator has to pick up Australian workers... They work 12 hours a day, 7 days a week for 4 weeks, then get 4 weeks off," said Christy Cain of the Maritime Union of Australia.

When oil prices were high, this was not a big problem, drillers said. But in times of cheaper oil and low profit margins, the added cost deters explorers, several said.

In another promising area, the South China Sea, conflicting territorial claims, especially between China and Vietnam, have hindered E&P activity.

Meanwhile, in Asia's most established offshore oil and gas production basins of Malaysia and Indonesia, recoverable reserves are depleting.

Malaysia's state-owned Petronas, Southeast Asia's biggest oil producer, is increasingly focusing on downstream projects like the Pengerang Integrated Complex (PIC) in the southern state of Johor.

From 2019, PIC will refine crude oil into fuel and petrochemical products. Significant amounts of its crude will come from Saudi Arabia.

With little E&P activity, Asia's oil import bill - which has already more than doubled since 2000 to over $420 billion a year - will rise further, likely above $500 billion in 2017, leaving other regions to cash in on Asia's oil thirst.

Gauging the health of the secretive offshore industry is difficult. But dozens of mothballed rigs and support vessels sit idle in southern Malaysia's Johor river delta, waiting to be used or scrapped.

"Activity to support new development projects may increase slightly (between 2018 and 2020), but is unlikely to approach historical high levels (2013/14)," Petronas said in an outlook this month.

Douglas Westwood, which monitors helicopter activity to and from offshore vessels, has a similar view.

"The offshore helicopter market has finally started to recover following three years of decline," Westwood said, although it added that average annual growth between 2018 and 2022 will still only be 1 percent.

"Global utilization will average 59 percent over the forecast," it said, up from a paltry 54 percent in 2017.

At the root of the industry malaise lies rampant overproduction in the years running up to 2014, which crashed crude prices LCOc1 from over $100 per barrel in 2014 to below $30 in 2016.

E&P companies were among the first to feel the bite of aggressive industry cost slashing.

Firms in the seismic oil surveillance sector, including Polarcus, PGS, and Electromagnetic Geoservices have seen their share prices crash since 2015, in some cases by over 90 percent.

Only a production cut led by the Organisation of the Petroleum Exporting Countries (OPEC) has stabilised Brent above $50 a barrel since mid-2017.

With oil demand healthy, the offshore industry hopes companies will start spending on future output again.

"We're hoping that it's going to pick up next year," said Cain of the Maritime Union of Australia.

In a sign that even in Asia-Pacific there may be some more activity, the geothermal surveillance ship Polarcus Naila left Singapore in early December for a seismic mission in the Bonaparte Basin, off Australia's northwest coast.

Speaking to Reuters during a visit to Singapore by the ship, one of the Naila's senior crew members said he hoped things would go from "worst to bad."