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Default loans soar 26pc

AKM ZAMIR UDDIN

Default loans at banks went up by a hefty 26.38 percent or Tk 19,608 crore last year, the highest rise in seven years, exposing the precarious condition of the banking sector.

Poor lending practices, a lack of corporate governance and the government's interference in banks were the main reasons behind the rise in toxic loans in recent times, analysts said.

The amount of non-performing loan (NPL) stood at Tk 93,911 crore at the end of 2018, up from Tk 74,303 crore a year ago, according to data from the central bank.

The NPLs now accounted for 10.30 percent of the banking sector's total loans, up from 9.31 percent in 2017.

"This is not a sudden development at all. The dire state of affairs in the banking sector has emerged from the irregularities and loan scams occurring



in the last seven to eight years," said Khondker Ibrahim Khaleed, a former deputy governor of the central bank.

He said a large amount of loans had turned bad long ago, but many lenders concealed it by rescheduling the debts over and over.

At one stage, even the rescheduling facility offered by the central bank got exhausted, pushing NPLs higher last year, he said.

unqualified borrowers. Some directors of private banks have also pursued boards to sanction the loans, playing a major role in the deterioration of the financial health of the lenders.

Among the banks, the state-run lenders are facing the worst situation because of repeated government intervention, he said.

The government forms the boards and appoints managing directors to the state lenders, bringing troubles for them, he said.

Classified loans at the state-run lenders stood at 57 percent of the NPLs in the banking sector. The eight state-run banks' default loans totalled Tk 53,484 crore last year, up 25.10 percent year-on-year.

Khaleed said the central bank should be given the power to dissolve and constitute the boards of the state lenders by way of amending the Bank Companies Act 1991, with a view to improving their financial health.

But there is no positive indication that the upward movement of the default loans will come to an end this year, he said.

Syed Mahbubur Rahman, chairman of the Association of Bankers, Bangladesh, a platform of the managing directors of commercial banks, said the classified loans had gone up last year but came down in the final quarter.

Bad loans can be rescheduled for a maximum of three times as per the central bank's instruction.

Khaleed says both private and state-run banks have repeatedly offered loans to the

PM urges expat engineers to invest in economic zones

NRB engineers' convention begins in Dhaka



Prime Minister Sheikh Hasina visits a stall at the two-day Convention of Non-Resident Bangladeshi Engineers at Pan Pacific Sonargaon hotel in Dhaka yesterday.

UNB, Dhaka

Prime Minister Sheikh Hasina yesterday said Bangladeshi expatriates can come up with their investment in the country's 100 economic zones alongside foreign investors.

"We're setting up 100 economic zones. Not only the foreigners, but also our expatriates should invest there...we hope that as we've created scope for the expatriates to make investment (in the country)," she said.

The prime minister said this while inaugurating the two-day Convention of Non-Resident Bangladeshi (NRB) Engineers at Pan Pacific Sonargaon hotel in the city.

Noting that industrialisation and investment are badly needed for Bangladesh, Hasina said the government has created scope for investment and it provides various facilities to foreign investors.

She said the government wants to develop not only the cities or the

capital but also every village across the country.

She urged the Bangladeshi expatriates to pay special attention to the development of their ancestral villages tracing their roots.

"Though you came here from abroad today, you have the roots in any village of Bangladesh. So, I request you to find your roots and think how you can develop your own area," she said.

NBR supports barring import of chemicals by Old Dhaka firms

STAR BUSINESS REPORT

The National Board of Revenue will take steps with immediate effect if the government wants to impose a ban on import of chemicals by firms operating businesses from Old Dhaka.

Such companies should also be banned from opening letters of credit (LCs), NBR Chairman Md Mosharrar Hossain Bhuiyan said yesterday.

He spoke at an event organised at the NBR office to award top 10 VAT paying firms of Dhaka International Trade Fair 2018 that ended early this month.

"We will take steps if the industries ministry issues a directive barring LCs to be opened for chemical import against any address in the old town."

This ban will discourage doing chemical business in Old Dhaka and compel them to relocate their business to somewhere else, he said.

His comments came almost a week after a devastating blaze at Chawkbazar in Old Dhaka claimed 69 lives and injured many, making it the second deadliest chemical-fuelled fire in the country after the 2010 Nimtoli tragedy.

"It is really very sad to see repeat of such incidents. To prevent this type of accident, it is necessary to relocate factories, chemical warehouses and stores from the older part of the city."

NRBs keen to help build digital ecosystems

STAR BUSINESS REPORT

Non-resident Bangladeshi (NRB) experts in the fields of cyber security and digital processes at a seminar yesterday expressed deep interest in developing the country's digital ecosystems and make service delivery processes easier and secured.

In a session styled "Secure Connected Government" following the launch of a two-day conference of NRB engineers at Pan Pacific Sonargaon Dhaka, they sought support from the public and private sectors to help build the country.

The conference, the first of its kind, has been jointly organised by the Bridge to Bangladesh, Economic Relations Division and Access to Information. Five NRBs gave separate presentations seeking to set up projects focusing on cyber security and cloud services.

Abdul Alim, vice president of Technology AABGM Inc, said the Bangladesh government was taking

up large scale projects to tackle cybercrime but most of those could not meet global standards.

The country needs at least 10,000 certified cyber security professionals having top industry certifications over the next 10 years, he said.

Alim also expressed his interest in setting up a cyber security training centre, estimated to cost about \$15 million, on a pilot basis involving multiple government and nongovernment organisations. He suggested running it under a public-private partnership.

Citing a cybercrime report of 2017-18, he said such criminal acts cost the world \$3 trillion in 2015 and the figure would be \$6 trillion in 2021.

There are 400 new attacks occurring every minute, 70 percent of which go undetected, and identifying such a strike takes 172 days on an average for countries like Bangladesh and India, added Alim, who said to be implementing a lot of successful government projects in the US.

Azfar Hossain, who works for the

POWER IMPORT FROM INDIA Govt plans Tk 3,322cr transmission line

STAR BUSINESS REPORT

The government is going to construct a 140-kilometre high-voltage electricity transmission line between Barapukuria and Kaliakair to import 1,600 megawatts of power from Indian conglomerate Adani Group.

The planning ministry is going to place a mega project involving Tk 3,322 crore at the meeting of the Executive Committee on National Economic Council (Ecnc) today to set up the transmission line. Of the cost, 52 percent will come from a second Indian line of credit.

Earlier, the power division of Bangladesh and Adani Group signed a memorandum of understanding to allow the Indian firm to invest \$2.5 billion to build a 1,600MW coal-fired power plant in the country.

Later, Gujarat-based Adani Power, the largest private sector electricity producer in India, changed its plans. The power will now be generated in Jharkhand of India.

Adani Group is expected to start producing the electricity between 2022 and 2023, said a planning ministry official.

In future, the proposed transmission line would be used to import electricity from Nepal and Bhutan as well, the official said.

The planning minister is also going to place another project involving Tk 845 crore to acquire 1,000 acres of land in Mirsarai in Chittagong for Indian investors.

Bangladeshi migrants earn less for lack of certification

BEF chief says

STAR BUSINESS REPORT

A Bangladeshi migrant worker in the Middle East earns on an average a third of what his/her Sri Lankan counterpart gets and half of that of an Indian for the absence of proper certification, said a top official of Bangladesh Employers Federation (BEF) yesterday.

They draw such a poor salary despite having the knowledge and skill and working the same hours, BEF President Kamran T Rahman said at a discussion with a group of economic reporters at InterContinental Hotel in Dhaka.

Ethical banking hinges on ethical parliament

World Bank India's country director says

STAR BUSINESS REPORT

A parliament that follows the principles of ethics is important for the growth of an ethical banking system, said Junaid Kamal Ahmad, country director of the World Bank India.

"Give me an ethical parliament and I will give you an ethical banking system," he said while delivering a keynote speech in Dhaka on Monday.

He spoke at the "18th Nurul Matin Memorial Lecture on Ethics in Banking" organised by the Bangladesh Institute of Bank Management (BIBM) at its auditorium.

Since 2001, the BIBM has been organising the annual lecture in memory of AFM Nurul Matin, a former deputy governor of the Bangladesh Bank, who made significant contribution to the banking sector after the emergence of

Junaid Kamal Ahmad, country director of the World Bank India, delivers the "18th Nurul Matin Memorial Lecture on Ethics in Banking" at BIBM auditorium in Dhaka on Monday. Fazole Kabir, governor of Bangladesh Bank, was present.

Protection of a financial system lies in the hands of political system and a parliament gives the basis of ethics in the banking system, he said.



BSEC fines Emerald Oil directors

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) yesterday decided to fine each director of Emerald Oil, except the independent one, Tk 5 lakh for not publishing the financial statement of the fiscal year ending on June 30, 2017.

It also settled on freezing beneficiary owner accounts of the company's sponsors, directors, the chief executive officer, chief financial officer, company secretary and head of internal audit.

According to regulations, listed companies must publish financial statements for investors.

Standard Chartered Bank North Gulshan Branch is moving to a new location from 1st April 2019.

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