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DHAKA THURSDAY JANUARY 26, 2017, MAGH 13, 1423 B5

Life insurance in the doldrums

SAJJADUR RAHMAN

The life insurance sector recorded 3.77 percent growth in 2016 even though nearly half of the companies saw their incomes decline.

The 31 life insurers earned gross premium amounting to Tk 7,679 crore last year, according to data from the Insurance Development and Regulatory Authority.

Of the 31 life insurers, 14 witnessed negative growth in its premium earnings. Life Insurance Corporation of India, which entered the Bangladesh market last year, was excluded from the list.

But many of the insurers failed to meet new business and renewal of existing policies.

Some insurers said their premium income went down, mainly due to payments against matured policies.

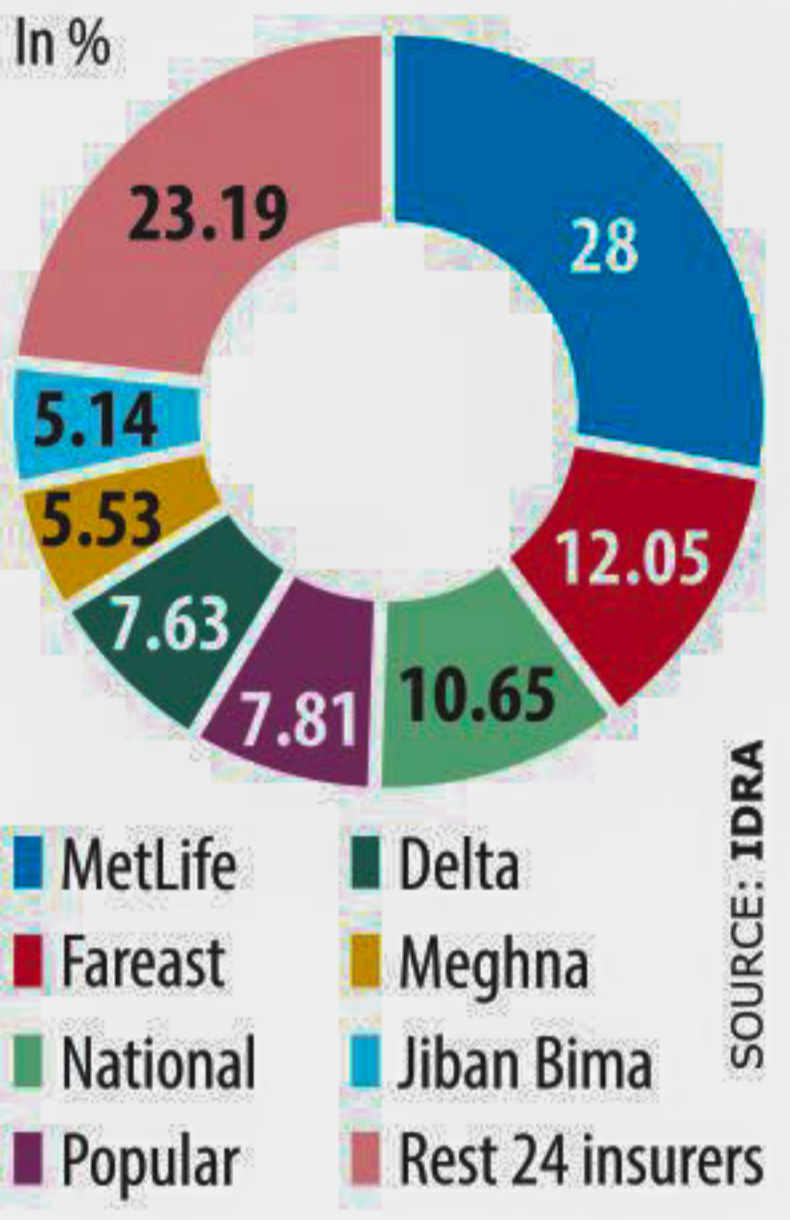
For instance, Popular Life Insurance paid Tk 850 crore against matured policies last year, according to its Chief Executive BM Yousuf Ali.

"Otherwise our premium would have been Tk 100 crore higher than the previous year," he said, adding that many of the old insurers' premium income went negative in 2016 for the same reason.

Popular Life, however, performed well in hooking new business. Data shows the insurer's income from new business doubled to Tk 370 crore last year. But the company could not manage too many renewals of existing policies in 2016.

The other life insurance companies

Premium market share of insurers



and renewal business last year.

Local insurer Delta Life's income crept up nearly 5 percent from a year earlier to Tk 586 crore in 2016. Like MetLife, Delta's new and renewal business also increased last year.

Proper planning and management and pro-people policies have helped them boost their income, said Kazi Mortuza Ali, chief consultant of Prime Islami Life Insurance, which recorded nearly 20 percent growth in premium earnings last year.

"We have been growing steadily since 2014," he said, adding that insurers had experienced a slowdown in business during 2011-14 due to a confidence crisis that arose from multilevel marketing and banking scams.

Industry players also blamed a lack of awareness among people and a saturated market for the lacklustre insurance business growth.

A senior IDRA official said they have been working for the past two years to raise awareness about the benefits of insurance.

India has only 24 life insurance companies despite being the biggest market in the world with about 36 crore policies and nearly \$21 billion premium last year.

In contrast, a total of 32 life insurers are competing with each other for a premium market worth less than \$1 billion.

"The history of poor claim settlement is another barrier for the slow growth of the sector in the country," the official said.

NBR takes tough line on tax dodgers

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The National Board of Revenue has collected Tk 1,000 crore in taxes by observing an 'enforcement month' from December 21 to January 20 to catch tax evaders and boost domestic resource collection.

"Our drives have frightened the dishonest people. They are rectifying themselves. In the meantime, many have come to us and admitted their faults," NBR Chairman Md Nojibur Rahman said at a media briefing in Dhaka yesterday.

Making people aware of the law was the biggest achievement of the enforcement month. The NBR's departments -- income tax, customs and VAT -- have made significant progress, he said.

The briefing was organised to unveil programmes taken by the authority to observe World Customs Day today. The NBR will hold a rally and award five agencies and 15 customs officials.

Rahman discussed various issues like overall revenue collection, automation of revenue administration and abuse of importing durables at zero duty by foreigners working at international organisations.

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Bangladesh to grow 10pc of cotton needs by 2025

Global cotton summit in Dhaka on Friday



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Bangladesh aims to produce 1 million bales of cotton by the end of 2025, as the largest cotton importing country meets its total requirement from imports at present.

Currently, Bangladesh grows about 180,000 bales of cotton a year, which is just 1 percent of total demand in a year. Bangladesh spends more than \$3 billion to import cotton a year. A bale equals 480 pounds or 218 kilograms.

"We have a target to meet 10 percent of our annual demand from domestic growers by the end of 2025," Mehdi Ali, general secretary of Bangladesh Cotton Association (BCA), said at a press conference yesterday.

Three major local groups -- Ispahani, Amber and Square -- began contract farming of cotton in different districts, mainly to reduce dependence on cotton imports, Ali added.

Many farmers in upland areas in different districts have already left tobacco leaf cultivation and are now growing cotton, which rakes in more profits for them, he said.

Of the annual import of cotton, more than 50 percent comes from India as the neighbouring country can supply quality cotton at affordable prices.

"However, we must not rely on one or two sources as importers sometimes face challenges in case of any inconvenience in the supplying country," he said.

In order to reduce dependence on India, cotton imports from African countries increased significantly recently, Mohammad Ali Khokon, vice-president of Bangladesh Textile Mills Association, said at the press meet.

Local spinners and traders import more than two million bales of cotton from African countries like Burkina Faso, Benin, Lesotho, Sudan and Chad.

The import of cotton from the Commonwealth of Independent States like Uzbekistan will have to be stopped, as some major western garment retailers have embargoes on the use of cotton from Uzbekistan due to forced or child labour in cotton cultivation and harvesting, Khokon said.

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8pc growth within reach: minister

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Bangladesh will be able to clock in 8 percent economic growth by 2021 if the current pace of development is maintained, Planning Minister AHM Mustafa Kamal said yesterday.

"I hope 7.5 percent growth will be achieved in the current fiscal year. If that happens 8 percent growth can be achieved before 2021."

The budgetary target for gross domestic product growth this year is 7.2 percent.

To maintain the current pace of development, peace has to be maintained in the country, said Sudipto Mukerjee, country director of the United Nations Development Programme.

The comments came at a meeting organised to take the opinion of journalists about the strategies to achieve the Sustainable Development Goals by 2030.

Several journalists including The Financial Express Editor Moazzem Hossain and Jatiya Press Club President Shafiqur Rahman spoke at the meeting.

The journalists put emphasis on quality development and cutting corruption for achieving the SDGs.

The planning minister said he cannot vouch for the prevalence of corruption but acknowledged that there is waste.

"The big projects taken could not be managed properly, which caused some waste," Kamal said, adding that the government is working to keep it in check.

Every year, the government evaluates the performance of the ministries separately, said Abul Kalam Azad, principal coordinator on SDGs at the Prime Minister's Office.

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Fifth from right, Planning Minister AHM Mustafa Kamal attends the launch of the Bangla version of the Seventh Five-Year Plan document at the planning ministry in Dhaka yesterday.

Agrani Bank gets green light for mutual fund

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Bangladesh Securities and Exchange Commission yesterday approved the prospectus of a Tk 100-crore closed-end mutual fund sponsored by Agrani Bank.

Of the total value, Agrani Bank will sponsor half of fund, while the rest or Tk 50 crore will be raised from investors through initial public offering.

ICB Asset Management Company is the issue manager of the fund styled 'ICB AMCL First Agrani Bank Mutual Fund', the stockmarket regulator said in a statement.

The state-run Investment Corporation Bangladesh or ICB is the trustee and custodian.

A mutual fund is a professionally managed collective investment scheme that pools money from many investors and invests it in stocks, bonds and short-term money market instruments.

Presently, there are 35 mutual funds listed on the Dhaka Stock Exchange, accounting for only about 1 percent of total market capitalisation.

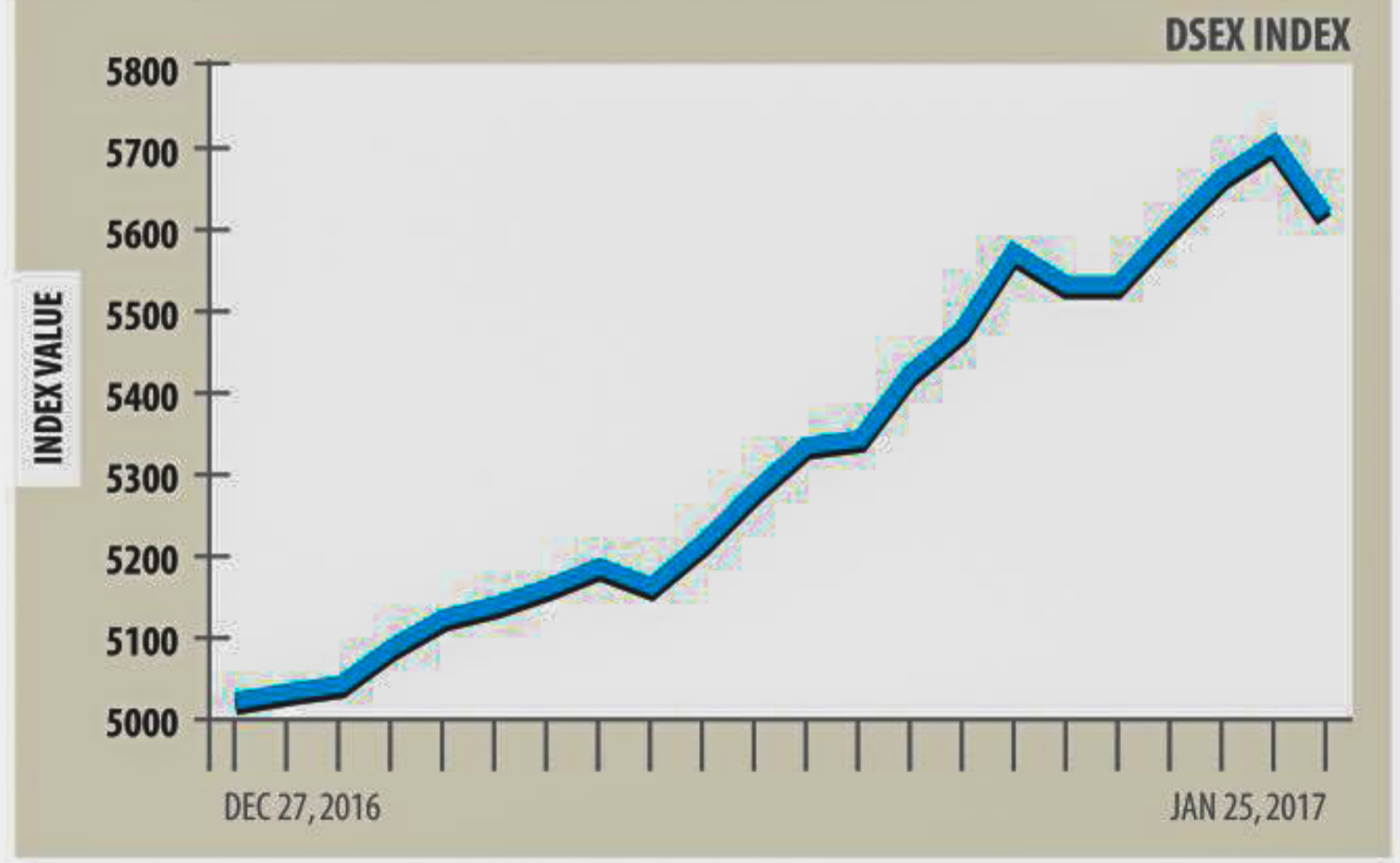
In another development, the BSEC fined IIDFC Securities Tk 5 lakh for violating securities rules.

The regulator also directed the stock exchanges, Bangladesh Association of Publicly Listed Companies and Bangladesh Merchant Bankers Association to post "investment guidelines" on their websites to create awareness among the investors.

The BSEC in the guidelines said investors should make their investment decisions based on company fundamentals, technical analysis, price level and disclosed information.

The investors should avoid rumour-fed speculation and follow the securities rules strictly. They should not put their money only in one security or in one sector. Investors should take advice from market professionals, if necessary, or visit financialliteracybd.com for more details.

Stocks back in the red



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Stocks broke a four-day gaining streak yesterday to return to the red as investors went for short-term profit booking on banking shares that were on a rising trend for the past few days.

DSEX, the benchmark index of Dhaka Stock Exchange, declined 86.97 points, or 1.52 percent, to finish the day at 5,621.27 points.

"The market underwent some natural correction," IDLC Investments said in its regular analysis.

After pulling off big gains in the last few sessions, banking shares faced a correction by declining 3 percent, it added.

Apart from banks, other major sectors

such as fuel and power, non-bank financial institutions, telecom, textile, cement and pharmaceuticals also declined in market capitalisation.

The turnover, another important indicator of the market, also dropped 24.3 percent from the previous day to Tk 1,524.94 crore, with 48.96 crore shares and mutual fund units changing hands on the DSE.

Of the traded issues on the premier bourse, 89 advanced, 228 declined and 11 remained unchanged.

Islami Bank dominated the turnover chart with its transactions of 1.35 crore shares worth Tk 64.11 crore, followed by IDLC, Beximco, Baraka Power and Lanka Bangla Finance.

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bKash moves to combat abuse of its logo in eight countries

MUHAMMAD ZAHIDUL ISLAM

Mobile money company bKash has taken steps to register its logo in eight Middle Eastern and Southeast Asian nations to prohibit the unauthorised use of its logo to remit money illegally to Bangladesh.

In several countries with large numbers of Bangladeshis, people are illegally using bKash and the logos of some other popular mobile money brands like Rocket to provide remittance services.

To stop the illegal use of its logo, bKash began the process of registering it in the United Arab Emirates, Saudi Arabia, Bahrain, Kuwait, Oman, Qatar, Singapore and Malaysia, said Kamal Quadir, chief executive of bKash.

Bangladesh's biggest mobile money company has also appointed law firms in those countries to serve legal notices on illicit money traders, he added.

Bangladesh is not a signatory to the Madrid Protocol, a protocol relating to the international registration of trademarks, said Quadir. "That's why we are taking initiatives to trademark bKash in those eight countries, which will allow us to challenge the unauthorised use of our logo in those countries."

bKash took the step as unscrupulous persons and entities abroad, posing as bKash agents, lure migrant workers into their shops to remit money.

Market insiders said it impacted remittance flow through legal channels. The central bank also lowered the ceiling for mobile banking transactions to curb the use of alternate paths.

Customers can deposit a maximum of Tk 15,000 into a mobile banking account each day, while Tk 10,000 can be withdrawn, which was Tk 25,000 for both previously.

bKash is also seeking intervention from the host nations and monitoring of agent activities.

It is also updating Bangladesh Financial Intelligence Unit under Bangladesh Bank on the initiatives, said officials of the operator.

bKash officials said these initiatives seem to yielding some positive outcomes as authorities in Dubai raided 25 shops linked to illegal money transfers and penalised them heavily last week.

The Bangladesh Embassy in Kuwait has issued notices among the Bangladeshi workers, asking them to use legal channels for remittance services.

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