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# Star BUSINESS

DHAKA SUNDAY APRIL 7, 2019, CHAITRA 24, 1425 BS • starbusiness@thedailystar.net

## Defaulters to get another lifeline

BB to relax loan classification policy

AKM ZAMIR UDDIN

- KEY POINTS**
- Banks to enjoy additional three months to classify overdue loans
  - Lenders will get a breathing space to keep provisioning
  - Default loans to go down
  - Banks' profit will rise for the time being
  - The policy contradicts global banking norms
  - Local lenders to face difficulties to do business with foreign banks

The country's loan classification rules, which were tightened in 2012 to comply with global standards, are set to be relaxed by the central bank as it engineers to bring down the large amount of default loans.

In 2012, the central bank had reduced a three-month time frame for treating the three types of classified loans - sub-standard, doubtful and bad - to shine out the banking sector in line with the global norms.

As per the rules, loans overdue for three, six and nine months are now classified as sub-standard, doubtful and bad respectively.

But now, the timeline has been pushed by three months for each category, meaning non-payment for six months would lead to the loan being classified sub-standard.

The loan would turn doubtful after non-payment for nine months and bad after 12

months.

"The wilful defaulters are compelling the central bank to revise the policy -- this is an ominous sign for the banking sector," said Khondkar Ibrahim Khaleel, a former deputy governor of the Bangladesh Bank.

The central bank has already prepared a draft guideline on the issue and its senior management team discussed the matter last week at a meeting.

The loan classification policy will become more logical because of the latest central bank move, said Md Serajul Islam, spokesperson of the BB.

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**BANANI ROAD 11**

## Edible oil import to rise: USDA

SOHEL PARVEZ

Soybean and palm oil imports are likely to increase by 10 percent to 26.50 lakh tonnes in the year ending in June, buoyed by rising consumption, the US Department of Agriculture (USDA) said.

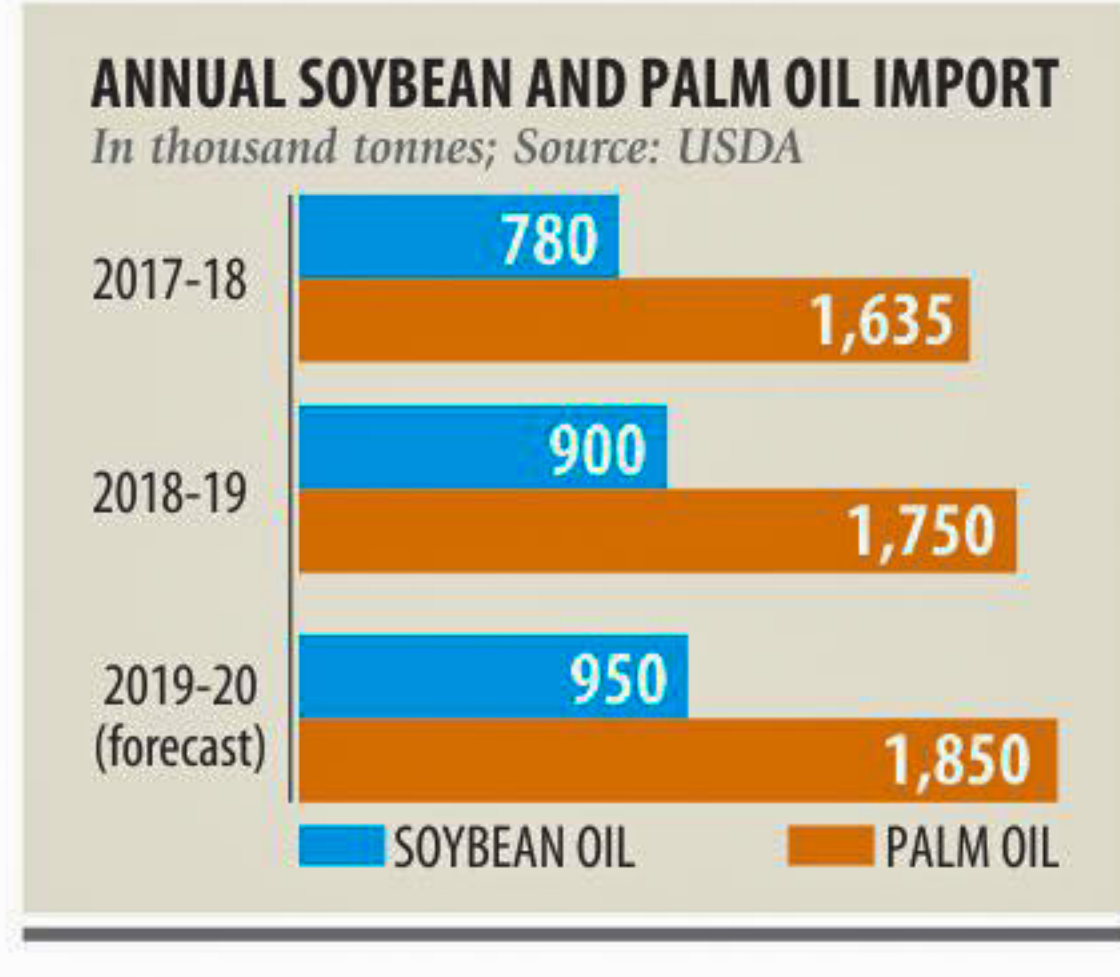
It also forecasted that edible oil imports might grow 6 percent year-on-year to 28 lakh tonnes in the next marketing year of 2019-20, beginning in July.

Continuing population increase, changing consumer behaviour to dine out, increasing urbanisation and an increase in bakery and processed food production drives the consumption of both soybean and palm oil in Bangladesh.

With the country producing an insignificant amount of soybean and no palm oil, Bangladesh has to meet the domestic requirement through imports, mostly in crude form. Palm oil accounts for the majority of the import and the consumption.

Bangladesh spent Tk 14,448 crore in fiscal 2017-18, up 22 percent year-on-year from Tk 11,838 crore, according to Bangladesh Bank.

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## Paying with MFS at retails gaining traction

MUHAMMAD ZAHIDUL ISLAM

Payments through the mobile financial service platform have trebled in the last one year, in a development that will bring cheer to the central bank as it strives to move towards a cashless society.

In February, total MFS merchant payment stood at Tk 429.83 crore, in contrast to Tk 115.43 crore a year earlier, according to data from the central bank.

At present, people are using MFS to pay for goods at both brick-and-mortar and e-commerce shops and also for rides, tuition fees and utility bills. Even salary disbursement and government payments are made through the platform.

To further increase the platform's popularity MFS operators are currently providing cashbacks and discounts for making payments through them, a move that also accounts for the spike in transactions, said industry insiders.

Currently, about 1 lakh merchants are connected with the platform, of which 80,000 accounts are registered with bKash alone.

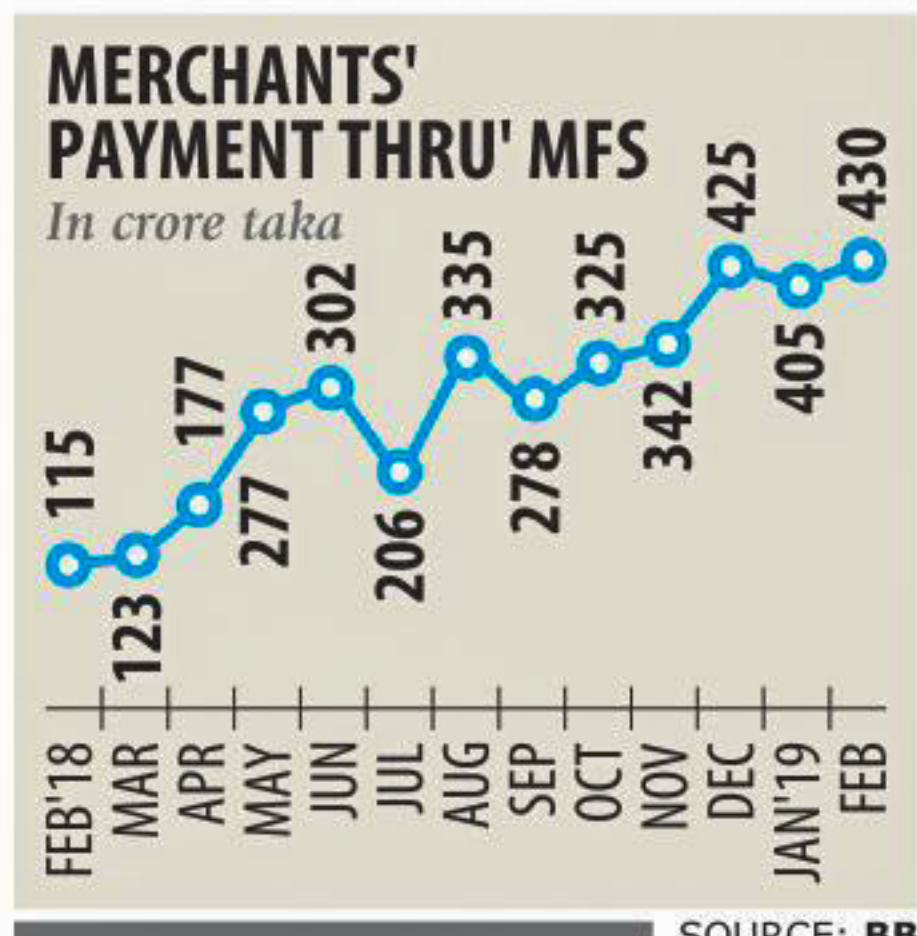
bKash said payment through merchants is becoming popular day by day.

In 2017, their total number of merchants was about 50,000. In just one year the number shot up 60 percent.

"Payments like tuition fee and electricity bill can be made easily through bKash from anywhere, anytime. You can also fetch money from your bank accounts to bKash wallet and spend that accordingly," said Shamsuddin Haider Dalim, head of corpo-

rate communication at bKash.

Rahee Raihan, head of finance and accounts at Meena Bazar, one of the largest supermarket chains in the country, said they are observing that digital wallets are getting popular in their system in the last one year or so.



Even one year ago, there were just a handful of customers who were paying with their MFS account. But now, it accounts for more than 6.5 percent of Meena Bazar's total transactions.

Cards account for about 32 percent of the payment, which is more or less the same as a year ago.

"But in the last one year we are getting more and more payments through the MFS channel," Raihan said, adding that the MFS ecosystem is getting vibrant by the day.

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## Lengthy listing process scares off good firms

Analysts say as stock expo ends

STAR BUSINESS REPORT

Large and well-performing companies feel discouraged because of the lengthy process they have to go through to enter the stock market, experts said yesterday.

The other impediments to the entry of good stocks include the lack of willingness to maintain transparency and accountability, availability of long-term bank loans, tendency of tax evasion and lack of corporate governance, they opined.

Some companies do not want to bring its shares to the capital market to avoid the possible chaos that the shareholders sometimes create during the annual general meetings, the experts said.

They made the comments in a seminar that took place on the sidelines of Bangladesh Capital Market Expo-2019 at Bangladesh Shilpakala Academy in Dhaka.

Online financial news portal arthosuchak.com organised the three-day exposition that ended yesterday.

M Nasimul Hye, company secretary of Bashundhara Group, said they had to wait more than six years to bring a company of the group to the stock market through the book-building method.

"All our efforts lost momentum. We lost some potential international business also due to the time-consuming process."

Every company has to use the book-building method if it wants to get a premium over the face-value of each share it is issuing.

Book-building is a process through which a company tries to determine the price to offer for its stocks based on the demand from institutional investors.

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## Rubana climbs BGMEA summit

First woman to lead the garment sector's apex trade body

STAR BUSINESS REPORT

Rubana Huq, managing director of Mohammadi Group, is set to be the next president of the BGMEA after her panel managed a clean sweep at the biennial election -- becoming the first woman to lead the garment sector's apex trade body.

Some 1,492 out of the total 1,956 voters yesterday cast their votes in the election to choose the leaders of the Bangladesh Garment Manufacturers and Exporters Association for the next two years.

Her panel, Sammilita Forum, won all 35 available posts for directors.

Huq is scheduled to take helm of the BGMEA on April 20.

"We need to change the narrative of Bangladesh that it is a country of cheap labour," said Huq in her victory speech.

A separate cell will be set up in the BGMEA to help the factory owners with price negotiations with buyers.

"Cheap is not good, but competitiveness is good."

Many small and medium factories are in trouble and they are even facing closures of their units.

"They need immediate help. We need to stand beside them during their bad times. We will try to find out ways to save those factories."



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Rubana Huq, managing director of Mohammadi Group, exchanges pleasantries during voting of the biennial election to the BGMEA on its premises in the capital yesterday. Her panel managed a clean sweep.

She also said now is the time for the sector to get its act together.

"This is the peak time for self-monitoring. We need also transparency in this sector. We should try to brighten the image of the sector."

The incidents of labour unrest do not take place in good factories because the owners offer them different advantages. "We will try to remove all incidence of mistrust between the owners and workers."

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## Zilingo eyes Bangladesh's e-marketplace

STAR BUSINESS REPORT

Zilingo, a Singapore-based fashion and lifestyle e-marketplace startup, is set to enter the Bangladesh market as part of its plan to become a key player in the fashion supply chain in Asia and other parts of the world.

The company has applied to the government and is now waiting for the nod, said Ankiti Bose, co-founder and chief executive officer of the business-to-business (B2B) commerce platform, in a statement yesterday.

"What we see is a huge market with immense potential to enter the global front further. The prevailing ready-made garments sector in Bangladesh already has a notable footprint globally and we believe that we can complement further growth," she said.

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