

Star BUSINESS

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ফার্স্ট ফ্লাজা, ৭০ ব্রিজেড, পল্লব মার্গ
ফোন : +৮৮০-২-৯৬৪১২৯৭
Hotline: 01991150900

Bangladesh suffers from ethical void: economist

STAR BUSINESS REPORT

A lack of ethics coupled with political patronage has led to a default loan culture in Bangladesh, said Rehman Sobhan, a noted economist, yesterday.

Sobhan and a couple of young researchers had identified the ethical crisis in the banking system in the 1980s.

"This problem has been perpetuating over successive regimes -- and down to the present day. In fact, you have got into a situation now where perpetuation of debt default is ingrained in the business practices."

Sobhan's comments came at the opening of 20th biennial conference of the Bangladesh Economic Association held at the Institution of Diploma Engineers Bangladesh in Dhaka.

At the opening ceremony of the three-day event, the BEA honoured economist Mahabub Hossain (posthumously), Sobhan and Ashraf Uddin Chowdhury with the BEA Gold Medal 2017.

In his speech, Sobhan, who was a member of the advisory council of the caretaker government in 1991, also spoke on the use of money in politics, perpetuation of corruption and unequal access of justice for the common people.



Shirin Sharmin Chaudhury, speaker of the national parliament, and Prof Rehman Sobhan, chairman of the Centre for Policy Dialogue, attend the opening of 20th biennial conference of the Bangladesh Economic Association, at the Institution of Diploma Engineers Bangladesh in the capital yesterday.

Political patronage and connections have now become integral to entering the banking profession; this favour is later leveraged to accumulate personal wealth.

"This, of course, has led to the other main ethical crises: the default culture."

It reflects regulatory failure of a colossal scale and politicisation of the functioning of the regulatory system.

Now, the country has settled into a state of affairs in which most borrowers know that they do not need to repay their loans on time as they will be bailed out by way of rescheduling, according to Sobhan.

"So, now you have a built-in process of default and rescheduling."

BASIC Bank losing battle with default loans

Top defaulter who was allowed to reschedule loans under special arrangement turns defaulter again

JEBUN NESA ALO

Welltex Group, the top defaulter of BASIC Bank who was allowed to reschedule loans under a special arrangement by the Bangladesh Bank, has once again turned a defaulter from September this year.

As of September, the garment manufacturer, who was given loans amounting to Tk 129 crore during the tenure of controversial former chairman Sheikh Abdul Hye Bacchu by way of irregularities, has Tk 169 crore outstanding with the state bank.

The business group is owned by Majedul Haque Chisty, brother of Md Mahabubul Haque Chisty who recently had to step down from the board of Farmers Bank over his alleged involvement in financial scams.

Welltex Group was given a fresh start by the succeeding board after Bacchu's but it again defaulted.

With the view to bringing down the embattled bank's default rate, the board went for wholesale loan rescheduling, one of the beneficiaries of which was, unfortunately, Welltex Group.

More than 100 companies that were given loans of Tk 10 crore and above during Bacchu's reign of irregularity were also given another chance in 2015, many of whose loans were rescheduled without taking the required down payment.

As of September, a chunk of those loans have turned bad again.

One such company is Crystal Steel and Ship Breaking Ltd, which was allowed to reschedule loans of Tk 113 crore. The company just furnished Tk 8.24 crore at the time of rescheduling, after which it did not make any instalment payment.

Current Jatiya Party lawmaker Mahajabeen Murshed's IG Navigation Ltd also became a defaulter in September after it failed to make payments on its rescheduled loan of Tk 89 crore.

"Such companies were rescheduled so that the bank could recover at least a minimum amount from them in the form of down payment," said Alauddin A Majid, chairman of BASIC Bank.

The bank recovered about Tk 1,200 crore in the process, he said.

Between September 2015 and this year, BASIC Bank rescheduled a total of Tk 3,500 crore. It also wrote off loans amounting to Tk 443 crore this year.

The huge rescheduling and write-offs though had the opposite effect: the bank's default loan ratio went up.

At the end of September, BASIC's default loan ratio stood at 55.16 percent, up from 44.25 percent in September 2015 and 52.94 percent in September 2016, according to data from the BB.

The bank's capital shortfall stood at Tk 2,523 crore as of September this year and provisioning shortfall Tk 3,421 crore.

Of the 65 branches of BASIC, 25 are running losses.

Citycell eyes 4G licence to make a comeback

STAR BUSINESS REPORT

Citycell, which has been out of service since October last year, is trying to reenter the telecommunication business as the now defunct mobile phone operator is aiming to get 4G licence.

Officials of Citycell yesterday attended a pre-bid meeting with Bangladesh Telecommunication Regulatory Commission (BTRC) on spectrum auction. The auction will take place in February.

The regulator is likely to allow Citycell to apply for the fourth-generation technology licence and participate in the auction as no other new entities have shown interest to invest in this market.

During the meeting at the BTRC office in Dhaka, Citycell wanted to know whether it can obtain 4G licence and take part in the spectrum auction, said a top official of the regulator who attended the meeting.

"Citycell has the licence and as we are yet to get any response from any new interested party, the commission may give them another chance," said the official who deals with 4G issue.

However, Citycell will have to comply with the guideline to acquire the licence, he said. The pre-bid meeting with the mobile phone operators was held for the auction in three spectrum bands: 2100 megahertz, 1800 MHz and 900 MHz.

Citycell's senior executives who attended the meeting said they are taking preparation in line with the instruction from the senior management.

75pc women garment workers face verbal abuse: study

STAR BUSINESS DESK

Three quarters of women garment workers in Bangladesh stated to have experienced verbal abuse while 20 percent physical abuse, reads a report on the prevalence of gender-based violence in the garment supply chain.

The sexual harassment and abuse, both physical and emotional, that women workers experience every day is endemic, says the report on "Gender-based violence among female garment workers in Gazipur, Bangladesh".

This was revealed during a keynote speech by Runa Laila, a research fellow of Vrije Universiteit Amsterdam, at a roundtable on "Social dialogue, gender-based violence and living wage in RMG (present situation and practical solution)".

Fair Wear Foundation organised the event at Azimur Rahman Conference Hall of The Daily Star Centre in the capital yesterday.

The report also states that the women workers did not receive salary regularly while overtime allowance was paid on the 25th the month after. On pregnant women, it says they got the same workload but no extra facility like maternity



Analysts take part in a roundtable on "Social dialogue, gender-based violence and living wage in RMG" at The Daily Star Centre in the capital yesterday.

leave or allowance.

Women's overtime lasted till 12am to 3am, supervisors and line chiefs used bad language if production target remained unmet and masks and ID cards were used only when foreign buyers came to visit, it said.

Towhidur Rahman, secretary general of IndustriALL Bangladesh Council, gave another speech on the necessity of living wages and prospects and Koen Oosterom, country manager, Fair Wear Foundation, the welcome speech.

There were presentations by representatives of partners Bangladesh National Women Lawyers Association, Karmojibi Nari and Awaj Foundation with Shirin Akhter MP as the chief guest. The event ended with an open discussion.

REHAB membership a must for housing business: Tofail

Real estate fair kicks off in Dhaka

STAR BUSINESS REPORT

None will be allowed to run business in the housing sector if the company does not become a member of the Real Estate & Housing Association of Bangladesh (REHAB), said Commerce Minister Tofail Ahmed yesterday.

He made the comments while inaugurating REHAB Fair 2017 at Bangabandhu International Conference Centre in Dhaka, said the association in a statement.

The minister assured the association that he would talk to the finance minister to solve various problems confronting the sector.

Nasrul Hamid, state minister for power and energy, said the government would start providing gas connections to industrial units from April next year.

Some 205 stalls have been set up at



Tofail Ahmed, commerce minister, and Nasrul Hamid, state minister for power and energy, open REHAB Fair 2017 at Bangabandhu International Conference Centre in Dhaka yesterday.

School banking deposits cross Tk 1,200cr

BSS, Dhaka

School banking is gradually getting a huge response among students across the country as deposits with the banking accounts crossed Tk 1,200 crore at the end of September 2017.

The central bank's latest quarterly report on financial inclusion shows that a total of Tk 1,254.23 crore was deposited with 1,387,617 school banking accounts at 56 scheduled banks as of September 30 this year.

During the July-September period, the deposit amount and accounts have increased 22.87 percent and 10.36 percent respectively compared to the same period of the previous year.

During July-September of 2016, deposits with the school banking accounts were Tk 982.59 crore and accounts were 1,255,026.

Welcome to REHAB Fair-2017

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