

মুনাফার সাথে আস্থতাও বেশি

বেশি মুনাফা 1%

এসআইবিএল সুপার সেভিংস একাউন্ট

পঞ্চানন-উর্ধ্ব সিনিয়র সিটিজেনদের জন্য। ১৮-উর্ধ্ব মহিলারাও এই হিসাবটি খুলতে পারবেন।

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LARGE LOAN RESTRUCTURING: FAVOUR PROVES FUTILE

SAJJADUR RAHMAN and AKM ZAMIR UDDIN

On January 29, 2015, the Bangladesh Bank issued a new large loan restructuring policy to stand by big borrowers in trouble.

The policy, which was taken under political pressure from influential debtors, offered a repayment period of up to 12 years, discounted interest rates and down payment as well as repayment in quarterly instalments.

Eleven large business groups got their loans of nearly Tk 15,000 crore restructured, taking advantage of the relaxed policy. Beximco Group alone accounted for a third of the total loans restructured.

After one year of grace period, these loans were due in September 2016. But most of the borrowers have failed to pay their first instalment and three of them even applied to have their loans restructured again.

A recent central bank document showed that the loans, which were restructured in June 2015, rose 17.37 percent to Tk 17,103 crore in absence of repayment.

Currently, nearly two dozen banks are in trouble as their investible funds got stuck and squeezed. One such bank is state-owned Janata that restructured about one-third of the large loans.

Analysts said repetitive rescheduling of loans without analysing the root causes of default did not yield any benefit. Compliant borrowers are also being disheartened, they said.

KHONDKER IBRAHIM KHALED, FORMER BB DEPUTY GOVERNOR

Both the central bank and commercial banks are helpless because of the borrowers' connection with influential quarters. Only the government can force these borrowers to pay back the loans.



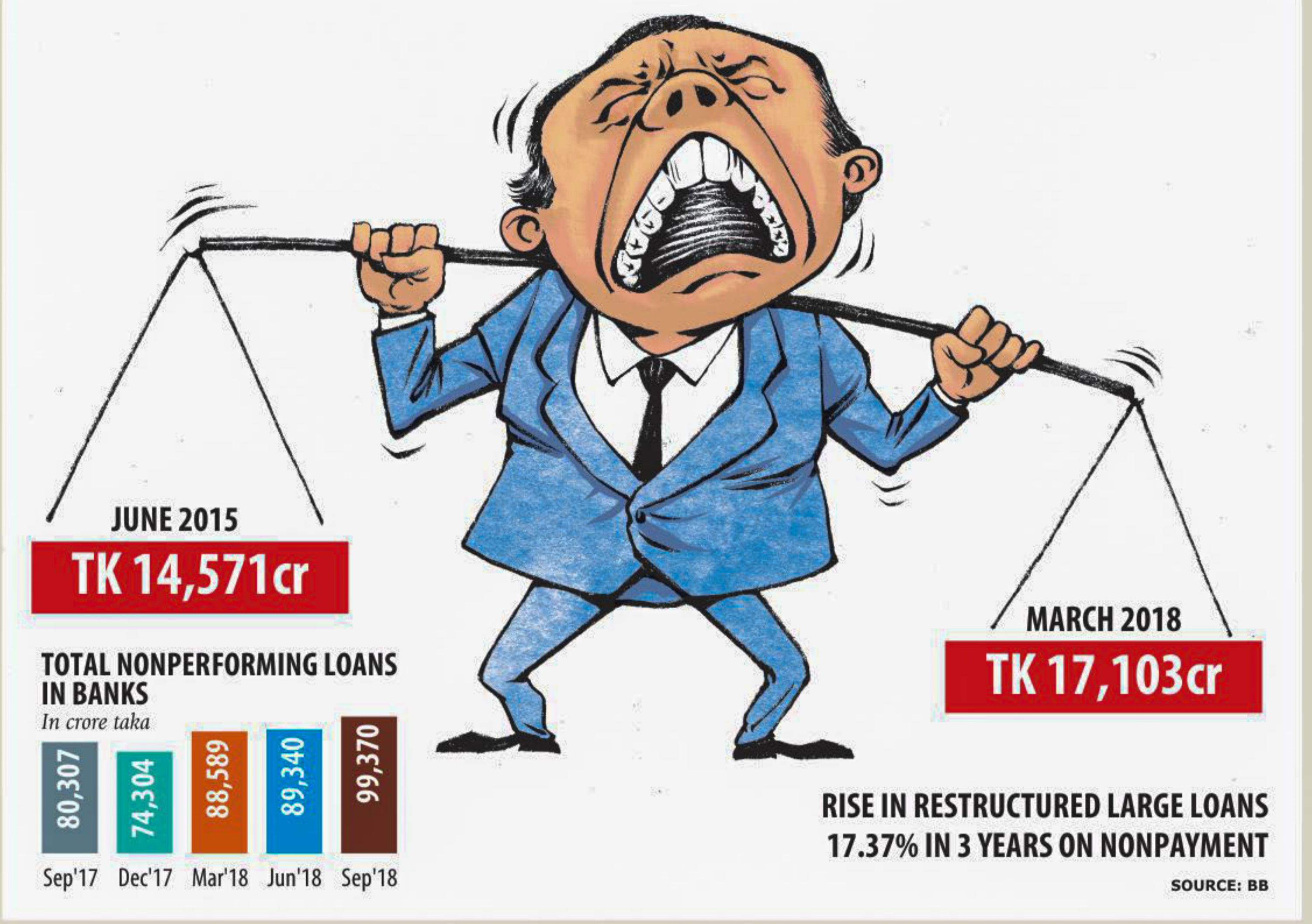
SALEHUDDIN AHMED, FORMER GOVERNOR

The central bank can't avoid its responsibility in recovering the loans; it should take stern action against the banks that continue to give undue benefits to borrowers.



FAHMIDA KHATUN, CPD EXECUTIVE DIRECTOR

We can learn from India and other countries which have put in place laws for banks' stressed assets. We should also have a system backed by a legal framework.



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	BEXIMCO	SIKDER	JAMUNA GROUP	S.A GROUP	ANONTX	Keya Group	RATANPUR GROUP	THERMAX	Abdul Monem Ltd.	RISING GROUP	MR GROUP	TOTAL
RESTRUCTURED LOAN AS OF JUNE 2015	Tk 4,842.64cr	Tk 1,775.83cr	Tk 1,684.53cr	Tk 1,152.75cr	Tk 1,094.49cr	Tk 873.49cr	Tk 811.75cr	Tk 642.29cr	Tk 576.71cr	Tk 522.98cr	Tk 594.11cr	Tk 14,571.57cr
OUTSTANDING LOAN AS OF MARCH 2018	Tk 6,647.28cr	Tk 2,156.89cr	Tk 1,395.84cr	Tk 1,440.52cr	Tk 1,149.98cr	Tk 948.65cr	Tk 1,007.11cr	Tk 538.03cr	Tk 456.38cr	Tk 674.26cr	Tk 688.65cr	Tk 17,103.59cr
CHANGE	↑ 37.26%	↑ 21.45%	↓ 17.13%	↑ 24.96%	↑ 5.06%	↑ 8.60%	↑ 24.06%	↓ 16.23%	↓ 20.86%	↑ 28.92%	↑ 15.91%	↑ 17.37%

GARMENT SCRAP Shipment falls for anti-export policy

JAGARAN CHAKMA

Despite being a promising export item, shipment of garment scrap, locally known as jhoot, fell last fiscal year mainly due to the government's anti-export policy amid rising local consumption and a Chinese ban on import, industry people said.

Exports fetched \$50 million in fiscal 2017-18, down 16 percent year-on-year, according to Syed Nazrul Islam Faruque, president of Bangladesh Textile and Garments Waste Processors and Exporters Association. "This is an indirect reflection of the government's anti-export tariff policy," he told The Daily Star.

He said export slightly came down as China stopped importing the textile waste from Bangladesh at the end of 2017. In the previous years, Bangladesh used to earn \$60 million to \$70 million per year by exporting garment scrap.

Depending on quality, the export price of the apparel waste is \$120 to \$500 per tonne. However, Bangladesh Tariff Commission has fixed the minimum export price at \$320 a tonne whereas the price hovers between \$120 and \$500 in the international market.

"We can't export jhoot at a low price because



of the tariff policy although there is a huge demand of the low-end textile waste in the international market," Faruque added.

About three lakh tonnes of garment leftovers are produced in Bangladesh every year. Of them, 95 percent is being exported, mainly to India and European countries. Cotton, yarn or even clothes are manufactured from the discarded fabrics and yarn through recycling.

Industry people said the export volume would increase if the government does not fix the tariff.

There are two categories of garment scrap: one is from woven fabric and another from knit. Woven scrap is cheaper than knit, as it is easy to recycle the knit waste to yarn or fibre after reprocessing, Faruque said.

According to the chief of the association, they collect woven waste at Tk 25 to Tk 26 per kg and knit scrap at Tk 40 to Tk 45 a kg and then process them.

About 10 lakh workers are involved in the waste processing industry and there are more than 1,000 waste processing factories in the garment industrial areas. More than 100 businesses are directly involved in exports.

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Higher expenses weigh on life insurers

JEBUN NESA ALO

Most of the life insurance companies spent more than they earned in April to June, putting a negative impact on life funds and eroding their capacity to settle claims.

Of the 32 life insurers in Bangladesh, 20 spent higher for management expenses than premium collection in the quarter violating the authorised limit for the former, according to the Insurance Development and Regulatory Authority (IDRA).

The management expenditure for these companies was Tk 100 to Tk 348 against a premium collection of Tk 100, said the regulator in a report on management expense.

Insurance laws allow companies to spend up to Tk 96 as management expenses for every Tk 100 collected in premium. In 2016, insurers spent Tk 179 against their earning of Tk 100, the report said.

Insurance companies could not settle claims on schedule because of the higher management expenditure, said a senior executive of the IDRA.

The higher expenditure is weakening the financial strength of insurers as they are

meeting the excess expenses from their paid-up capital instead of from life funds, breaching laws, he said. Life fund is an amount of money from which life insurance payments are made and with which an insurance company makes investments.

Ten life insurers saw a decline in their life funds in the first quarter of 2018 due to their higher expenditure, the report said.

The companies are Fareast Life, Golden, Homeland, LIC Bangladesh, Meghna, National, Padma Islami, Popular Life, Prime Islami and Sandhani Life. Weak organogram of agents at field level pushed up the cost for premium collection, the report said.

Insurance companies are supposed to employ five agents under a permanent employee as per rules, but they have only two agents. Besides, the higher rate of insurance policy lapse also accounted for the increased management expenses, said the report.

The policy for which all benefits to policy-holders cease and are terminated because of non-payment of premium amount on due date or even after a grace period is called a lapsed policy.

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BGMEA ELECTION Schedule next month

REFAYET ULLAH MIRDHA

The schedule for the election of the executive committee of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) is set to be announced next month as the tenure of the current board will end on April 22. "We will declare the schedule on time," said Siddiqur Rahman, president of the association.

He took the helm for two years in September 2015. However, the term of the current committee was extended thrice through circulars from the commerce ministry, with the latest one coming last week.

As per rules, the BGMEA will have to form an electoral board 90 days before the end of a term and declare the schedule 80 days before the term expires.

This means, the BGMEA will have to announce the election board and the schedule in the first week of January.

"I hope the BGMEA will announce the election board and the schedule very soon as we are waiting for a new committee," said

Anwar-Ul-Alam Chowdhury Parvez, a former BGMEA president and a leader of the Forum Panel.

Usually, the general members of the BGMEA vote to elect the leaders of the garment sector's apex trade body. But, in 2015, no election took place, after the two panels - Sammilito Parishad and Forum -- had announced their nominees. But later, the Forum nominees pulled out, leaving the Sammilito Parishad's presidential candidate victorious by default.

Since the Sammilito Parishad is currently leading the BGMEA, it is now Forum's turn to preside over the trade body.

Currently, Rubana Huq, managing director of Mohammadi Group, is leading the Forum Panel and may become the first woman president of the association if the current understanding continues. Rahman said some important decisions were taken during his time at the BGMEA, which has more than 4,500 voters. Some incidents of unrest were controlled peacefully, he said.

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Health insurance brings smile to RMG workers

SHADMA MALIK

Garment worker Mira breathed a sigh of relief when she learnt last November that she would no longer have to bear her healthcare bills.

Paying an annual premium of Tk 100, the worker of Millennium Textiles (Southern) and Fashion House Ltd in Ashulia became the holder of a healthcare insurance policy.

The policy would cover her inpatient medical bills amounting to Tk 12,000 and outpatient bills, including medicine, of Tk 3,000 for the year.

Within three months of enlisting in the scheme, she fell ill with abdominal pains and nausea. Without much fanfare, she headed over to the company designated hospital -- Centre for Woman and Child Health in Ashulia -- and was quickly treated by the doctors and handed over medicine worth Tk

1,000. The scheme took care of the bills.

"I had never heard about an insurance policy before," she told The Daily Star, sitting with her co-workers at the factory. "Otherwise, I would have to wait till I got my next month's wages before I could go see a doctor."

"I did not ignore my health from then on."

A total of 10,000 workers from five factories in Savar, Ashulia and Gazipur have enlisted in the insurance scheme.

Of the yearly premium of Tk 575

per worker, Tk 375 comes from Carrefour Foundation, a non-profit organisation working against exclusion. The remainder is divided between the workers and factory owners.

Of the 2,200 employed at Millennium Textiles, 1,600 have already enrolled in the scheme. It is mostly the women who have enrolled to address their gynaecological issues, said Basu Dev, its assistant general manager.

According to a study by the Institute of Health Economics, Dhaka University, published earlier this year, the factories experienced fewer work absenteeism since this scheme was rolled out.

Workers are less reluctant to switch jobs as well, said Syed Abdul Hamid, the institute's director.

Encouraged by the study results, Hamid suggested initiating a life insurance policy for the workers.

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