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State banks on a loan rescheduling spree

JEBUN NESA ALO

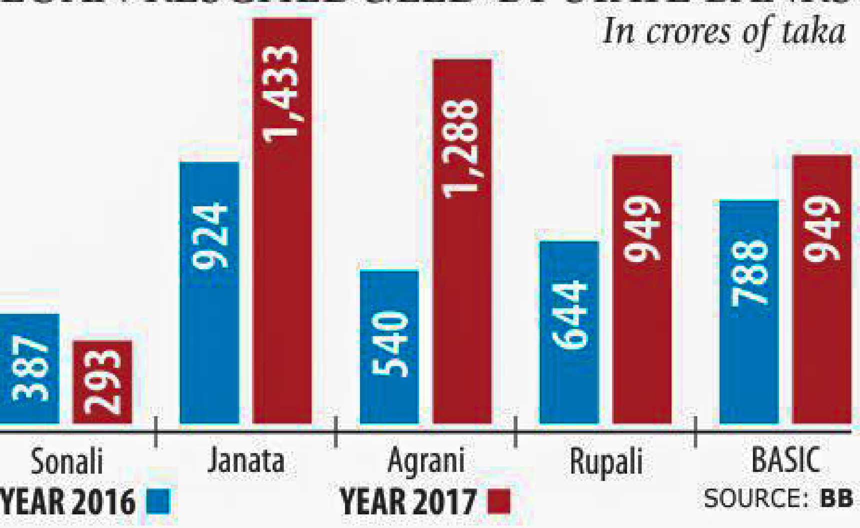
State-run banks are fervently rescheduling loans with a view to flattering their true financial health.

In 2017, Sonali, Janata, Agrani, Rupali and BASIC rescheduled loans amounting to about Tk 5,000 crore, in contrast to Tk 3,300 crore a year earlier, according to data from the central bank.

Janata regularised the highest amount of loans: Tk 1,433 crore. As a result, the bank's default loan ratio came down to 14.10 percent at the end of last year from 16.14 percent in 2016.

LOAN RESCHEDULED BY STATE BANKS

In crores of taka



SOURCE: BB

The bank's other financial indicators though deteriorated during the course of 2017.

At the end of last year, it had a capital shortfall of Tk 161.48 crore, which was Tk 278 crore in the surplus the previous year.

Janata's net profit too plummeted 1.6 times to Tk 96.77 crore in 2017 from Tk 260.55 crore the previous year.

Agrani rescheduled the next highest amount of loans in 2017: Tk 1,288 crore. In 2016, it had rescheduled Tk 540 crore.

The huge rescheduling helped the bank to bring down its default loan ratio to 18.31 percent at the end of last year from 29.32 percent a year earlier.

It logged in a net profit of Tk 88 crore in 2017, bouncing back from losses of Tk 697 crore the previous year.

Scam-hit BASIC Bank rescheduled loans amounting to Tk 949 crore in 2017, up from Tk 788 crore the previous year.

The bank saw improvements in some performance indicators last year.

Its default loan ratio came down to 52.73 percent in December 2017 from 54.58 percent a year earlier.

Its capital shortage narrowed to Tk 2,656 crore last year from Tk 2,866 crore the previous year. It also saw a net profit of Tk 24.68 crore in 2017 from a loss of Tk 1,493 crore in 2016.

Rupali rescheduled loans of Tk 948 crore last year, in contrast to Tk 644 crore the previous year.

Despite this significant amount of rescheduling, the bank's default loan stood at 21.71 percent in December 2017, from 20.64 percent a year earlier.

However, the bank made a net profit of Tk 48.33 crore last year, recovering from a loss of Tk 126 crore in 2016.

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Industries to get 2,000 new gas connections

REFAYET ULLAH MIRDHA

The textile factory owners see an increase in their productivity, as the government has finally decided to allocate 2,000 new industrial gas connections and supply adequate gas to the existing units.

The move to allow new industrial gas connections after a seven-year pause comes in light of the recent import of liquefied natural gas from Qatar.

The government has already approved 196 new gas connections last month for members of the Bangladesh Textile Mills Association, the platform for spinners, weavers, dyeing mill owners and other allied industries.

The BTMA members are one of the major gas consumers as the running of spinning mills requires a lot of gas, said Mohammad Ali Khokon, vice president of the association.

The primary textile sector will be immensely benefitted as many of the factories could not begin production in the absence of gas connections, while the other mills were running below capacity for want of adequate gas pressure.

"I hope that productivity in my mill will go up now," said Razeeb Haider, managing director of Gazipur-based Outpace Spinning.

Last month, state-owned Titas Gas agreed to increase the gas pressure in the unit of Haider in response to an application which was submitted in 2014.

Khokon said the development will come as a boon for garment manufacturers as they look to boost their export receipts to $50 billion from the existing $28 billion by 2021.

"Their lead time will be cut significantly."

At present, the garment makers have to import fabrics from China and India, but soon the local spinners and weavers would be able to supply the fabrics to them.

Gas supply through the new connections will start from next month, according to Mir Mashiur Rahman, managing director of Titas Gas.

Khokon urged the government to fix the price of LNG as low as possible so that the industry truly benefits from the initiative.

KEY POINTS

- Govt approved 196 new gas connections last month for textile millers
- New connections are being given as supply will rise following LNG import
- New gas connections will enhance industrial productivity, businesses say
- Higher productivity at mills will bring down lead-time for garment factories
- Millers urged govt to fix the LNG price at a lower level

ALLOWING INVESTMENT IN AFRICA

Businesses call for a quick decision

REFAYET ULLAH MIRDHA

Bangladeshi investors have called for a quick decision from the government on investment in Africa as China and India are fast spreading their businesses there.

"This is the right time to go to Africa for investment," said Amin Helali, secretary of the Bangladesh Africa Investment Forum.

The forum's demand comes at a time when private investment to GDP remains stagnant around the 23 percent mark: this fiscal year the ratio is expected to increase marginally to 23.25 percent from 23.1 percent in fiscal 2016-17.

"If we go there after five years, we will have to make do with only subcontracting work from China and India," Helali said, adding that there are ample opportunities to invest in different sectors of African countries.

The Chinese and Indian companies are acquiring thousands of hectares of land in different African countries like Uganda, Ethiopia, Kenya, Sudan, Rwanda and Congo. But, Bangladeshi investors are lagging far behind although they had taken the call to invest in Africa before the others.

For instance, in 2011, Helali, also the chairman of the Dosh Disha Group, signed an agreement with the Ugandan agricultural ministry to acquire 20,000 hectares of land for farming paddy and other agricultural products.

The project is yet to be implemented as the government is delaying the approval for foreign investment.

"Had the agreement gone through, I would have produced paddy in Uganda. Of the total produce, 60 percent would have been brought to Bangladesh and 40 percent would have been sold in the Ugandan markets."

The idea behind investing in African nations' agriculture sector was mainly to fortify Bangladesh's food security.

The population of Bangladesh is growing at an alarming rate and cultivable land is shrinking every day for rapid urbanisation, housing and industrialisation across the country.

"We can easily create employment for a huge number of Bangladeshis if we are allowed to invest in agriculture, manufacturing, pharmaceuticals and housing in African countries."

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Bears trample over DSE for 13th day

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DSEX, the benchmark index of the Dhaka Stock Exchange, continued to descend for the thirteenth day straight, its longest losing streak yet since its launch in January 2013.

Yesterday, it shed 52.60 points to close at 5,390 points.

In the past 13 days, the index saw 423.09 points knocked off and Tk 20,965 crore in market value wiped out.

The bear run comes at a time when the DSE seems fortified by the official entry of the Shanghai Stock Exchange and Shenzhen Stock Exchange as its strategic partner.

The two Chinese bourses have offered to usher in radical technological upgrades and a host of new products and services, so, in theory, Dhaka stocks should be on a bull run.

"Issues like widening of current account deficit and liquidity shortage in the banking industry have left investors concerned," said EBL Securities in its daily market review.

Turnover, another important indicator of the market, declined 20.1 percent to Tk 395.66 crore, with 9.47 crore shares and mutual fund units changing hands on the DSE.

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Collect 15pc VAT from payments of online ads

NBR urges banks

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The revenue authority has asked banks to collect 15 percent value added tax from every payment made by local firms to global tech giants for online advertisements.

The Large Taxpayers Unit, Value Added Tax (LTU VAT) under the National Board of Revenue issued a letter to 17 banks and made the call in the second week of May, officials said yesterday.

Those who advertise on social media and other digital media platforms usually pay bills for advertisements through their bank accounts, said LTU VAT Commissioner Md Matiur Rahman.

"So, we have asked banks to charge the VAT amount based on the payments on behalf of their clients."

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