

মুনাফার সাথে আস্থাতাও বেশি

এসআইবিএল সুপার সেভিংস একাউন্ট

পঞ্চাশ-উর্ধ্ব সিনিয়র সিটিজেনদের জন্য। ১৮-উর্ধ্ব মহিলারাও এই হিসাবটি খুলতে পারবেন।

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Sonali proposes company to buy defaulters' assets

Sends proposal to finance ministry for establishing a firm of Tk 500cr capital

AKM ZAMIR UDDIN

Sonali Bank's failure to sell the mortgaged assets of Hall-Mark Group despite 60 attempts in five years has prompted the state-run lender to propose forming a separate company to acquire assets of defaulted borrowers through auction.

As part of the move, Sonali has sent a proposal to the finance ministry requesting it to set up a company with an initial capital of Tk 500 crore.

The company will be owned by state-run Investment Corporation of Bangladesh, Sonali, Janata, Agrani and Rupali, with each contributing Tk 100 crore, according to a letter sent to the finance ministry on November 28.

The merchant bank ICB will be the lead owner. The proposed company will purchase the properties put up on auction by banks at the market price.

"This move can help banks reduce default loans," the letter said.

Later, the company will sell the assets to intended buyers following rules and regulations.

"Lenders will be able to sell their mortgaged properties without any trouble if the finance

ministry gives approval to forming the company," Md Obayed Ullah Al Masud, managing director of Sonali Bank, told The Daily Star. In so doing, the default loans in the banking sector will come down too.

Sonali's plan to sell off mortgaged properties has been thwarted time and again as wily defaulters file writ petitions with the High Court to stop the auction process.

Clients also show unwillingness to purchase the mortgaged assets, fearing it may invite trouble for them in future.

For instance, between 2013 and 2017 Sonali had floated tenders 60 times to sell the mortgaged assets of Hall-Mark Group but got no takers.

As of October, the state-run lender has properties amounting to Tk 26,565.21 crore stuck in legal cases, it said.

Of the amount, Tk 20,179 crore was stuck with the Artha Rin Adalat (also known as the money loan court) and Tk 4,120 crore with the criminal courts.

The bank has been fighting with 18,950 cases with both the High Court and the lower courts to recover the depositors' money.

Al Masud went on to call for a dedicated bench at the High Court to settle the pending cases related to default and write-off loans.

TK 26,565CR STUCK IN CASES

TYPES OF CASE	NUMBER OF CASES	MONEY INVOLVED
Money loan court	3,978	Tk 20,179cr
Criminal and others	916	Tk 4,120cr
Writ petitions	315	Tk 2,197cr
Certificate	13,741	Tk 69cr

Source: Sonali Bank

The government should amend the money loan court act as many habitual defaulters are still keeping themselves away from punishment using loopholes of the act, he added.

Banks have to float tenders in a short time to comply with the court order, which prevents them from getting the actual price of the mortgaged land, said the Sonali Bank letter.

The defaulters also take stay order from the High Court to adjourn the process of cases in the lower courts, which creates a legal tangle.

Typically, the defaulters have strong links with political parties and influential quarters.

Banks face difficulties in taking over the mortgaged lands in many cases even after securing the courts' verdict as the influential borrowers create obstacle using their 'muscle'.

The finance ministry should take initiative to form a committee in every upazila involving the local people's representatives and officials concerned of police to protect the assets. Manager of the bank's branch will coordinate the committee.

Deposit growth shrinks on election pressure

JEBUN NESA ALO

Despite intense efforts to mobilise funds, the banking sector saw a sharp fall in deposit growth in October amid withdrawal pressure centring the upcoming parliamentary election.

In October, the deposit growth stood at 8.86 percent, in contrast to 10.62 percent at the beginning of the year.

Deposits typically shrink due to cash withdrawal pressure for election expenditure, said Syed Mahbubur Rahman, managing director of Dhaka Bank.

Banks are facing cash crisis again due to cash withdrawal pressure and the government borrowing from the banking system ahead of the election, he said.

"The crisis is temporary," said Faruq Mainuddin Ahmed, managing director of Trust Bank.

The interest rate on deposits have crept up to 9-10 percent in recent months as banks desperately look for funds to adjust their balance sheet at the end of the year, according to Rahman.

The fall in deposits has been widening the mismatch between deposit and credit growth, putting the banks at risk, said market insiders.

In October, the private sector credit growth was 14.7 percent, which is far higher than the deposit growth.

The mismatch has been mopping up excess liquidity.

Excess liquidity, which increased significantly in June thanks to reduction of cash reserve requirement, fell to Tk 81,000 crore in September from Tk 97,500 crore in June,



according to data from the Bangladesh Bank.

On April 4, the central bank reduced the CRR by one percentage point to 5.5 percent.

On June 20, the Bangladesh Association of Banks, a platform of directors of the private banks, announced slashing of interest rate on deposits to 6 percent and lending to 9 percent from July 1.

The move was to stop unhealthy competition in collecting deposits and bring down the borrowing rate.

Most of the banks did not follow the interest rate fixed by the association due to a fund crisis, said a senior executive of a private bank.

Depositors are more interested in investing in savings instruments due to their high interest rate instead of parking money with banks, he said.

The government is paying 11.52 percent interest against savings certificates, whereas bank deposits fetch, at most, 10 percent.

Total deposits stood at Tk 10.63 lakh crore at the end of October.

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Logistics, freight thrive on rising trade

JAGARAN CHARKMA

The logistics and freight industries in Bangladesh have been thriving for years in line with the steady growth of exports and imports, according to sector players.

Currently, about 1,000 local and 20 international logistics and freight forwarding companies are providing necessary support to the export and import sector in Bangladesh.

The country imported goods worth about \$52.84 billion in fiscal 2017-18 and exported products worth about \$36.67 billion, according to data from the Bangladesh Bank.

"The industry is growing in line with the export and import growth," said Amirul Islam Chowdhury Mizan, senior vice-president of the Bangladesh Freight Forwarders Association (BAFFA).

The total business roughly reached \$1.5 billion in 2017, he said. The industry has grown amidst the absence of quality infrastructure and use of substandard equipment for the last 30 years, according to Mizan, also the managing director of Transworld Logistics & Distribution.

Foreign companies mostly open joint ventures with local companies and this collaboration built the foundation for further accumulation of domestic logistical expertise.

Logistics companies provide transport services of freight through sea, road and air ways. The rail transport of freight for exports and imports is yet to be introduced in Bangladesh.

Rail and road freights are major segments for inland services, Mizan said. Shipping freight's share in the export and import business in Bangladesh stands at 80 percent, while that of air and road is 20 percent.

Logistic companies carry out all responsibilities, including loading and unloading until goods reach warehouses.

In Bangladesh, the industry came into being in 1991-92 without any experience and suffered in the beginning because of a lack of skilled workforce and communication skills.

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ICAB honours 30 firms for best annual reports



Finance Minister AMA Muhith poses with the recipients of the 18th ICAB National Award at the capital's Pan Pacific Sonargaon hotel yesterday.

STAR BUSINESS REPORT

The Institute of Chartered Accountants of Bangladesh (ICAB) yesterday honoured 30 firms for their well presented annual reports in 2017.

Finance Minister AMA Muhith presented the 18th ICAB National Award to banks, manufacturers, companies and public sector entities from 10 categories at a ceremony held at the capital's Pan Pacific Sonargaon hotel.

Among private banks, Bank Asia took home the first prize, followed by Brac Bank and Dutch-Bangla Bank respectively.

IDLC Finance took home the top honour in the financial services sector. LankaBangla Finance came second followed by IPDC Finance.

In the manufacturing sector, British American Tobacco Bangladesh bagged the first position. GlaxoSmithKline Bangladesh came second and Premier Cement and Orion Pharma were joint thirds.

The ICAB honoured Green Delta Insurance Company with the first prize in the insurance category, Prime Insurance the second prize and Reliance Insurance the third.

In the non-governmental organisation category, Brac retained the top award; the second spot went to Sajida Foundation and Uddipan jointly and third to BURO Bangladesh.

Grameenphone was the only firm in the communication and information technology category that was honoured.

The Investment Corporation of

Bangladesh was awarded the top honour in the public sector entities category, while Bangladesh Infrastructure Finance Fund came second and Infrastructure Development Company third.

Golden Harvest Agro Industries won the award in the agriculture category. Under the category of corporate governance disclosures, IDLC Finance topped the group. LankaBangla Finance came second while British American Tobacco, Bank Asia and Green Delta Insurance were all adjudged third.

In the integrated reporting category, IDLC Finance was recognised the best. The second spot went to Brac Bank and the third jointly to Bank Asia and Islami Bank Bangladesh.

IDLC Finance, a non-bank financial institution, was the overall winner of the annual award for winning three honours.

Eleven entities also received the certificates of merit.

Speaking at the ceremony, Muhith said: "Businesses depend on trust to expand. Transparency also helps companies accountable."

The ICAB, an autonomous body under the commerce ministry, regulates the profession of accountants in Bangladesh.

The evaluation criteria of the South Asian Federation of Accountants (SAFA) were followed in evaluating the annual reports, the ICAB said in a statement.

The three best annual reports selected under each award category

will be nominated by the ICAB to compete in the SAFA forum next year in recognition of their excellence in financial disclosure.

A nine-member jury board chaired by M Matuil Islam, the country's first finance secretary, reviewed the recommended list of the winners for the award.

The other eight members of the board were: former advisers to caretaker governments Wahiduddin Mahmud, Rokia Afzal Rahman, Rasheda K Chowdhury; former Bangladesh Bank Governor Atiur Rahman; former CAG Ahmed Ataul Hakeem; Acting Editor of the Financial Express Shahiduzzaman Khan; former chairman of the Bangladesh Securities and Exchange Commission Faruq Ahmad Siddiqi; and Centre for Policy Dialogue Distinguished Fellow Mustafizur Rahman.

ICAB has been holding this event since 2001 to inspire companies to prepare annual reports based on transparency.

CQK Mustaq Ahmed, chairman of the Financial Reporting Council; Mohammad Muslim Chowdhury, Comptroller and Auditor General of Bangladesh; Abdur Rouf Talukder, finance secretary; Md Ashadul Islam, financial institutions secretary; Ajit Kumar Paul, additional secretary of the financial institutions division; Dewan Nurul Islam, ICAB president; and M Farhad Hussain, chairman of the review committee for published accounts and reports of the association, spoke.

Junk stocks rule market once again

STAR BUSINESS REPORT

Junk stocks are once again soaring on rumours in spite of the bear run in the market in the past few weeks centring on the upcoming polls.

Of the top ten gainers yesterday, five were junk stocks.

Sonargaon Textile, one of the junk stocks, was the day's best performer, posting a 9.70 percent gain.

The other junk stocks Meghna Condensed Milk, ICB Islamic Bank, Tung Hai Knitting and Peoples Leasing posted at least 6 percent gain.

Market insiders said a vested quarter is spreading rumours that junk stocks and stocks that are trading close to face value will shoot up in the coming days.

"The rumours were very common among the stock brokers in the last few days and now the stocks have started to rise," said a managing director of a stock broker, requesting not to be named.

He went on to urge the stock market regulator to take actions against the miscreants.

"Otherwise, investors will lose confidence in the regulator, which will affect the market," he added.

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Six eco-friendly power plants get go-ahead

STAR BUSINESS REPORT

The cabinet committee on purchase yesterday approved five solar power plants and one wind turbine power plant from which the government will purchase power at the rate of Tk 8 to Tk 9 per kilowatt-hour (kWh) for the next 20 years.

After a meeting of the committee chaired by Finance Minister AMA Muhith yesterday, Additional Secretary to the Cabinet Division Nasima Begum briefed journalists.

A 100MW solar power plant will be set up at Madarganj upazila of Jamalpur district at a cost of Tk 2,865 crore.

The work has been awarded to a joint venture company of CREC International Renewable Energy Co Ltd (CIRE) and BPDB-RPLC Powergen Ltd, Bangladesh.

The government will purchase electricity from the company at a rate of Tk 8.84 per kWh.

Another 47 MW solar power plant will be set up at Debiganj in Panchagarh district at a cost of Tk 1,371 crore.

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NEWS IN brief

DSE director election on Jan 24

An election for the post of a shareholder director of Dhaka Stock Exchange (DSE) will be held on January 24.

Director Md Rakibur Rahman, managing director of Midway Securities, is going to retire from the DSE board this year.

The three-member DSE election commission headed by retired Supreme Court judge Md Abdus Samad declared the election schedule recently. Nomination papers can be collected from December 27 to January 1.

Deshbandhu downgraded

Deshbandhu Polymer has been downgraded from "A" to "B" category with effect from December 26 as the company approved 5 percent cash dividend for the year which ended on June 30, 2018.

A company is downgraded to "B" category if it offers dividend below 10 percent. The downgrading means stock investors will not get loans to buy the company's stocks.

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