

DHAKA TUESDAY AUGUST 18, 2015

## Soured loans decline as political climate improves

REJAUL KARIM BYRON

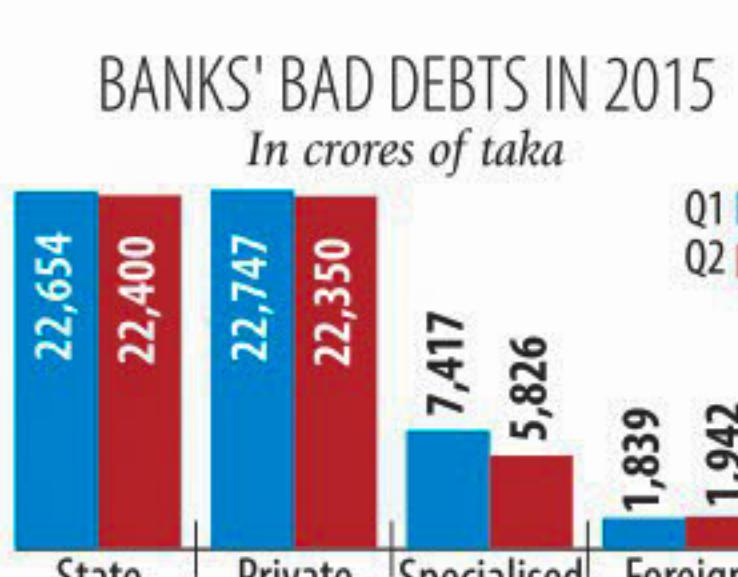
The banking system's default loans dropped 3.91 percent to Tk 52,519 crore in the second quarter of the year, much to the relief of the central bank.

Bad loans accounted for 9.67 percent of the total loans on June 30, compared to 10.47 percent in March.

Bad loans rose slightly during the January-March period due to political turmoil, said a Bangladesh Bank official. At March's end, defaults stood at Tk 54,658 crore.

However, in the following quarter the banks' realisation increased and they succeeded in bringing down the figure thanks to rescheduling facilities.

Between April 1 and June 30, defaults at all local banks, save for the



foreign lenders, decreased from the preceding three months.

Specialised banks' soured loans fell 21 percent to Tk 5,827 crore, while that of state-owned commercial banks crore, declined 1.12 percent to Tk 22,400 according to central bank statistics.

The decrease in default loans at BASIC Bank is a major cause for the

lower figures of state banks.

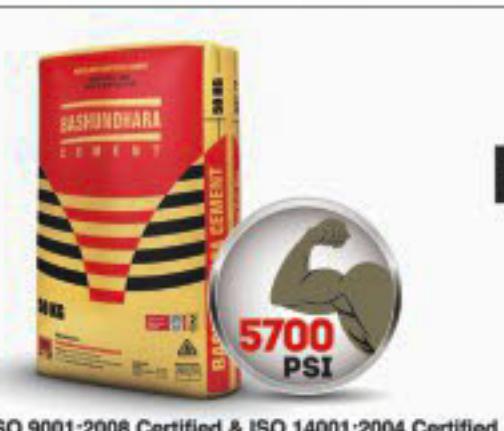
By the end of March, BASIC Bank's defaults stood at Tk 5,080 crore, or 57 percent of their outstanding loans. It dropped to Tk 4,308 crore, or 47 percent of outstanding loans, at the end of June.

An official of BASIC Bank said a lot of bad loans were rescheduled and showed as regular ones to make the bank's balance sheet look stronger. It was done as part of the bank's efforts to retrieve loans from bad borrowers.

A lot of BASIC Bank's funds that were later classified into bad loans funnelled out through forgeries during the previous management's regime, so more than Tk 3,000 crore was transferred to a block account to show a healthy balance sheet.

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Forex reserves hit record \$26b

STAR BUSINESS REPORT

Bangladesh's foreign currency reserves continue to scale new heights, crossing the \$26 billion-mark for the first time yesterday.

The reserve of \$26.03 billion, up 17.8 percent year-on-year, is enough to meet the country's import bills for more than seven months, said Bangladesh Bank in a statement.

With these foreign currency reserves, Bangladesh will be able to withstand any internal or external economic shock, said the central bank.

The growing reserves of foreign currency in recent times have helped the central bank maintain a stable exchange rate over the last couple of years and provided a more favourable economic environment.

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## Two jailed for share price manipulation

STAR BUSINESS REPORT

The capital market tribunal yesterday sentenced a top executive of BD Welding Electrodes and the editor of a little-known English daily to three years in prison for share price manipulation of the company.

Judge Humayun Kabir gave the verdict against SM Nurul Islam, managing director of BD Welding Electrodes, a listed firm, and Enayet Karim, editor of the Daily Industry, formerly Weekly Industry.

Bangladesh Securities and Exchange

Commission (BSEC) filed a case against the two in 2007, as the stockmarket regulator through an investigation found their involvement in price manipulation.

The special tribunal, which was formed for quick disposal of stockmarket-related lawsuits, also fined them Tk 20 lakh each, in default of which they have to stay another six months in jail.

Police arrested Islam and Karim yesterday from the tribunal premises at the office of Bangladesh House Building Finance Corporation in Dhaka.

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## New customs bill to be placed in parliament next month

STAR BUSINESS REPORT

A new customs bill is expected to be placed in parliament for passage in the upcoming session in September, NBR Chairman Md Nojibur Rahman said yesterday.

The new law, which will replace the existing Customs Act 1969, has been framed to incorporate international best practices and use of automation in the customs

business process, according to the National Board of Revenue.

Rahman's comments came at the inauguration of a four-day workshop on drafting of the new customs law and the respective best practices. The NBR in association with the Asian Development Bank organised the programme at the capital's Sonargaon Hotel.

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