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Star BUSINESS



STATEBANKS'BIDTORECOVERBADLOANS

# Sonali to auction assets of Alltex Industries

AHSAN HABIB

Sonali Bank has decided to sell the assets of Alltex Industries through auction in a bid to recover unpaid loans of the listed textile producer.

The largest state-run bank in Bangladesh announced the auction yesterday, saying that Alltex Industries owed it about Tk 380.77 crore as of March 31, 2022.

To recover the funds, Sonali Bank will sell 14.7 acres of the Alltex's land, its manufacturing facilities and offices, raw materials, and spare parts, which were mortgaged for the loan.

Interested parties were asked to submit their auction letters to the bank before January 2.


However, despite the announcement, Alltex Industries' share price held steady at Tk 10 per unit yesterday.

Alltex Industries, which was listed with the stock market in 1996, provided cash dividends only twice, offering four percent in a year and one percent in another year.

According to the company's financial statements for fiscal 2023-24, its net loss stood at Tk 8 lakh while its retained earnings reached Tk 113 crore in the negative as of June 31 this year.

In its report, the company's auditor also provided a qualified opinion, which is only issued when the auditor identifies material misstatements. READ MORE ON B3

# Janata moves to recover Tk 1,260cr from AnonTex

MD MEHEDI HASAN

Janata Bank is set to auction the mortgaged assets of Simran Composite Ltd -- a concern of apparel-maker AnonTex Group -- to recover the company's Tk 1,260 crore in bad loans.

AnonTex has been regularly making headlines for years as one of the top defaulters of Bangladesh.

However, this is the first time the group is facing an auction of its mortgaged assets by a commercial lender.

To recover the defaulted loans along with interest, the Janata Bhaban corporate branch of the state-run bank has scheduled an auction on December 29 under the Money Loans Court Act.

According to the notice, AnonTex Group properties located in various areas of Gazipur and Ashulia are mortgaged with Janata Bank.

The state-run bank currently holds the highest amount of defaulted loans in the banking sector, totalling Tk 60,489 crore till September this year.

This amount represents 61 percent of the bank's total disbursed loans and 21.22 percent of the sector's total non-performing loans (NPLs) of Tk 284,977 crore till September this year, according to central bank data.

Of Janata Bank's total bad loans, a large chunk is owed by large borrowers.

Beximco Group owes the bank Tk 19,507 crore, S Alam Group Tk 10,500 crore and AnonTex Group Tk 7,708 crore.

Requesting anonymity, a senior Janata Bank official said the commercial lender's current management and board of directors are trying to recover defaulted loans from large borrowers as the bank is in deep trouble due to its high level of bad loans.

The official said the decision to sell the mortgaged properties of defaulters is part of this recovery effort.

Last month, the state-run bank announced an auction of mortgaged assets belonging to Global Trading Corporation Ltd -- a concern of S Alam Group -- to recover Tk 1,850 crore in bad loans.

The Daily Star tried to reach Md Mazibur Rahman, managing director of Janata Bank and Md Younus Badal, managing director of AnonTex Group, via phone and text messages, but neither responded by Thursday evening.

Between 2010 and 2015, Janata Bank disbursed around Tk 3,528 crore in loans to 22 companies of AnonTex Group.

Including interest, the total amount owed to the bank reached Tk 6,528 crore in December 2022.

This exceeds 25 percent of the READ MORE ON B3

> Janata has the highest Tk 60,489cr bad loans among lenders
>
> AnonTexGroup'sbadloans stoodTk7,708cratJanata
>
> Thestatebankdisbursed Tk 3,527.9cr in loans to 22companiesofAnonTex ignoring rules
>
> BB found forgeries and scamsinvolvingtheloans
>
> Janataindeeptroubleas AnonTex, Beximco and S Alam Group became defaulters

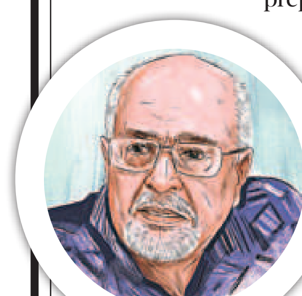


# Growth data inflated by 3.5 percentage points during AL regime

## Debapriya says at lecture

STAR BUSINESS REPORT

The former Awami League government had manufactured a development narrative for Bangladesh by inflating economic growth data by an average of 3.5 percentage points a year, Debapriya Bhattacharya, head of the panel that prepared a white paper on the state of the economy, said yesterday.



"The first and foremost thing we did was unpack the growth story. So, we dissected the development narrative and saw that it was based on a narrative of high growth," he added.

Bhattacharya, a distinguished fellow at the Centre for Policy Dialogue, made these remarks while delivering the keynote speech at the "Distinguished Lecture Series: The State of Bangladesh Economy: What Is To Be Done?" at the Westin Dhaka yesterday.

The Bay of Bengal Institute and Cosmos Foundation jointly organised the event.

Bhattacharya said the villain of the growth narrative was the public data ecosystem.

"The whole public data ecosystem was trampled on and was politically driven to generate data which had nothing to do with realities," he said.

"Our assessment will show that 3.5 percentage points were inflated on average. If you saw a 7 percent growth rate on paper, it was no more than 3 percent to 3.5 percent in reality.

The problem with the growth narrative is that we need investment to have that kind of growth. But if you look at the whole 15 years, the private sector-GDP growth rate was never above 23 percent." READ MORE ON B3

# Bottled edible oil supplies inadequate

## Refiners claim losses, seek price adjustment

SUKANTA HALDER *and* MD NAZRUL ISLAM

The interim government has reduced taxes and duties on soybean and palm oil to lower prices amid high inflation but this has not helped raise imports. Instead, there is a shortage of bottled edible oil in the markets.

Oil importers and refiners said they have reduced imports apprehending losses as market prices were below what they would have to pay for purchases from abroad.

That is why though the duty cut translates to a reduction of Tk 10 to Tk 11 per kilogramme (kg), no benefit has come about for end customers, they said.

The government reduced VAT on imports of soybean and palm oil twice to 5 percent from 15 percent since October 17 this year. It also fully exempted VAT at the production and trading stages of the highly import-based commodity. As a result of the reduction, import cost of edible oil fell from around Tk 18 to Tk 7 per kg, according to stakeholders.

The reduction has prevented local market prices from fluctuating, importers and refiners said.

Meanwhile, retailers said the refiners were not supplying bottled oil to the market as per demand.

The importers and refiners said they recently requested the interim government to adjust the price of soybean oil in tune with that in international markets, but no decision has been taken so far.

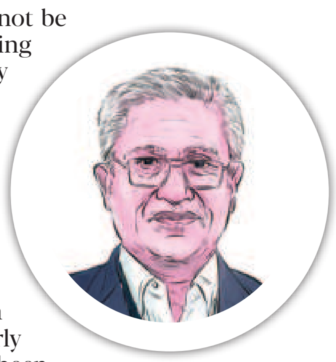
Amid such a situation, the Bangladesh Trade and Tariff Commission has decided to review the production cost of edible oil. The government agency held a meeting with edible oil processing companies yesterday. READ MORE ON B3

# *Our inflation quagmire*

ZAHID HUSSAIN

Inflation refuses to budge. Part of the reason may be honest disclosure of what the data is saying. That of course does not help ease the pain, especially for low income families whose earnings growth is well behind the inflation rate. The main culprit is food inflation. Non-food inflation receded to 9.4 percent after peaking at 9.7 percent in August. Food inflation rose to 13.8 percent in November, the highest in the last five years.

Such a steep rise in food inflation cannot be explained by demand side forces. Diagnosing the reasons behind it is made hard by nondisclosure of the key proximate drivers of food inflation in the Bangladesh Bureau of Statistics (BBS) publication. We can guess perhaps rice and vegetables played a big role as floods in August damaged production just as the farmers were getting ready to harvest the crops. But floods alone may not be the full story. Nor are factors such as the exchange rate, which has been fairly stable, or import controls which have been removed.



It is clear that market management has failed despite all the good intentions. Allowing imports and tax reductions have also not yielded the desired results, at least not yet. What is going on? Who is pocketing the benefits? The authorities have limited their efforts to market policing rather than management. Policing is useful for deterring extortion in supply chain. That is not where policing is paying attention.

A question bugging everyone's mind may be why inflation is so resilient despite hikes in the interest rate and a contractionary monetary policy. A contractionary monetary policy came into effect only since August. It usually takes 6 to 12 months for interest rate increases to percolate to reducing inflation. The component of inflation that is supposed to be most sensitive to demand side forces is non-food inflation. In this context, the 30 basis points decline in non-food inflation rate since August should encourage the Bangladesh Bank (BB) to stick to the contractionary stance.

The BB is faced with a "damned if you do and damned if you don't" type of situation. Providing liquidity support READ MORE ON B3

# BRAC Bank MD clarifies his comments, expresses regret

STAR BUSINESS REPORT

BRAC Bank Managing Director & CEO Selim RF Hussain yesterday said his comments regarding officials of the Bangladesh Bank (BB) were misinterpreted by some media outlets and expressed regret for hurting anyone.

In a clarification, Hussain said he mentioned a lack of accountability among some top officials of the central bank and the board members of various banks for the crisis in the banking sector before the political changeover in early August.

He was speaking at a dialogue at the Bangladesh Institute of Bank Management in Dhaka on Wednesday.

Hussain said some former top officials of the central bank used their influence to recommend individuals for jobs and promotion at various banks.

Under the previous regime, a few top central bank officials were involved in abuse of power.

As a result, irregularities took place and the banking sector suffered from lack of discipline, he said, adding that most of them lost their jobs after the political changeover on August 5. READ MORE ON B3