

Iran's economy recovering, bank reform is urgent: IMF

REUTERS, Dubai

Iran's economy is starting to recover more rapidly from years of international sanctions but the country urgently needs to shore up its banks, a senior International Monetary Fund official said on Monday.

Gross domestic product growth soared to 12.5 percent in the year through last March 20, but that was almost entirely due to a leap in oil exports, after most sanctions were removed under a deal with world powers on Tehran's nuclear programme.

Oil exports are no longer growing nearly as fast. But the economic recovery is now beginning to extend to non-oil areas, said Catriona Purfield, head of an IMF team which held annual consultations with the Iranian government this month.

"Growth has begun to broaden to the non-oil sector," Purfield said in a statement, predicting GDP would expand 4.2 percent in the current fiscal year and that growth could rise towards 4.5 percent in subsequent years with financial reforms.

Official statistics in Iran are often incomplete and released only slowly, and the policy-making pro-

cess can be opaque, so Iran's consultations with the IMF provide one of the clearest glimpses into its economy.

The country's recovery has been slowed by tensions with the United States, where President Donald Trump has raised the possibility that sanctions could be reimposed or new sanctions introduced. This has deterred many banks and other foreign companies from operating in Iran.

Purfield said that given such uncertainty and the increasing vulnerability of Iran's financial system, the government urgently needed to restructure and recapitalise banks and credit institutions.

"An asset quality review, related-party lending assessment, and a time-bound action plan to recapitalise banks and address non-performing loans should start immediately," she said, adding that the cost of recapitalising banks could be covered with long-term government bond issues.

Iranian banks were weakened during the sanctions years by a sluggish economy, government interference in lending decisions, lax regulation and excessive competition with unlicensed financial

institutions. Authorities are now discussing how to deal with tens of billions of dollars of bad debt, but efforts to address the problem have been slowed by its cost and complexity.

The government of President Hassan Rouhani has also submitted to parliament amendments which it says would strengthen legislation against money laundering and the financing of terrorism.

The IMF urged Tehran to pass the amendments by an end-January 2018 deadline set by the Financial Action Task Force, a global body fighting illicit money flows. This would help Iran re-integrate into the global financial system, the IMF said.

Iran's central bank has been intervening in the foreign exchange market to support the rial currency in the face of the international uncertainty.

But the IMF urged the central bank to let exchange rates move more freely and to abolish a dual system of official and market rates, saying this would prevent Iran's foreign reserves from running down and make the economy more competitive.



Md Habib Ullah Dawn, president of Bangladesh Reconditioned Vehicles Importers & Dealers Association, and Selim RF Hussain, CEO of Brac Bank, attend a deal signing ceremony at the bank's head office in Dhaka. The bank will provide support to organise the association's annual general meetings.

Saudi budget deficit narrows after oil income recovers

AFP, Riyadh

Saudi Arabia appears set to post a lower-than-expected budget deficit this year as oil revenues rebounded and the kingdom kept public spending in check, official figures showed Monday.

Faced by a persistent budget shortfall, the world's largest oil exporter has embarked on an ambitious reform programme to curb expenditure and lessen its dependence on crude.

The kingdom will on Tuesday

announce the financial results for 2017 and next year's budget, with experts predicting the Saudi economy has shrunk for the first time since 2009.

Slightly rosier finance ministry data Monday put the shortfall for the first nine months of 2017 at \$32.4 billion, just 61 percent of the \$52.8 billion deficit projected for the whole year.

That was thanks to revenues in the first nine months rising to \$120 billion, a 23 percent surge compared to last year, while public spending remained unchanged at \$152.4

billion. The revenue boost was mainly due to a 33 percent jump in oil income to \$82 billion as crude prices rebounded to above \$60 a barrel thanks to an output cut by major OPEC and non-OPEC producers.

Non-oil income rose six percent to \$38.1 billion, but there was a massive third quarter surge of 80 percent after the introduction of fees on the dependents of expatriates and duty on cigarettes, power and soft drinks.



Quazi Osman Ali, CEO of Social Islami Bank Ltd, opens the bank's agent banking outlet at Mohakhali in Dhaka on December 14.

WB gives another \$245m to help ensure efficiency of safety net schemes

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To help streamline safety net programme administration, the project is helping to build common platforms for improved beneficiary targeting, information management and digital payment.

The financing will support the Department of Disaster Management to roll out a management information system to administer beneficiary records and programme processes, as well as expand digital payment to beneficiaries with greater efficiency and transparency, the WB said.

It will also support the Bangladesh Bureau of Statistics in completing the country's first universal poverty registry -- the National Household Database -- which will be integrated with external information systems, allowing various ministries and agencies to use its data for

more equitable beneficiary selection.

"The Department of Disaster Management will build upon ongoing efforts to strengthen implementation of its safety net programmes," said Ashiq Aziz, task team leader of the WB. "The additional financing will support establishment of an integrated social protection service delivery system envisioned in the National Social Security Strategy."

With the additional financing, the WB's total commitment to the project stands at \$745 million. The project is expected to be completed in June 2019.

The credit is from International Development Association, the WB's concessional lending arm. The credits are interest-free, repayable in 38 years, including a six-year grace period, and carry a service charge of 0.75 percent.

NRB Bank reelects chairman



STAR BUSINESS DESK

Mohammed Mahtabur Rahman has recently been re-elected as chairman of NRB Bank for next three years, said the bank in a statement yesterday.

He is also chairman and managing director of Al Haramain Perfumes Group of Companies.

Rahman is founder president of the Bangladesh Business Council in Dubai and sponsor of Sheikh Khalifa Bin Zayed Bangladesh Islamia (Pvt) School in Abu Dhabi, the UAE. Rahman was selected as commercially important person for four consecutive years from 2012-13 to 2015-16 and was awarded the "Bangladesh Bank Remittance Award" for three consecutive years from 2013 to 2015.

Toyota to make over 10 battery EV models

REUTERS, Tokyo

Toyota Motor Corp on Monday said it will market more than 10 all-electric vehicle (EV) models globally in the early 2020s, and that investment to develop their batteries is likely to exceed \$13 billion through 2030. Setting out EV sales goals, the world's second-biggest automaker by sales after Volkswagen AG said it needed to accelerate the pace of battery development, as tightening vehicle emissions regulations would require a steep increase in manufacturing capacity for more powerful batteries.

Another non-bank falls prey to graft, loan irregularities

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All loans were issued based on forged documents and eventually turned bad. In some cases, innocent officers were punished by the then-board in order to hide the misdeeds of the directors, cited the investigation report.

Despite being the head of the procurement department of First Finance, Chowdhury Moin Ahmed Mujib supplied goods to the NBF in high price from his own firm Business Link and Business Communication Services, getting a windfall in the process. On paper, Mujib's wife owns the firm.

Mujib was terminated from First Finance as per recommendation of the probe report.

Meanwhile, First Finance has urged the central bank to waive its latest penalty of Tk 2.21 crore on the ground that it will plunge into insurmountable liquidity crisis if it has to pay up.

Also in the letter to the BB, the NBF, which has been failing to maintain the required cash reserve with the central bank since 2015 and been appropriately fined several times, said the continuous financial penalty has hurt its profit.

In 2015, the company was penalised Tk 9 lakh for shortfall in cash reserve of Tk 7.42 crore, according to a central bank report. It then paid Tk 2 crore in penalty in

2015-16 for non compliance with the CRR and SLR rules.

The NBF incurred a loss of Tk 14 crore in the first nine months of 2017, according to its financial statement.

The company was listed with the Dhaka Stock Exchange in 2003 and for the last two years it has been a "Z" category stock. Its share traded at Tk 12 on the Dhaka bourse yesterday.

The central bank has appointed Md Abu Taher, general manager of the BB's foreign exchange operation department, as an observer in the NBF.

Currently, the non-performing loans of the financial institution are 30 percent of its total loans.

The firm has been suffering from liquidity crisis for not getting funds from banks, said Sarwar Shafiq, its company secretary.

He said many NBFs depend on bank loans for their funds, but now banks do not want to lend First Finance due to its deteriorating health.

The company has been in the "Z" category stocks since 2015 because of its failure to pay dividends.

Shafiq said the management has strengthened efforts to speed up loan recovery in a bid to bring down default loan below 20 percent by the end of the year.

StanChart, Ant Financial sign 'Belt & Road' partnership

REUTERS, London

London-based bank Standard Chartered and Ant Financial, the payment affiliate of Alibaba Group Holding Ltd have agreed to collaborate in countries along China's 'Belt & Road' strategic initiative.

StanChart said on Monday the two companies will work to increase access to financial services in countries along the route, without giving details on how the partnership will work.

China's Belt and Road initiative aims to recreate the old Silk Road with massive infrastructure projects to connect China to Europe and beyond.

Insurance fair begins in Sylhet on Friday

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Gokul Chand Das, a member of the regulator, said the IDRA puts more efforts on settling insurance claims in order to boost policyholders' confidence.

About Tk 100 crore worth insurance claims were settled in the last four months.

Of the 78 insurance companies in the country, 32 will participate in the show. The fourth-generation insurance companies seem reluctant to take part. Of the 15 new insurance companies that got licences in 2013, only three will display their products and services at the fair.

The new insurance companies have not been able to introduce new products in the market, said Das.

"As a result, they are lagging behind the existing insurance companies," he said.

In Bangladesh, the insurance business has remained largely untapped.

The sector's contribution to the gross domestic product is 0.7 percent whereas it is 4 percent in India.

MA Mannan, state minister for finance and planning, is expected to inaugurate the second edition of the fair, which will stay open for visitors from 10:00am to 8:00pm.

Real estate sales picking up

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The low interest rate coupled with the lack of attractive investment opportunities in other sectors including stock markets will bring in increased investment into the real estate sector.

"The rate of interest is unlikely to rise soon," he added.

Like Seraj, Shahin also feels next year will be a good one for the real estate sector.

In another development, investments in flats by Bangladeshis living abroad have increased in 2017. This is likely to rise further in 2018 because of the uncertainty surrounding immigrants in the West, he said.

"The market will grow next year if there is no political instability. The main challenge is ensuring gas connection to household," said Siddique of BTI.

Farhad of Eastern Housing said the government has already stopped giving new connections to households.

"The sector will seriously be affected if gas connection is not provided to households next year," he added.

The electricity situation though has improved, according to Seraj.

The government should provide gas connection to homes if there are reserves and the capacity to distribute in Dhaka, he added.



Matiur Rahman, chairman and managing director of Uttara Motors Ltd, hands over the keys of a Bajaj V15 motorcycle to Jamshed Alam, a social activist of Mirsharai in Chittagong. The company honoured Alam for his contribution to society, terming him "Invincible Bangladeshi".



Shah A Sarwar, CEO of IFIC Bank, hands over 10 multimedia projectors to Asaduzzaman Mia, commissioner of Dhaka Metropolitan Police (DMP) and chairman of the governing body of Rajarbagh Capital Lines School & College, at a programme at DMP Headquarters in the capital yesterday. The bank donated the projectors to the educational institution.

Data usage shoots up

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The mobile operators' data promotions are targeted towards encouraging more social media use, much to the chagrin of Rokonuzzaman.

State-run Bangladesh Submarine Cable Company Ltd is also experiencing fabulous growth, said Mashiur Rahman, its managing director.

"Currently, we are supplying 60 percent of the country's total demand and hopefully this scenario will be more favourable for us in the coming days."

The submarine cable company has connected its second cable, helping cut imports, Rahman said.