

BUSINESS

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Janata sinks into Tk 6,063cr loss

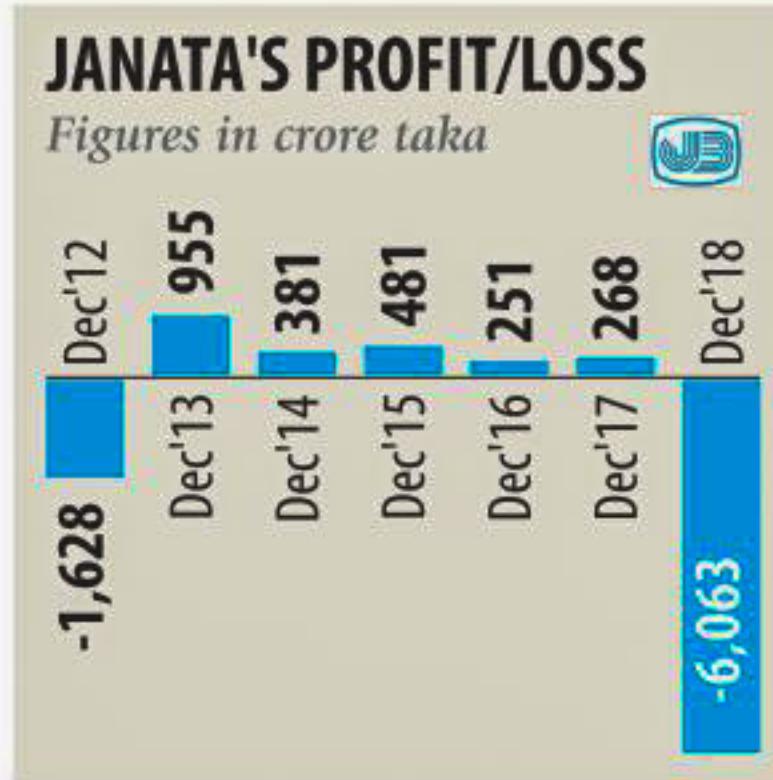
JEBUN NESA ALO

Just two big borrowers have plunged the once-profitable Janata Bank into such a precarious situation that the state-owned lender may need years to get rid of it.

The bank made a net profit of Tk 268 crore in 2017, but a year later its loss skyrocketed to a whopping Tk 6,063 crore, mainly because of the failure of two borrowers -- AnonTex and Crescent -- in repaying the loans that were given without due diligence.

This was the first time a local bank has incurred such a huge amount of net loss in a single year in recent history.

Non-performing loans, a core indicator of a bank's health, surged 196 percent to Tk 17,224 crore last year, the highest among all banks, from Tk 5,818 crore in 2017,



Bangladesh Bank data showed.

Large borrowers AnonTex and Crescent that together took loans of Tk 8,300 crore are mostly responsible for the massive deterioration in the bank's health as the loans were given through irregularities. Of the amount, Tk 7,600 crore turned defaulted in December last year, according to the bank.

The BB unearthed the two scams at the beginning of last year.

Besides, continuous undue favour doled out to the large borrowers,

which restructured their loans under a special restructuring package in 2015, squeezed the earnings of Janata Bank.

The bank requires to maintain a higher provision after the loans amounting to Tk 7,600 crore defaulted, Md Abdus Salam Azad, managing director of Janata Bank, said.

"High default loan eroded the profit of the bank," he said.

The bank now plans to take provision for forbearance from the central bank. If the BB exempts the bank from maintaining the provision, the loss will come down, he added.

"Otherwise, the loss will lead the bank to a huge capital shortfall of around Tk 6,000 crore in the final balance sheet," Azad said.

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Remittance rises 15pc

STAR BUSINESS REPORT

Inward remittances edged up 14.67 percent last month, compared to the same month a year ago, thanks to the continuous depreciation of the taka against the US dollar.

"Many banks are offering remitters higher rates than the existing average bills for collection (BC) selling rate," said Syed Mahbubur Rahman, managing director of Dhaka Bank.

Subsequently in February, expatriate Bangladeshis sent home \$1.32 billion in contrast to \$1.15 billion one year earlier, according to the latest data from the central bank.

Last month many banks offered between Tk 86 and Tk 87 per dollar to the remitters to encourage them in sending the green-back home through their respective foreign exchange houses, an official at a commercial bank said.

The BC selling rate, used for import payments, which put positive impact on the inflow, hovered between Tk 84 and Tk 84.20 per dollar last month. One year ago, the rate was between Tk 82.95 and Tk 83.

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Is SMP restriction procedure legal?

HC asks BTRC, stays one restriction on GP

MUHAMMAD ZAHIDUL ISLAM

The High Court has asked the Bangladesh Telecommunication Regulatory Commission (BTRC) to explain why the procedure through which it imposed four restrictions on Grameenphone after declaring it a Significant Market Power will not be termed illegal.

Following a short hearing on Wednesday on a writ petition GP filed two days ago challenging the procedure, the HC also stayed one of the restrictions on conducting nationwide promotional campaigns.

"This means Grameenphone faces no restriction right now on advertisements

and overall communication through any medium or channel," Barrister Mustafizur Rahman Khan, who is representing the mobile operator, told The Daily Star yesterday.

The first three restrictions are still applicable, he said. According to a BTRC letter, all the restrictions were to come into effect from March 1. On February 10, the BTRC declared GP as the country's first SMP operator for holding 40 percent of the subscribers, revenues and spectrum.

Eight days later, the BTRC imposed the four restrictions, which include a ban on signing exclusive deals with goods and service providers.

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Excise duty puts off depositors: bankers

STAR BUSINESS REPORT

The excise duty on depositors' money has been discouraging people from parking their money in the banking system, bankers said yesterday in a dialogue.

They said if a person has above Tk 1 lakh in his/her savings account, the revenue authority takes Tk 150 as excise duty while the amount hits Tk 25,000 if the balance touches Tk 5 crore.

When the depositor puts the money as term-deposit, he has to pay excise duty again. In case of borrowing from banks, a person also has to bear the burden of excise duty on loan account.

"This makes depositors frustrated and they feel discouraged to go for savings. I think it will be good if excise duty is not charged on the same money kept in two accounts," said Mahtab Jabin, managing director of Probashi Kallyan Bank.

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Garment makers seek duty benefit from US

STAR BUSINESS REPORT

Garment manufacturers yesterday urged the US and Bangladesh to sign a cotton purchase agreement so that they could get duty privileges on export of apparel items to American markets and ship more products.

"We have proposed that the US allow us to export garment items to American markets duty-free if we manufacture the apparel items using the cotton from the US," said Siddiqur Rahman, president of the Bangladesh Garment Manufacturers and Exporters

Association (BGMEA).

Rahman made the comments at a press conference after meeting with US Ambassador to Bangladesh Earl R Miller. The envoy discussed various trade issues with the apparel exporters at the BGMEA office in Dhaka. He, however, did not talk to the press.

If the US agrees to the proposal, local millers will import cotton from the US under a special arrangement for Bangladeshi apparel manufacturers to make garment items from the yarn and fabrics for American customers, Rahman said.

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PRESS MEET

Pearl Hall, Hotel Intercontinental, Dhaka
03 March 2019



SM Monirul Islam, deputy CEO of Idcol, speaks at a press meet at InterContinental Dhaka yesterday.

Clean energy helps to save on bills Says Idcol official

STAR BUSINESS REPORT

Bangladeshi consumers are initially put off from using energy-efficient products because of high prices but they do not think about the savings in bills, said an official of Infrastructure Development Company Ltd (Idcol) yesterday.

"The high investment requirement for starting up a renewable energy project pushes up the prices of the products. But energy savings will reimburse the cost," said SM Monirul Islam, deputy chief executive officer of Idcol.

He was addressing a media briefing at the InterContinental Dhaka ahead of an international clean energy summit.

Islam said Idcol, a state-owned non-bank financial institution, has invested around Tk 2,000 crore in the renewable energy sector and was working to make this form of energy popular. Currently, around 3 percent of Bangladesh's energy is generated from renewable sources, he added.

Titled "Bangladesh Clean Energy Summit 2019", the conference will be held on March 10-11 at Bangabandhu International Conference Center.

Idcol is organising the summit to create awareness among consumers about the benefits of using energy-efficient products.

About 100 stalls of local and international manufacturers of different countries will exhibit products at a fair on the sidelines of the summit. The show will remain open for all from 9:30am till 8:00pm.

Marico to invest Tk 29.4cr to raise production capacity

Marico Bangladesh, one of the listed multinational companies, is going to invest Tk 29.40 crore to increase the production capacity of its factories in Mouchak and Shirirchala, according to a posting on the Dhaka Stock Exchange's website yesterday.

The investment will come from Marico's own funds.

LafargeHolcim Bangladesh declares 10pc cash dividend

LafargeHolcim Bangladesh yesterday announced 10 percent cash dividend for the year ending on December 31, 2018.

The listed multinational cement manufacturer reported consolidated earnings per share of Tk 0.96 and consolidated net asset value per share of Tk 13.41.

Govt taking Tk 2,582cr project for Japanese economic zone

STAR BUSINESS REPORT

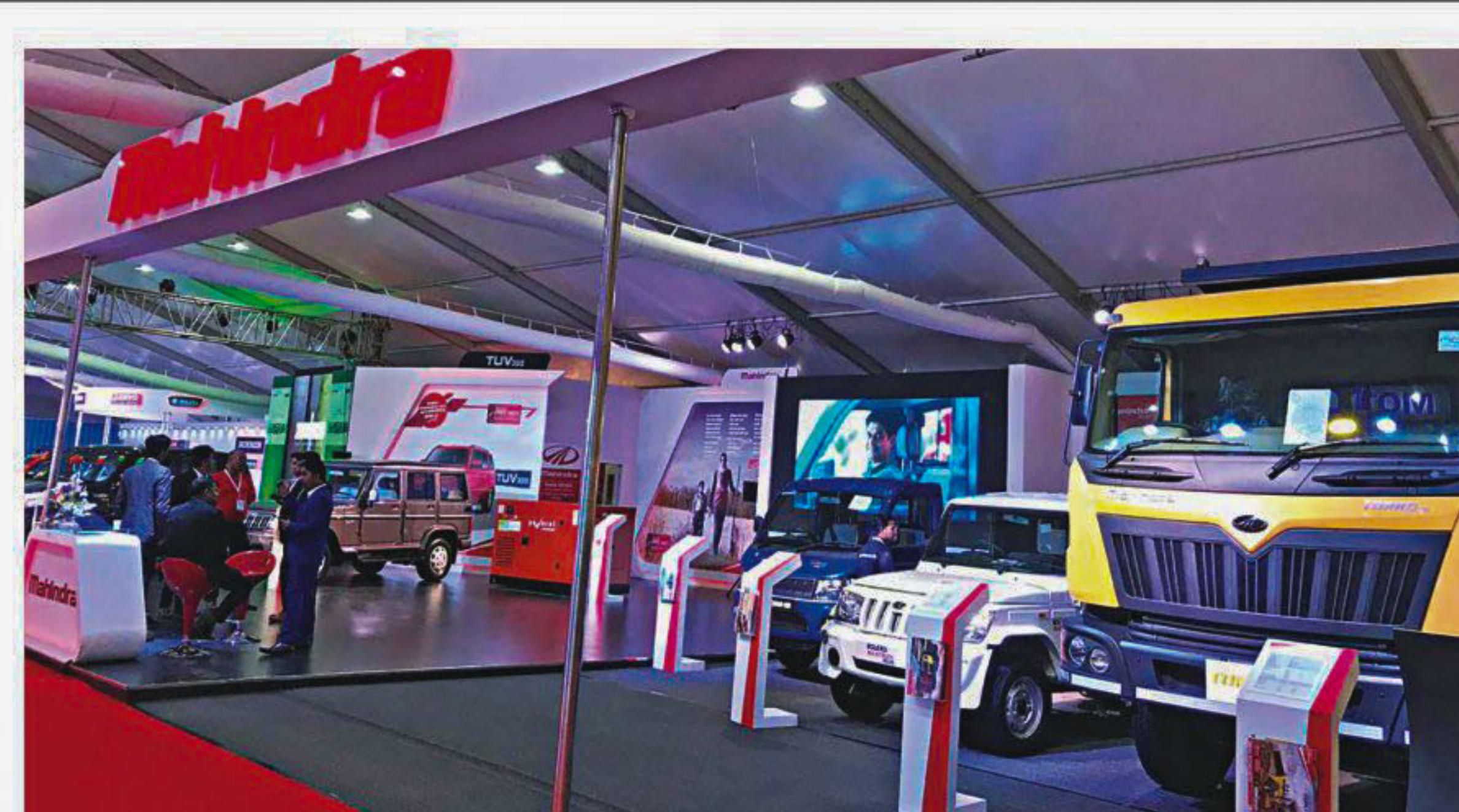
The government is going to take up a Tk 2,582 crore project to set up an economic zone at Araiha in Narayanganj for Japanese investors.

Of the cost, 82 percent will come from Japan International Cooperation Agency (Jica) and the rest from Bangladesh.

The project will be placed at the meeting of the Executive Committee of the National Economic Council tomorrow.

The decision to set up a special economic zone for Japanese investors was taken during the visits of the prime ministers of both Bangladesh and Japan to each other's country in 2014.

A mission of the Jica committed Tk 2,127 crore during its visit to Bangladesh in December last year. The loan agreement may be signed in June.



Commercial vehicles are on display at a stall at Indo-Bangla Auto Show in Dhaka yesterday. The four-day exposition began on Friday at International Convention City Bashundhara.

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