

Banks blame influential quarter for rising bad loans

AKM ZAMIR UDDIN

Habitual and influential defaulters are the main barriers to bringing down delinquent loans in the state-owned commercial banks, according to the assessment of the lenders.

The banks placed separate reports to the finance ministry last month articulating the major reasons behind their rising defaults loans and ways to bring them down.

On December 26 last year, the reports were discussed in presence of Banking Division Secretary Asadul Islam at a meeting held at the finance ministry. Managing directors of the six banks were also present there.

In the first 11 months of 2018, classified loans in the six state-run banks -- Sonali, Janata, Agrani, Rupali, Bangladesh Development and BASIC -- escalated by Tk 11,297 crore to Tk 48,623 crore.

In its report, Sonali Bank said that 52.33 percent of its outstanding default loans of Tk 12,811 crore were stuck with the top 100 defaulters. The majority of the defaulters are habitual

and they have been continuing to show unwillingness to return the depositors' money, it said.

The long drawn-out process for resolving the court cases with the Artha Rin Adalat (money loan court) has also created an impediment to cutting down its default loans.

Sonali has already started a special drive for loan recovery, said its Managing Director Md Obayed Ullah Al Masud recently.

"We have instructed our 15,000 officials to recover at least one overdue loan last year," he added.

Only the branch managers were earlier assigned to recover default or overdue loans.

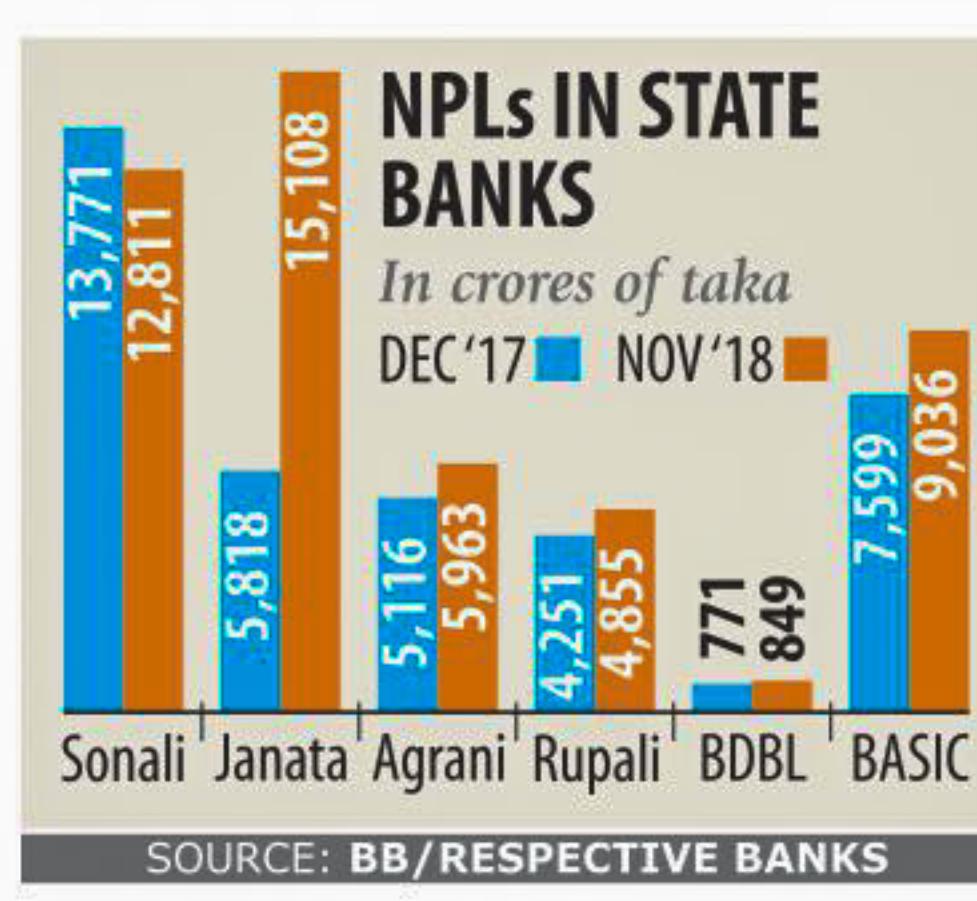
Janata Bank has frequently failed to realise installments of restructured and rescheduled loans from defaulters. In many cases, despite offering interest rate waiver, the bank failed to recover the sums.

Some borrowers did not invest the loan amount in the sector mentioned in their credit proposal.

In its report, Janata said that the amount of down payment set by the central bank for rescheduling non-performing loans (NPLs) should be relaxed. Influential borrowers are one of the core problems behind the rising default loans in Agrani.

"The bank can arrest the rising default loans if it could sanction loans without facing pressure from influential corners," said the bank in its assessment report.

To recover the default loans the



bank has recently taken several initiatives, said Mohammad Shams-Ul Islam, managing director of Agrani Bank.

He is hopeful that the NPLs would not go up this year because of the ongoing recovery drive.

Rupali Bank said the habitual defaulters should be sent to jail. The lender has also suggested introducing strict regulations for defaulters.

The rescheduled loans of BASIC Bank frequently get defaulted as majority of the defaulters did not have strong business position to pay installments.

Some defaulters fled the country, forcing the lender to face difficulties in recovering classified loans, according to its report.

Bangladesh Development Bank is on the same boat as the other five when it comes to tackling NPLs.

Duty cuts for ATM, CCTV camera assembly

SOHEL PARVEZ

The National Board of Revenue has reduced the tariff on import of parts of automated teller machines (ATMs) and closed circuit television (CCTV) cameras to facilitate the gadgets' assembly in the hi-tech parks.

The import duty on 24 items, including ATM parts, counting machines, pocket-sized data recorders, processors and controllers, has been slashed to 1 percent for firms that will make the machines in the hi-tech parks.

The 10 percent duty would be payable by ATM and CCTV camera makers in the hi-tech parks for import of 19 items, including MiCR cheque scanner, biometric scanner and cash deposit machine.

The duty on basic raw materials has been reduced to 1 percent considering the scope of higher value addition, while intermediate goods face 10 percent duty, said ABM Shafiqur Rahman, first secretary customs

policy of the NBR.

The move comes following a request from Bangladesh Hi-tech Park Authority (BHTPA) to cut the import duty on parts and other material of ATMs and CCTV cameras.

The BHTPA made the plea after a firm, Vibrant Software (BD), signed up to make the machines at Bangabandhu Hi-Tech City in Gazipur to meet the growing domestic demand for digital financial services and security.

The firm, which is a joint venture among Vibrant Software of the UK, Union Group and Technomedia, plans to invest \$25 million to establish an ATM, point-of-sale and CCTV camera making plant.

"It is a milestone for digital finance and digital security in Bangladesh," said Mohammed Marbin, managing director and chief executive of Vibrant Software, after the announcement of the duty privilege.

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Jute goods makers target green consumers

DITF 2019

JAGAR CHAKMA

Jute goods manufacturers are taking part in the Dhaka International Trade Fair (DITF) to catch the attention of foreign buyers on the back of quality products and growing use of the eco-friendly items.

Mohammad Wasirul Rahman, proprietor of Craft N Kraft, said he has brought more than 100 items to the fair including shopping bags, laptop bags, seminar bags, showpieces, baskets and backpacks for both foreign buyers and domestic clients.

He has received bulk orders from China and buying houses in Bangladesh so far in the month-long fair and hopes to bag more.

"The DITF will help in promoting jute products and creating clients as buyers can choose items on the spot," Rahman said.

Rahman's products are being exported to various countries through buying houses and third



Makers of jute goods hope to make a name with the assortment of environment-friendly products at the ongoing Dhaka International Trade Fair. The photo was taken yesterday.

PRABIR DAS

He is one of the 26 jute product manufacturers who are taking part in the fair at the pavilion of the Jute Diversification Promotion Centre (JDPC) of the government.

Officials of the JDPC say the government provides 50 percent subsidies on stall rent for the entrepreneurs as part of jute diversification efforts to increase the export of jute products.

Jute and jute goods make up the third sector after apparel and leather and leather goods which crossed the \$1 billion-mark in export receipts.

According to the Export Promotion Bureau, the sector earned \$1.02 billion from jute and jute products exports last fiscal year.

Rubina Akter Munni, owner of Design By Rubina, an exporter and wholesaler of jute products, says she exports jute products to India, China and the Philippines directly and regularly gets bulk orders from the corporate sector.

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BGMEA POLLS New panel demands election, not selection

STAR BUSINESS REPORT

The Swadhinata Parishad, the third panel at the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), has called for an election instead of a selection method for running the trade body for the next two years.

In recent years, with mutual understanding two panels, the Sammilito Parishad and the Forum, have been taking turns in running the apex trade body of the garment sector without holding any election.

Currently, Siddiquur Rahman, who belongs to the Sammilito Parishad, has been running the BGMEA as its president, meaning it is now the Forum panel's turn to reign.

Rubana Huq, managing director of Mohammadi Group, a leading garment exporter, is the leader of the Forum Panel.

"But this time we want the election so that the general members can exercise their voting rights," said Jahangir Alam, convener of the Swadhinata Parishad, at a press conference held at Dhaka Club yesterday.

He went on to make a threat of filing a case with the court if the election is not held. The BGMEA election is scheduled to be held on April 6 this year.

The election is needed as many general members are neglected by the BGMEA employees and the board of directors, said Alam.

He went on to cite his case as an example of the BGMEA's apathy towards the general members.

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China to provide \$72.5m grant for welfare projects

STAR BUSINESS REPORT

China will provide a grant of RMB 500 million or approximately \$72.57 million to Bangladesh under an agreement on economic and technical cooperation.

Monowar Ahmed, secretary to Economic Relations Division (ERD), and Chinese Ambassador to Bangladesh Zhang Zuo signed the agreement at Central Procurement Technical Unit yesterday.

The grant shall be utilised for welfare projects such as disaster management and bridge construction, according to an ERD statement. Detailed matters would later be stipulated in separate agreements, it said.

Ahmed said economic relations between Bangladesh and China were gaining greater significance. He urged the Chinese ambassador to take initiatives to quickly implement commitments in the pipeline for Bangladesh's development.

Zuo said the friendship between the two countries was a long lasting one and China always gave great importance to development assistance for Bangladesh.

He said China would continue its support in developing Bangladesh's economy. He said they would jointly push forward construction of three more "friendship bridges" in Bangladesh, bringing the total to 11.

Other important projects or purchases completed with Chinese grant include an international standard conference centre, agricultural equipment, cooperation on hybrid rice technology, medical equipment, dredger and scanner for customs, said the statement.

Ongoing ones include construction of China-Bangladesh Friendship Exhibition Center at Purbachal, a burn unit at Chattogram Medical College, rescue equipment for fire service and flood management planning.

Lub-rref brings 'nanotech' lube

STAR BUSINESS REPORT

BNO Lubricants marketer Lub-rref (Bangladesh) yesterday introduced transformer oils of Swedish company Nynas and "nanotechnology" based Finnish engine oils for the power, automobile and manufacturing industries.

Electricity generation capacity in the country has reached 20,000 megawatts, creating huge demand for energy related oils and products, Kazi M Aminul Islam, executive chairman of Bangladesh Investment Development Authority, told the launching ceremony.

Bangladesh has registered steady growth in the last few years...we need billions of dollars of investment in infrastructure," he said.

Islam also stressed the need for ensuring that the investments have minimum environmental impact.

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Coal import from India comes to a sudden halt

OUR CORRESPONDENT, Sylhet

Coal import from India's Meghalaya state to Bangladesh has stopped following an order of the Supreme Court in the neighbouring country.

The coal import was supposed to continue till January 31 but came to a halt suddenly on January 15, according to Paritosh Ghosh, assistant director for traffic at Tamabil land port.

"This has created a huge trouble for the coal importers."

The SC of India on Tuesday banned the transportation of coal in the state until the next hearing on February 19.

Bangladesh imports coal from India through Barchhara, Charagaon and Bagli border check posts in Sunamganj and Tamabil land port in Sylhet.

Following a case filed by the Indian National Green Tribunal stating that the coal mines in Meghalaya are not maintaining rules, the SC, in 2014, ordered to stop mining in the state. Since then, coal import from Meghalaya has become irregular.

After various periods of closure and open, the SC cleared the way for coal exports from December 22 last year to January 31, leading coal importers in Bangladesh to open letters of credit (LCs) to import 1 lakh tonnes.

Falah Uddin Ali Ahmed, a former president of the Sylhet Coal Importers Group, said the order halted imports of 50,000 tonnes of coal against which LCs were opened.

"As we have to pay interest for the LCs, importers are about to face a great loss."

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