



BUSINESS

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Janata sinks into despair for one large borrower

JEBUN NESA ALO

A single borrower can create sufficient trouble for a bank by way of eating up profits and dragging down the capital base from positive to negative, if the current state of Janata Bank is any indication.

The state-owned bank is struggling to maintain its requisite capital after one of its clients, AnonTex Group, became a defaulter, leaving Janata with a significant provisioning obligation.

In 2015, the business group restructured loans of Tk 1,095 crore under the central bank's special package for borrowers with loans of Tk 500 crore and above after fur-

nishing down payment of just 1-2 percent instead of the usual 10-15 percent.

But, it failed to continue with the instalment payments.

Subsequently, the state bank plunged into a capital shortfall of Tk 1,272.93 crore in September last year from a surplus of Tk 278 crore in December 2016, according to a report of the Bangladesh Bank.

The bank's capital to risk-weighted asset ratio deteriorated to 7 percent in September last year from 10.69 percent in December 2016 against the required ratio of 11.25 percent.

AnonTex Group, an apparel exporter with annual turnover of \$150 million, owes Tk 2,153 crore to Janata, according to the bank's statement.

In September last year, it sought further rescheduling of its three companies' loans, which the Janata board agreed to but the central bank declined.

AnonTex also requested the central bank to allow it to make balloon payment, which is a loan instalment paid usually at the end of the loan period. The word balloon refers to the fact that the final payment is large and has ballooned in comparison to the other payments.

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ANONTEX

Panel formed to monitor safety upgrades at airport

REFAYET ULLAH MIRDHA and RASHIDUL HASAN

The government has formed a strong monitoring team with a view to improving safety and security at Hazrat Shahjalal International Airport in Dhaka, said a top official of the civil aviation and tourism ministry.

The monitoring team will provide guidance on what further improvements can be done such that everything runs smoothly and the EU lifts its ban on direct cargo flights from Dhaka.

The team, which was formed last week, will be headed by Mizanur Rahman, an additional secretary of the civil aviation and tourism ministry, said Ziaul Haque, another additional secretary of the same ministry.

Primarily, it will look to find the loopholes in ground handling and suggest fixes, Haque told The Daily Star by phone. The team will comprise one representative from the Civil Aviation Authority of Bangladesh, one representative from Customs, representatives from armed police battalion and Biman Bangladesh Airlines and a magistrate, Haque said.

"We want improvement as our overseas trade is largely dependent on the smooth operation of this airport," said Siddiqur Rahman, president of Bangladesh Garment Manufacturers and Exporters Association.

The garment makers, who have been hit the hardest by the ban on direct cargo flights to the EU and the UK, have been frantically urging the government over the last few years to address the serious shortcomings of the country's premier airport.

It takes as long as two weeks to release the samples or documents from the airport, which is ultimately eating into the local manufacturers' competitiveness, said Rahman.

Bangladeshi exporters send 1,000 tonnes of cargo by air in a day. Of the total quantity, garment items account for 700 tonnes, according to exporters.

PRIVILEGES FOR BEXIMCO

JP MP demands Muhith's explanation in parliament

STAR BUSINESS REPORT

A Jatiya Party lawmaker yesterday demanded that Finance Minister AMA Muhith immediately give a statement in parliament on extra facilities provided to Beximco Group for repaying rescheduled loans.

Speaking on a point of order, Ziauddin Ahmed Bablu, an MP of the main opposition, also called on Muhith to inform the House on Farmers Bank's failure to return Tk 508 crore to the Climate Change Trust Fund along with depositors' money.

In response, Commerce Minister Tofail Ahmed told the House that he appreciated the opposition lawmaker's comments on Farmers Bank and loan default issue.

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BTRC to declare all operators eligible for 4G licences

STAR BUSINESS REPORT

The Bangladesh Telecommunication Regulatory Commission has decided to be liberal with the mobile phone operators and declare all of the five applicants eligible for the fourth generation licences.

A team of the commission has already evaluated the applications for the licence and spectrum auction, said Md Jahurul Haque, legal and licencing commissioner of the BTRC.

The panel took the decision in a meeting on Sunday and submitted the final report to the BTRC yesterday, said Haque, also the convener of the panel.

The regulator will make the report public tomorrow and then send the applications to the posts and telecommunications ministry for approval.

"In a country with only five mobile operators, we don't have too many options to choose from for 4G licence. That's why we have decided to go easy on the operators while evaluating the applications."

However, a senior member of the panel, requesting anonymity, said they found huge loopholes in the applications.

The applications lack a lot of information but the panel could not be tough, as the authorities asked it to be tolerant on it, said the official.

"Even after the beginning of the eval-

uation process, we asked for and collected some necessary documents from a couple of mobile operators, which were supposed to be submitted with the applications."

On January 14, the BTRC received five applications for 4G licence, including those from state-run Teletalk and now out-of-service Citycell. However, Teletalk will not buy any spectrum now.

Top three operators—Grameenphone, Robi and Banglalink—are the main contenders for the launch of the fastest data service.

The regulator also made a provision for new entities to apply for the licence, but none showed interest.

None of the operators submitted documents to substantiate their claims on the total investment they have made so far in Bangladesh although the 4G guideline instructed the applicants to do so, the official said.

The operators also did not clearly share their 4G rollout plan with the regulator, he said. "The operators said they would take bank loans to finance their 4G plan."

Grameenphone said their funds would come from its own earnings and local banks, he said, adding that only one applicant complied with the preconditions submitting bank statements with the application.

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VAT online project's tenure extended to December 2020

STAR BUSINESS REPORT

The tenure of VAT online project has been extended by two years to December 2020 in line with the deferment of the new VAT law.

The Executive Committee of the National Economic Council (Ecnec) yesterday approved the project's second revision where its expenditure has also been increased by 25.11 percent to Tk 690 crore.

The project was approved by Ecnec in 2013 for the implementation of the new VAT law.

After yesterday's meeting, Planning Minister AHM Mustafa Kamal said the system for paying VAT online could not be introduced yet due to the postponement of the law.

The system will be introduced through the project, he said. The law was scheduled to come into effect from the current fiscal year. One of its main provisions was that it would introduce a uniform rate of VAT replacing multiple ones.

Its implementation was deferred by two years in the face of opposition from the business community.

Muhith earlier this month said the new VAT law might be implemented in FY2020-21.

He also said it may have two rates instead of one of 15 percent.

Muhith said a proposal would be prepared on the new VAT rate before this fiscal year's budget and will be left for the next government to implement.

A finance ministry official said the NBR would soon appoint a consultant who would discuss with stakeholders and prepare a new proposal on the revision of the VAT law.

The planning ministry proposal says a VAT app and software would be developed under the project.

Moreover new IT infrastructure will be procured for introducing the new VAT system while field level offices will be refurbished and necessary equipment collected.

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Bepza summit for global investors today

STAR BUSINESS DESK

Bangladesh Export Processing Zones Authority (Bepza) is set to organise "Bepza International Investors Summit 2018" today highlighting its contribution to the economy in the past nine years.

The summit will shed light on its achievements in investment, export and employment generation, said a Bepza statement yesterday. Prime Minister Sheikh Hasina will inaugurate the ceremony at Bangabandhu International Conference Centre. At the programme, she will also open a Bepza economic zone through a video conference.

Bepza will also highlight its role in strengthening the country's economic base through establishing a secure, peaceful and investment-friendly climate for industries, industrialisation, foreign direct investment at the lowest production cost and national exports.

Bepza Executive Chairman Maj Gen Mohd Habibur Rahman Khan will preside over the ceremony. Finance Minister AMA Muhith and Commerce Minister Tofail Ahmed will also be present.



Fazlur Rahman, chairman of City Group, receives a licence to set up City Economic Zone Ltd from Paban Chowdhury, executive chairman of the Bangladesh Economic Zones Authority, at the latter's headquarters in the capital yesterday.

City Group gets licence to set up economic zone

STAR BUSINESS REPORT

City Group got a licence from Bangladesh Economic Zones Authority (Beza) yesterday to set up "City Economic Zone Limited" on 77.96 acres of land in Narayanganj's Rupganj.

The group has already opened letters of credit to import machinery for three industrial units inside the zone, according to a press statement.

With electricity connections already in place for investors, the zone expects to employ 3,000 people within the first year of commercial production and take it to over 20,000 in the next five years.

Industries expected to open plants include food and beverage and export oriented business organisations.

The government plans to set up 100 new economic zones to generate one crore new jobs, earn \$40 billion in additional exports and attract \$20 billion in foreign direct investment (FDI), all by 2030.

Beza has already awarded prequalification licences for the estab-

lishment of 15 private economic zones.

Licences approving start of operations were given to Meghna Economic Zone, Meghna Industrial Economic Zone, Abdul Monem Economic Zone, Aman Economic Zone and Bay Economic Zone.

A developer has been appointed for Mongla Economic Zone while a letter of award was issued to develop the first phase of Mirsarai Economic Zone. There has also been substantial progress in the development of tourism parks.

A total of 212 acres of land have been allocated for investors at Shreehatta Economic Zone, which targets to create 43,000 fresh jobs and bring an estimated FDI of \$1.3 billion.

Investment proposals worth \$10 billion have already been received against the Mirsarai and Feni economic zones, according to Beza.

Paban Chowdhury, executive chairman of Beza, and Fazlur Rahman, chairman of City Group, were present at the awarding programme in the Beza headquarters in the capital.



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