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14 banks see unusual rise in default loans

AKM ZAMIR UDDIN
 Default loans in 14 banks surged abnormally in 2018 -- in a development that will weaken the country's banking sector further. Experts and bankers attributed the sector's declining health to the poor lending practices and politically-influenced loans, calling on the government and the central bank to address the issue immediately.

BANKS WITH HIGHEST RISE IN NPLS
In crore taka

	2017	2018	CHANGE IN %
Janata	5,819	17,225	196
Islami	2,529	3,317	31
Farmers	723	3,184	340
National	1,611	2,210	37
AB	968	1,664	72
Trust	578	1,529	165
Social Islami	909	1,484	63
Shahjalal	630	1,021	62
Meghna	93	172	85
Union	57	116	104
NRB Global	61	108	77
South Bangla	31	80	158
NRB	55	91	65
Modhumoti	9	59	555

SOURCE: BB

The 14 banks are Janata, AB, Islami Bank Bangladesh, Modhumoti, National, NRB, NRB Global, Shahjalal Islami, Social Islami, South Bangla Agriculture and Commerce, Farmers (now Padma), Trust, Union, and Meghna.

The Farmers Bank, one of the fourth-generation banks that got licence in 2013, also faced a sudden rise in the delinquent loans as it earlier disbursed loans breaching rules.

The NPLs in the bank, which has recently been renamed as Padma Bank to sweep up its image crisis, rose 340 percent year-on-year to Tk 3,184 crore last year.

The non-performing loans (NPLs) in the banking sector went up by a hefty 26.38 percent, or Tk 19,608 crore, last year and Janata Bank was solely responsible for 58 percent of the increase.

The central bank has discovered that the state lender had disbursed a large amount of loans to Crescent and AnonTex groups, violating rules. A major portion of the loans has recently turned bad, putting it in a precarious situation.

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Swadhinata Parishad, a candidate panel of the upcoming election of the Bangladesh Garment Manufacturers and Exporters Association, forms a human chain in the city's Karwan Bazar area yesterday alleging an attack on their leaders by supporters of other panels.

BGMEA ELECTION New panel protests attack on leaders

STAR BUSINESS REPORT

Swadhinata Parishad, a candidate panel of the upcoming election of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), staged a protest yesterday alleging an attack on their leaders by supporters of other panels.

"Some people from the BGMEA attacked our leaders and officials while we were returning from the office of the election commission situated inside the BGMEA office at around 11:00am today (yesterday)," said Zahangir Alam, convener of Swadhinata Parishad.

"We want legal action against the attackers and we denounce this attack. We want the BGMEA declare the attackers persona non grata," he said at a human chain the parishad formed in the city's Karwan Bazar area around 3:30pm.

Yesterday was the last day for submission of the nomination paper for the biennial election of the garment makers' platform which is scheduled to be held on April 6.

Alam said 19 out of his panel's 26 candidates had submitted their nomination papers.

"We want the BGMEA election to be held. Anybody can come to power after the election. We will congratulate the elected representatives of the BGMEA," he said.

Policy for automobile sector on cards

STAR BUSINESS REPORT

Bangladesh will formulate a policy in six months to develop the country's automobile sector, the commerce minister said.

Tipu Munshi said Bangladesh encourages Indian entrepreneurs to set up plants here and manufacture vehicles, tyres and other components.

"Within the next four to six months we will have a four-wheeler vehicle manufacturing policy for the automobile industry," said Munshi, adding, "A draft of the policy has already been prepared."

He was addressing the inaugural session of a second four-day "Indo-Bangla Automotive Show" organised by India's automotive industry body, the Society of Indian Automobile Manufacturers (SIAM), in collaboration with the Automotive Component Manufacturers Association of India (ACMA) on Friday.

This year's theme in Bangla is "Pragati path ekshaathe" which translates as "moving together on the road to progress".

Adarsh Swaika, the acting high commissioner of India in Dhaka, pointed out that Indian products were accepted in global markets, especially in developing countries.

"Small cars from India will resolve traffic issues in Bangladesh," he added. Kazi M Aminul Islam, executive chairman of Bangladesh Investment Development Authority (Bida), said Bangladesh's automotive industry was being supported by its Indian counterpart in its growth and development.

He said the government was also encouraging the private entrepreneurs to step forward and invest in the country's automobile sector.

Sugato Sen, deputy director general of SIAM, and Sushant Naik, vice president of TATA Motors, also spoke on the occasion.

Wata Chemicals opens new plant

STAR BUSINESS REPORT

Wata Chemicals, a listed company, yesterday opened its second sulfuric acid plant built at an investment of nearly Tk 30 crore.

Sulfuric acid is mostly used in production of fertiliser, in refining water and petroleum and in manufacturing other chemicals such as hydrochloric acid, nitric acid, sulfate salts, synthetic detergents, and dyes and pigments.

"Almost all the industries need sulfuric acid, so they will benefit from the new plant," said Golam Dastagir Gazi, textiles and jute minister, while inaugurating the plant in Narayanganj.

The plant has created some jobs and will reduce import of the chemical as well, he said, adding that Bangladesh needs more industrial units to become a developed country.

Md Nazrul Islam, managing director of the company, said 25-30 percent of the total demand for sulfuric acid was met by imports currently.

"With the new plant, our production capacity will increase by 30,000 tonnes annually from previous 18,000 tonnes. As a result, the import of the chemical may go down."

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Gas price may rise: minister

UNB, Dhaka

State Minister for Power, Energy and Mineral Resources Nasrul Hamid yesterday said the government might raise gas prices, mainly for commercial and industrial consumers and for power plants, to offset the losses caused by LNG import.

"We've submitted proposals to the Bangladesh Energy Regulatory Commission (BERC) for some adjustment in gas prices. The BERC would decide how much it would allow us (to raise)," he said while addressing a programme of energy reporters during a river cruise yesterday.

The remarks from the minister came against the backdrop of BERC's announcement to hold a four-day public hearing on gas price hike scheduled to begin on March 11.

Forum for Energy Reporters Bangladesh (FERB) organised the function with its Chairman Arun Karmaker in the chair. Its Executive Director Sadrul Hasan conducted the programme.

The state minister also launched the new FERB website, (www.ferbd.com), at the function.



Nasrul Hamid

Hamid, however, noted that though the government plans to raise the gas tariff, it will have no big impact on the power tariff.

"Since we're reducing the use of petroleum fuel at some costly power plants and increasing the use of gas in more power plants, it will have minimum impact on power tariffs," he said.

Responding to questions, Hamid said his ministry is fully supportive to the idea of reducing the use of LNG in motor vehicles and introducing more electric vehicles including bus, car and other transports.

He said it is necessary to develop infrastructure to facilitate the recharging service before introducing electric motor vehicles.

Hamid said the power and energy sectors' next challenge is adaptation to new technology by the professionals now working in the public sector.

He said the import of LNG and coal will not put any big pressure on foreign exchange reserves.

The state minister said the country needs about \$110-120 billion investment in power and energy sectors up to the year 2030.

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Incentive for remitters to curb hundi: analysts

STAR BUSINESS REPORT

Introduction of a minimum incentive for the remitters would play a huge role in curbing the use of illegal money transfer system and bringing all the remittance through legal channels, analysts said yesterday.

"The remittance flow will increase significantly if digital hundi is stopped," said SM Shekil Chowdhury, chairperson of the Centre for NRB.

Bangladesh Bank can play a significant role in this regard, said the official of the not-for-profit research-based organisation dedicated to the welfare of non-resident Bangladeshis. A little bit of incentive would encourage the remitters to use the legal channels to send money home, said Mohammad Shams-Ul Islam, managing director of Agrani Bank.

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