

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
0.05%	0.02%	\$1,354.40	\$70.43	0.62%	1.34%	0.79%	1.40%	82.50	101.27	116.32	0.76	
5,488.86	10,236.21	(per ounce)	(per barrel)	32,968.66	21,031.31	3,439.35	3,122.29	BUY TK	83.50	104.87	119.92	0.80

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# star BUSINESS

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## Private banks' profits slide on piling bad loans

**AKM ZAMIR UDDIN**

Private banks' net profits slid for the first time in four years in 2017, dragged down by their ballooning non-performing loans.

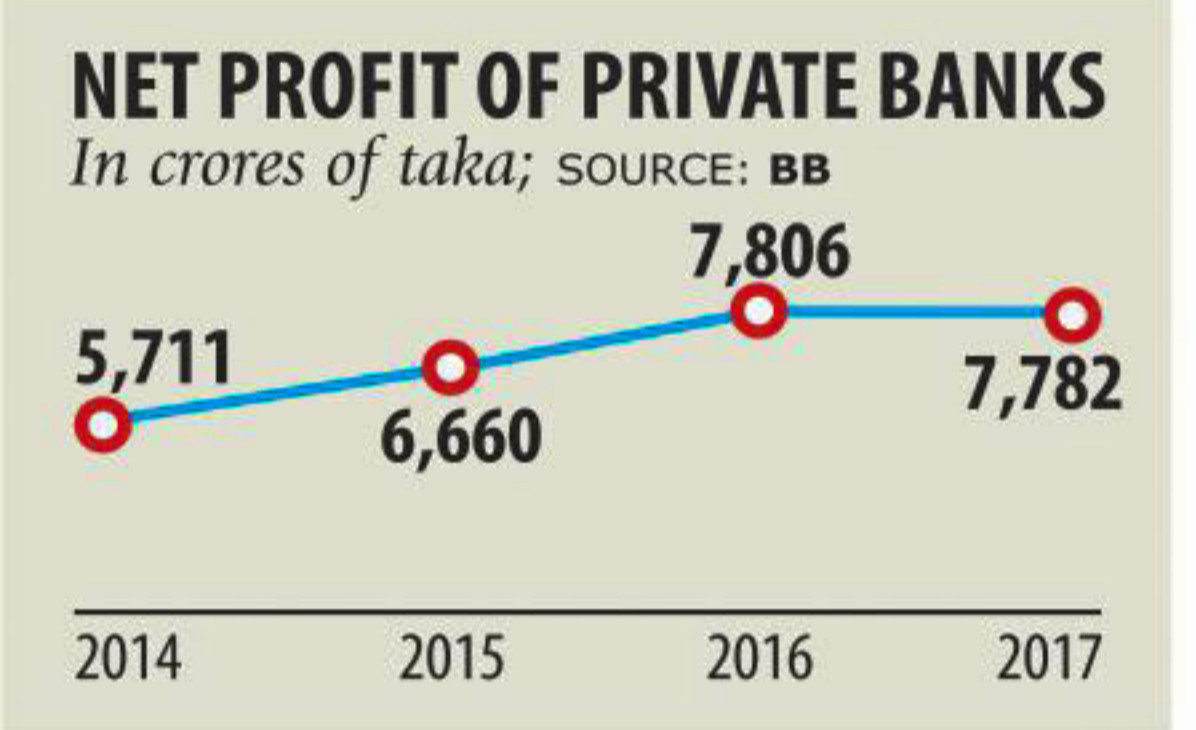
In 2017, private banks, most of which are listed on the stockmarket, counted Tk 7,782 crore in net profit in contrast to Tk 7,806 crore a year earlier.

They made operational profit of Tk 24,647 crore from which Tk 7,990 crore was deducted as tax and Tk 7,361 crore as provisioning against bad loans.

"The private banks' default loans had escalated last year," said Syed Mahbubur Rahman, managing director of Dhaka Bank.

So, the banks were compelled to keep large amounts of provisioning against the bad loans, which ultimately eroded their profit base, he said.

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Nasir A Choudhury, adviser of Green Delta Insurance, and Farzana Chowdhury, CEO, present crests to MA Mannan, state minister for finance, and Shafiqur Rahman Patwari, chairman of IDRA, at a discussion on the insurance industry, at The Daily Star Centre in the capital yesterday.

## Poor salaries, skills gap plague insurance sector: analysts

**STAR BUSINESS REPORT**

Bangladesh's insurance sector has long been facing a skills gap at all levels because of a poor pay structure, uncomfortable work environment and a lack of relevant education and awareness, industry people said yesterday.

Amidst this situation, they said it was high time for the insurers to develop a strategy that enables recruitment of talented executives along with development and retention of skilled people.

"The industry faces an image crisis and a lack of confidence regarding claim settlements," Shafiqur Rahman Patwari, chairman of the Insurance Development and Regulatory Authority (IDRA), told a roundtable at The Daily Star Centre.

The programme titled "How to overcome the biggest workforce challenge in the insurance industry through empowerment of professional development" was jointly organised by Green Delta Insurance, Professional Advancement Bangladesh Ltd, the Chartered Insurance Institute (CII) of the UK, and The Daily Star.

"We are working to build trust in insurance," said Patwari.

The IDRA is also working to tackle an ongoing unhealthy competition among insurers who pay excessive commission to hook clients, he noted.

Patwari urged insurers to provide professional training to develop human capital for the industry.

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## Unused foreign fund rises 12pc to \$40.24b

**JAGARAN CHAKMA**

Unused foreign assistance in the pipeline rose over 12 percent to \$40.24 billion in the last eight months to February.

During the period, disbursement from the lenders increased by 75 percent year-on-year to \$3.42 billion, according to data from the Economic Relations Division (ERD). However, commitments from foreign sources decreased over 46 percent year-on-year to \$7.91 billion while disbursement hit \$3.09 billion.

There is nothing to worry about the unused foreign loan now, Farida Nasrin, additional secretary to the ERD, told The Daily Star.

She said a country could borrow funds equivalent to 40 percent of its gross domestic product (GDP), according to estimates on external credit by International Monetary Fund. The amount of the unused foreign assistance is only 16.14 percent of Bangladesh's GDP of \$250 billion, Nasrin said.

"So, Bangladesh still has the capacity to absorb more foreign funds thanks to its spiralling GDP."

It has become a big challenge for the government to utilise the funds because of implementing agencies' inefficiency, slow disbursement and tough conditions set by the development partners, she said.

She said more would come in the pipeline as the government has become more confident of receiving foreign loans as the country has never failed in repayments.

In July 2016, Bangladesh signed a loan agreement with Russia for \$11.38 billion for the Rooppur nuclear power plant project, she said.

According to the ERD data, the amount of foreign assistance in the pipeline was only \$6.81 billion in 2004-05 and touched \$16.32 billion in 2011-12.

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## PADMA RAIL LINK China's \$2.6b loan may get approval today

**REJAUL KARIM BYRON**

The hard-term loan committee today may approve a \$2.6 billion financing for the Padma rail link project, paving the way for the signing of a deal with the Exim Bank of China next month.

The committee is scheduled to hold a meeting with Finance Minister AMA Muhith in the chair at his office.

A finance ministry official said the loan agreement was likely to be signed in Beijing in the middle of next month. A high profile team from Bangladesh may attend the signing ceremony.

The Chinese State Council, the highest policymaking body of the East Asian nation, last month gave the consent to the loan for the project.

Of the 26 projects committed by China during its president's visit to Dhaka in 2016, the rail link is the most pressing one, receiving the highest amount of loan. Primarily, the Chinese loan amount for the project was estimated at \$3.14 billion.

The credits to be given to the 26 projects are of three types: concessional, preferential buyers' credit (PBC), and commercial.

The financing for the Padma rail link project will come in the form of PBC, 15 percent of which will be provided by the government. As a result, the Exim Bank's loan for the project would be \$2.6 billion and the currency would be US dollar. The loan carries 2 percent of the interest rate.

The concessional loan is given in the Chinese currency.

The finance ministry official said the interest rate, the repayment period and other terms and conditions for both the loans remain the same.

Since 2017, the government has taken several initiatives to sign the agreement for the rail link project but to no avail.

Out of desperation, the government in January this year even thought of sending a high-powered team led by MA Mannan, state minister for finance and planning, to China.

Later, the plan was dropped after the Exim Bank in a letter on February 2 informed the Bangladesh government that it would soon start the process of signing the agreement, said an official of the Economic Relations Division.

The Chinese lender has sent the draft agreement to the Bangladesh government at the end of last month and it will be placed before the hard-term loan committee following vetting by the law ministry.

More than Tk 7,000 crore has been earmarked for the project in the annual development programme in the current fiscal year.

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## CSE sees lowest turnover in 10yrs

**AHSAN HABIB**

The Chittagong Stock Exchange (CSE) saw its lowest turnover in 10 years yesterday because of poor performance of traders.

The port city bourse traded 46.93 lakh shares and mutual fund units worth Tk 10.39 crore in turnover. The previous lowest turnover of Tk 10.31 crore was witnessed on January 7 of 2008.

Performance of most of the TREC (Trading Right Entitlement Certificate) holders of Chittagong Stock Exchange is very poor, said M Shaifur Rahman Mazumdar, managing director of the CSE.

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