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Most stocks fail to attract foreign funds

AHSAN HABIB
 Only 17 companies and mutual funds out of 350 listed on the Dhaka Stock Exchange (DSE) have been able to attract a sizeable amount of foreign investment.
 Another 122 companies received foreign fund at a very minimum level, while 198 or 56.57 percent of the total have failed to get any. Experts blame the thin flow of foreign funds on poor corporate governance in listed companies.
 "Foreign investors look for companies that performed well, maintain good governance and have growth potential. But we were unable to provide them with a long list of such companies," said Mohammed Rahmat Pasha, managing director of UCB

LISTED FIRMS WITH FOREIGN INVESTMENT	
Number of companies	Foreign shareholdings
198	No holdings
66	Less than 1%
56	1-5%
12	5-10%
10	10-20%
4	20-30%
2	30-40%
2	40-45%

SOURCE: DSE Capital Management.
 "So, their investment was concentrated on a few companies."

Mizanur Rahman, a professor at the Department of Accounting and Information Systems at the University of Dhaka, echoed the views of Pasha.
 Rahman said most of the listed companies do not follow good governance practices and some companies' financial statements do not describe their true picture.



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Govt plans \$1b bond for power, energy

Energy adviser tells NRB engineers' conference

STAR BUSINESS REPORT
 The government is going to issue bond amounting to \$1 billion soon to raise funds for the power and energy sector, said the energy adviser yesterday.
 Tawfiq-e-Elahi Chowdhury, power and energy adviser to the prime minister, said the interest rate would be 7 to 8 percent.
 "We have already invested a huge amount and we need more money in this field. So, you can purchase this bond and engage in Bangladesh's development," he said.
 He spoke at a seminar titled "Smart Energy - the Foundation for National Growth" on the last day of a two-day Convention of Non-Resident Bangladeshi Engineers at the Pan Pacific Sonargaon hotel in Dhaka.
 A bond is a debt instrument issued by a company for a period of more than one year with the purpose of raising capital by borrowing. Usually, a bond issuer is promised repayment of the principal along with interest on a specified date.
 At the seminar, NRBs specialising in the fields of power and energy urged the government to

use more solar power, explore gas fields in the deep sea and extract coal.
 They said it would not be wise to keep these resources unused for a long time and the country should use those as early as possible for national development.
 The NRBs also sought support from the public and private sectors to help build the country.
 Sohail Hasnie, principal energy specialist of energy division at the Central and West Asian

Department of Asian Development Bank, said the government needs to take a project on solar power to save foreign currency.
 If 10 percent of the fuel-fired cars move to solar power, they will save about \$500 million yearly, he said.
 In reply, the energy adviser said Bangladesh is one of the leading countries when it comes to vehicles running on solar power. The government is planning to undertake a project to set up solar power-based

recharging stations for these vehicles.
 He said the government had already undertaken several projects to increase the use of solar power.
 There are 10 lakh three-wheeler auto-rickshaws in Bangladesh which run on batteries charged with solar power, said Md Ziaur Rahman Khan, a professor of the electrical and electronic engineering department at the Bangladesh University of Engineering and Technology, citing a study.



Tawfiq-e-Elahi Chowdhury, third from left, power and energy adviser to the prime minister, attends a seminar at the Convention of Non-Resident Bangladeshi Engineers, at the Sonargaon hotel in Dhaka yesterday.

15 banks in provision shortfall

The number is highest so far

AKM ZAMIR UDDIN
 The number of banks that faced provisioning shortfall rose to 15 last year, the highest in history of the country's banking sector, exposing the worsening financial health of the lenders.
 The banks faced a combined provisioning shortfall of Tk 9,523 crore in 2018. In 2017, the provisioning shortfall stood at Tk 9,375 crore at nine banks, data from the Bangladesh Bank showed.

Rising default loans and a lack of corporate governance pushed higher the number of banks facing the shortfall.
 The 15 banks are Sonali, BASIC, Agrani, Rupali, AB, Dhaka, Bangladesh Commerce, Mutual Trust, National, Premier, Shahjalal Islami, Social Islami, Standard, Trust, and South Bangla Agriculture and Commerce Bank.
 Such a high number of banks have never faced a provisioning shortfall in the history of the banking sector, a BB official told The Daily Star yesterday.
 Some of them have been facing the deficit for a long time as they disbursed loans flouting rules, he said.
 But it is a bad sign that South Bangla Agriculture and Commerce, one of the fourth-generation banks that got licence in 2013, faced the shortfall.
 A shortfall is an amount by which a financial obligation or liability exceeds the amount of cash that is available. The shortfall can be temporary, arising out of a unique set of circumstances, or it can be persistent, which may indicate poor financial management practices.

The provisioning shortfall indicates that the lenders, which failed to maintain the regulatory requirement, have gradually become risky for the depositors, said Khondker Ibrahim Khaled, a former deputy governor of the central bank.
 "The rising bad debt is mainly liable for the provisioning shortfall," he said.
 He says default loans go up when banks fail to ensure corporate governance.
 "So, the central bank should take prompt initiatives to restore credit discipline at the banks in the interest of the depositors."

As per BB regulations, banks have to keep 0.50 percent to 5 percent provisioning against general category loans, 20 percent against classified loans of substandard category, 50 percent against classified loans of doubtful category, and 100 percent against classified loans of bad or loss category.

NRBs seek to develop microchip industry

MUHAMMAD ZAHIDUL ISLAM
 US-based sBIT Inc, an IT company with expertise on designing Internet of Things-enabling microchips and owned by non-resident Bangladeshis (NRBs), is planning to establish a firm in Bangladesh.
 Informing this yesterday, Helal Muzumder, the company's vice president who migrated from Bangladesh over a decade ago, said he now wants to return and aid the

country's development using their skillsets.
 "We are going to invest a few hundred thousand dollars and by 2021 our investment in developing an IoT-based chip industry here will cross \$5 million," said Muzumder.
 With this investment, sBIT Inc is targeting to assemble IoT-based microchips which can be used for assembling different electronic devices. Moreover, local people will

be able to use cheap devices, he hopes.
 He said once an IoT industry was established in Bangladesh, the market size would be worth an estimated \$500 million by 2021.
 Referring to a report of IT consulting firm Gartner, he said the total revenue generation in the world from the IoT industry would be \$300 billion by 2020 while the number of connected devices 27 billion.



Telecom Minister Mustafa Jabbar, second from left, talks to a group of officials of Facebook led by its Vice President for Global Policy Solution Richard Allan in a meeting on Tuesday on the sidelines of the Mobile World Congress in Barcelona. BTRC Chairman Md Jahurul Haque and senior officials of the telecom ministry were also present.

Set up office in Dhaka, pay taxes

ICT minister tells Facebook officials

STAR BUSINESS REPORT
 Telecom and ICT Minister Mustafa Jabbar on Tuesday asked the Facebook authorities to establish an office in Dhaka to smoothly run its business.
 In a meeting with senior officials of the popular social media site at the Mobile World Congress in Spain's Barcelona, he said Facebook would have to pay taxes as per the laws of the land and could share suggestions, if any, with the government in this regard.

The government has concerns over tax issues and made it mandatory for top social media platforms like Facebook and Google to pay taxes.
 "They are earning millions of dollars from the Bangladesh market and turning obsolete various traditional businesses. So, why won't they pay tax?" Jabbar told The Daily Star over the phone after the meeting.

He said a Bangladeshi delegation raised the issue over there and told them that they need to consider the fact that Bangladesh was a big market for Facebook.

Economic zone for Indians gets nod

Ecneec approves 13 projects

STAR BUSINESS REPORT
 The Executive Committee of the National Economic Council (Ecneec) yesterday approved 13 projects worth Tk 12,460 crore, one of which is on a special economic zone in Chattogram's Mirsarai for Indian investors.
 The project approval came at the regular meeting of the Ecneec at the planning ministry office in Dhaka with Prime Minister Sheikh Hasina in the chair.
 The Ecneec approved a project involving Tk 845 crore to acquire 1,000 acres of land in Chattogram's Mirsarai for Indian investors.

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