

# Hall-Mark may get a lifeline

STAR BUSINESS REPORT

In the most absurd turn of events, Finance Minister AHM Mustafa Kamal yesterday said steps are on way to defibrillate the disgraced Hall-Mark Group that made off with about Tk 3,000 crore from Sonali Bank.

Although he remained circumspect about the steps being taken to resuscitate the duplicitous business group, Hall-Mark's recent moves suggest it is pushing to avail the Bangladesh Bank's relaxed loan rescheduling policy for defaulters.

Hall-Mark has appealed to Sonali Bank to reschedule its default loans amounting to Tk 3,000 crore.

But the group does not want to give fresh down payment to reschedule the loans.

In an audacious move, Hall-Mark has requested the bank to consider its previous payments against its loans -- as down payment.

But under the central bank's relaxed policy that is currently open, defaulters must make a 2 percent down payment to reschedule their loans for 10 years,

AT A GLANCE

Hall-Mark has the capability of running business, says finance minister

In 2012, BB found that the group took Tk 2,964 crore loans using forged documents

Sonali classified Hall-Mark's loans in 2013

The group recently applied to reschedule loans under BB's relaxed facility

Both Hall-Mark chairman and managing director are in prison

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including one year's grace period, at 9 percent interest rate.

Kamal's proclamations yesterday indicate Hall-Mark's wishes would be granted -- a development that can create moral hazard for the banking sector.

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## IDLE FUNDS AT STATE ENTERPRISES Govt move won't cause liquidity crisis: Kamal

STAR BUSINESS REPORT

Finance Minister AHM Mustafa Kamal yesterday dismissed any possibility of liquidity crisis in the banking sector despite a government move to use the idle funds of the state-owned companies to finance development activities.

"The finance ministry has no banks of its own. So, where will the money be kept? Not in suitcase. The money will definitely be kept in banks."

"Then where the thought [about the liquidity crisis] comes from?" Kamal said, while speaking to reporters after a meeting of the cabinet committee on economic affairs at the secretariat.

The cabinet on Monday approved a draft law that would allow the government to use the "idle funds" of state-owned corporations for development work.

There are 68 state-owned autonomous organisations, which hold Tk 212,100 crore in combined deposits in banks.

Of them, Bangladesh Petroleum Corporation has the highest idle money of Tk 21,580 crore deposited in banks, followed by Petrobangla with Tk 18,204 crore, Dhaka Power Distribution Company Tk 13,454 crore, Chattogram Port Authority Tk 9,913 crore, and Rajuk Tk 4,030 crore.

The corporations have kept the money in banks as deposit or investment.

The government move evoked criticism from bankers, who fear the proposed law would hit the cash-starved banking sector hard.

But Kamal said nobody will face any trouble even if the money is transferred from one account to another.

The minister said the government has just formulated a broad guideline but details are yet to be finalised.

Kamal assured that no money will be taken from them and even no deposits will be withdrawn before maturity.

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## Institutions backing off from stocks too

AHSAN HABIB

Institutional investors, who were supposed to be cool heads in the sea of jittery retail investors, are selling off more shares than they are buying and in so doing causing a slump.

In the last 15 days, institutions -- which include merchant banks, financial institutions and state-owned Investment Corporation of Bangladesh -- have sold stocks amounting to Tk 1,000 crore and bought stocks worth Tk 800 crore, according to the Dhaka Stock Exchange.

During the period, DSEX, the benchmark index of the DSE, slid 237 points to close at 4,986.37 points yesterday. It lost Tk 15,971 crore in market capitalisation.

"Some of the institutions were forced to sell shares to adjust their margin loans," said a senior merchant banker requesting not to be named.

Buyers are paltry in comparison to the sheer volume of stocks pushing to be sold, which is causing the market to fall, he said.

Meanwhile, analysts said measures taken by the regulator in May this year to boost the stock market did not work as they ignored the key problem: the liquidity crisis.

The Bangladesh Securities and Exchange Commission (BSEC) has taken a number of reform measures in May by consulting with stock brokers, merchant bankers and asset managers to restore investors' confidence, when the benchmark index of the DSE fell 775 points, or 13 percent, in a space of three months.

The regulator also brought 21 changes in the primary market and some changes in the secondary market. The government also provided some incentives through the budget, including doubling the tax-free limit of dividend income to Tk 50,000 for general investors.

What is more, the Bangladesh Bank came forward to enhance the investment scope of financial institutions by easing the market exposure conditions.

After taking the steps, the index soared to 5,475 points on June 11, up from 5,175 on April 24. However, the trend continued for a few days and then plunged again.

BSEC took some steps, but it ignored the key issue: the cash flow, said Faruq Ahmed Siddiqi, former chairman of BSEC.

Banks that lend money to institutions for stock market investment are facing severe liquidity crisis, he said, adding that excessive manipulation and listing of under quality stocks have eroded investors' confidence.

"All the steps have become ineffective due to a liquidity crisis among the financial institutions," said Mizanur Rahman, professor of the Department of Accounting & Information Systems of the University of Dhaka.

The recent market slump is unfortunate as the investors are losing money but the fall was not surprising because the steps were not properly set, he said.

The financial institutions do not want to invest in the market now as they fear the pressure may mount, he said adding that banks' asset quality is questionable and their operating cash flow is also very low, which ultimately will create more pressure on future liquidity.

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## Act against anti-govt propaganda PM tells businesspeople



The BGMEA leaders pose after a meeting with Prime Minister Sheikh Hasina at her office in Dhaka yesterday. Salman F Rahman, private industry and investment adviser of the prime minister, was present.

UNB, Dhaka

Prime Minister Sheikh Hasina yesterday urged the business community to act against anti-government propaganda as it ultimately affects them.

"Some people are relentlessly carrying out propaganda against us (the government). You (the businessmen) will have to address it as you're being affected due to it," she told them.

Hasina said this when newly-elected

members of the board of directors of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), led by its president, Rubana Huq, met her at Prime Minister's Office.

"They want to harm me politically, but you, the businesspeople, are being affected by this," she said.

About Brexit, she said it would not leave any adverse impact on the export of Bangladeshi goods.

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## 750MW MEGHNAGHAT PLANT Reliance sells 49pc stakes to Japan's Jera

STAR BUSINESS REPORT

Just two days after signing deals with the government to build a 750MW power plant in Meghnaghat, India's Reliance Power has sold 49 percent of the project's stakes to a Japanese company.

For the gas-fired plant, the joint venture of Reliance and Japan's major electricity producer Jera will spend \$750 million, the largest foreign direct investment in Bangladesh's power sector.

The plant will be built in 36 months, according to Reliance Power, India's leading private sector power generator with an operating portfolio of 5,945 megawatts.

The generated electricity will be sold to Bangladesh Power Development Board (BPDB) under a long-term purchase agreement.

On September 2, Reliance Bangladesh LNG and Power, a subsidiary of Reliance Power, inked an implementation deal with the power division and a power purchase agreement with BPDB and a gas supply agreement with Titas Gas.

This joint venture project will give a tremendous boost to the economic and industrial growth of Bangladesh, Anil Ambani, chairman of Reliance Group of Companies, said in a statement.

It will enhance the energy security of the country with clean, green and reliable LNG-based power, he said.

"We are excited to be part of the growth story of Bangladesh in partnership with JERA."

Satoshi Onoda, president of JERA, said: "Together with Reliance Power, a leading private power company in India, JERA will realise a stable power supply and contribute to sustainable economic growth in Bangladesh."

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## SATELLITE 42pc capacity leased out

MUHAMMAD ZAHIDUL ISLAM

Forty-two percent capacity of Bangabandhu Satellite-1 has been leased out since its launch in May last year as its demand is rising rapidly in Bangladesh.

A good number of local television channels are using the capacity of the country's first satellite.

Akash, a direct-to-home (DTH) service provider, is also taking the service from the satellite.

"It took some time to move this forward, but now we are getting huge response from the local market," said Shahjahan Mahmood, chairman of Bangladesh Communication Satellite Company Ltd (BCSCL).

He did not disclose any figure on the earnings so far.

The satellite was launched under a project involving Tk 2,702 crore. According to the project proposal of the first satellite, it will take eight years to recover the cost.

It requires at least three satellites to cover the whole globe and make business viable, Mahmood said.

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## \$16.3m green tech saved \$39m Thanks to a 4-year project involving 200 garment factories

STAR BUSINESS REPORT

Some 200 textile, washing and garment factories have annually saved 21.6 billion litres of water and 2.5 million megawatts of electricity by adopting green technologies, according to findings of a project of International Finance Corporation.

They have also reduced emissions of greenhouse gases by 4.6 lakh tonnes and of waste water by 18.8 billion litres, according to officials involved in the project, the Partnership for Cleaner Textile (PaCT).

Investing only \$16.3 million to adopt the green technologies, these factories saved \$39 million between 2013 and 2017, they said.

A similar Toward Resource Efficiency & Environmental Sustainability (TRES) project was undertaken by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) in which 17 small and medium washing, dyeing and garment factories spent Tk 78.73 lakh.

Between 2014 and 2016, these factories saved 90.76 litres of water and 10.13 lakh kilowatts of electricity while reducing greenhouse gas emissions by 323 tonnes in one year, said Mohammad Monower Hossain, senior deputy secretary (environment) to the BGMEA.

Hossain was presenting a keynote paper on "Energy efficiency -- overcoming challenges and driving change in the garment industry" at a workshop on the "importance of energy efficiency in garment sector and its influence in environment, society and gender".

Infrastructure Development Company Limited (Idcol), audit, tax and advisory service provider KPMG and Brac University jointly organised the workshop at the Sonargaon hotel in Dhaka yesterday to create awareness about green climate funds and technologies.

Hossain suggested factory owners borrow money from a \$200 million green fund of Bangladesh Bank and adopt the green technologies.

Though many entrepreneurs have already benefitted, the central bank should alter some rules to allow small and medium factories to avail the fund, he said.

The Idcol proposed mobilising \$250 million for the central bank fund, of which \$150 million is expected to be sourced as concessional funding from Green Climate Fund.

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## BBIN MOTOR VEHICLES DEAL Analysts call for faster implementation

STAR BUSINESS REPORT

The Bangladesh, Bhutan, India and Nepal Motor Vehicles Agreement (BBIN MVA) should be implemented fast to integrate the sub-region for prosperity of over 1.5 billion people, analysts said yesterday.

The framework agreement was signed in 2015 but is yet to be implemented for infrastructure deficit, differences in regulations and trust deficit among signatories, they said.

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Foreign buyers check denim products at a fair at International Convention City Bashundhara in Dhaka yesterday.

গ্রাহক সাধারণের অবগতির জন্য বিজ্ঞপ্তি

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