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DHAKA THURSDAY SEPTEMBER 26, 2019, ASHWIN 11, 1426 BS • starbusiness@thedailystar.net

## Bangladesh to clock highest growth in Asia this year

ADB says in its latest report

**STAR BUSINESS REPORT**  
 The Bangladesh economy will grow at 8 percent this fiscal year, which would be the highest in Asia, as per the latest forecast of the Asian Development Bank.  
 The forecast is close to the government target of 8.2 percent growth in fiscal 2019-20. Last fiscal year, Bangladesh pulled off 8.13 percent GDP growth.  
 The Manila-based multilateral lender disclosed the growth forecast while releasing its 'Asian Development Outlook 2019 Update' at its office in Dhaka yesterday.  
 "Buoyant exports, robust private consumption, higher remittance, accommodative monetary policy and ongoing reform to improve business climate and high infrastructure spending helped Bangladesh attain high growth," the report said.  
 Bangladesh continues to be among the fastest growing economies in Asia and the Pacific, said Manmohan Parkash, ADB country director.  
 On the supply side, higher expansion in industry and services lifted the robust growth.  
 Despite a weaker global growth, favourable trade prospects are expected to continue. Export and remittances are likely to be further strengthened. Strong public investment due to continued policy environment and expediting implementation of large infrastructure projects are also envisaged.  
 On the downside, private investment, which would propel the next level of growth, remained stagnant in 2019, Parkash said.



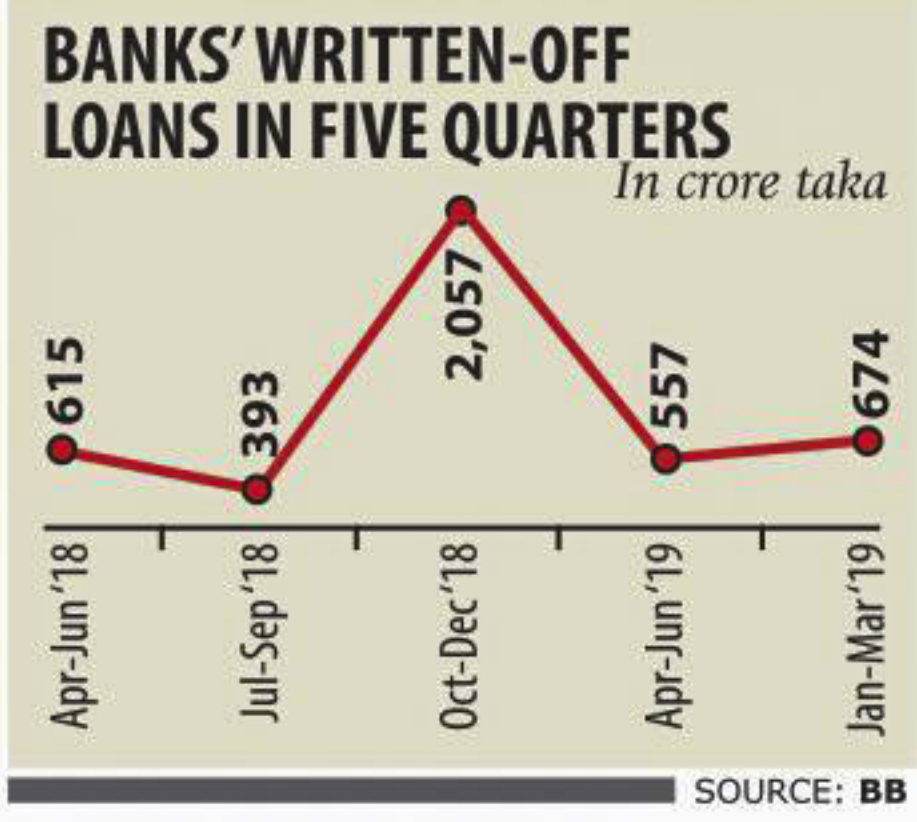
Manmohan Parkash, centre, country director of ADB, listens to reporters' queries while releasing its "Asian Development Outlook 2019 Update", at ADB's Dhaka office yesterday.

Private investment edged up to 23.4 percent in fiscal 2018-19 from 23.3 percent a year earlier. Public investment expanded from 8 percent to 8.2 percent and total investment contributed 2.8 percentage points to growth.  
 Apart from that, private sector credit growth

## Written-off loans rise in Q2

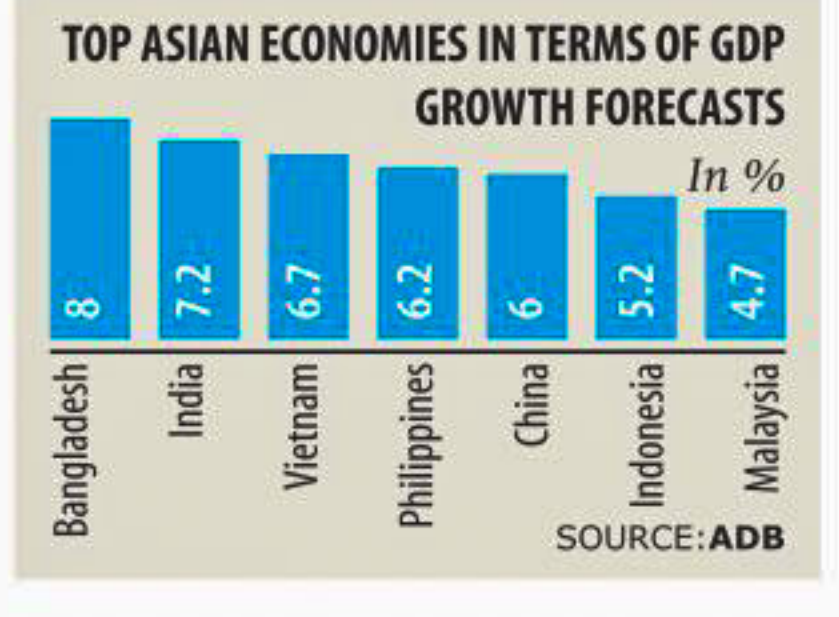
AKM ZAMIR UDDIN

Loans written off by banks surged 21 percent to Tk 54,463 crore in the second quarter of the year from a quarter ago as the lenders try to clean up balance sheets and paint a rosy picture of their health.  
 As much as Tk 674.38 crore was written-off between April and June, in contrast to Tk 557.30 crore a quarter ago, according to latest data from the Bangladesh Bank.  
 The central bank has recently eased its write-off policy, which has encouraged banks to tidy up the balance sheet artificially, said experts.  
 In February, the BB revised the policy to allow banks to write off default loans that have been languishing in the bad category for three years, down from five years previously.  
 Furthermore, lenders do not have to file any case with money loan courts to write off delinquent loans worth Tk 2 lakh, up from Tk 50,000 previously.  
 Banks have failed to recover 76 percent of the total written-off loans since January 2003 when the central bank introduced the policy.  
 This means the unrecovered delinquent loans stood at Tk 41,177 crore as of June.  
 "The written-off loans have gone up in recent months because of the central bank's relaxed policy," said Salehuddin Ahmed, a former governor of the central bank.  
 Many lenders are now showing unwillingness to recoup default loans by initiating all-out efforts, he said.  
 The write-off policy has become one of the pivotal avenues for banks to show a lower volume of non-performing loans, he said.  
 "The central bank has also provoked lenders to do so. But this will not help strengthen the financial health of the banking sector," Ahmed said.  
 The former governor said there has been many knock-on effects in the sector for the upward trend of the written-off loans as



lenders could not realise the loans in most cases.  
 He said the central bank has recently announced to provide liquidity support to the banking sector, but it is not good for the economy as many lenders are already burdened with NPLs.  
 The central bank should refrain from extending such support in the greater interest of the banking sector, he said.  
 The large volume of default loans has forced banks to write off the default loans, said Khondker Ibrahim Khaled, a former deputy governor of the central bank.  
 Khaled, however, sees a positive aspect in the policy, as banks have to keep 100 percent provisioning against the written off loans.  
 Defaulted loans stood at Tk 112,425 crore in June, up 19.71 percent from December last year.  
 Khaled advised banks to go all out to rein in the rise of default loans as it will go a long way to help them curb written-off loans.  
 Banks are compelled to write off loans when all options to recover the default loans are exhausted, said Syed Mahbubur Rahman, chairman of the Association of Bankers, Bangladesh, a forum of the managing directors of private banks.  
 He says the write-off method is a globally recognised policy, so there has been no negative impact in the banking sector.

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## DBH First Mutual Fund Unit-holders want conversion, fund manager opposes

**AHSAN HABIB**  
 Seventy-nine percent share or unit-holders, mostly 12 corporate houses, of closed-end DBH First Mutual Fund want to convert the fund into an open-end one.  
 Closed-end mutual funds are investment tools that pool a fixed amount of money for a certain period from investors and re-invest it into stocks, bonds and other assets.  
 The funds are traded on the stock exchanges and investors can buy or sell the shares in the secondary market. On the other hand, an open-end mutual fund is bought and sold through its asset manager at the fund's net asset value (NAV).  
 For example, a unit of DBH First Mutual Fund and Green Delta Mutual Fund was traded at Tk 8.50 and Tk 8.10 respectively on Dhaka Stock Exchange yesterday. However, NAV of the two funds was Tk 9.94 and 9.87 as per the disclosures on September 19.  
 As part of the move, Bangladesh General

Insurance Company (BGIC), trustee of the DBH First Mutual Fund, on Tuesday, wrote to Bangladesh Securities and Exchange Commission (BSEC).  
 BGIC informed that various investors were requesting it to call a unit holders' meeting with the agenda to convert the DBH fund into an open-end one.  
 The securities law allows conversion of a closed-end mutual fund into an open-end one, subject to consent of three-fourths of the unit-holders. BGIC added, "We would like to inform the commission that as per the unit holding confirmation provided by the investors, it is observed that they hold 78.42 percent of the fund."  
 On the other hand, LR Global, DBH's fund manager, in a statement yesterday said some asset managers in collaboration with some institutional investors accumulated material (significant) amount of shares of the two funds directly.

## TUG OF WAR ON AUDIT CLAIMS BTRC may waive GP-Robi's late fees

**STAR BUSINESS REPORT**  
 The government is considering waiving off the late fees, which made up almost half the Tk 13,447 crore claimed by the telecom regulator as unpaid dues from Grameenphone and Robi, as it engineers a swift end to the drawn-out tussle.  
 As per rules, 15 percent compound rate is applied on late fees.  
 Of the Tk 12,579.95 crore that Grameenphone has outstanding as per the telecom regulator's audit, Tk 6,194.30 crore is late fees.  
 For Robi, late fees accounted for 19.45 percent of the Tk 867.24 crore claimed by the Bangladesh Telecommunication Regulatory Commission.  
 Both the operators vehemently dispute the amounts claimed by the commission and was willing to fight the matter in court.  
 "The government might be considering giving a waiver on late fees for a swift resolution," said BTRC Chairman Md Jahurul Haque after a meeting yesterday with Finance Minister AHM Mustafa Kamal, Telecom Minister Mustafa

**BREAKDOWN OF CLAIMS**

	GP	Robi
First claim	Tk 11,530.15cr	Tk 1,251.68cr
Revised claim	Tk 12,579.95cr	Tk 867.23cr
BTRC's part	Tk 8,494.01cr	Tk 488cr
Principal amount	Tk 2,299.71cr	Tk 319cr
Interest	Tk 6,194.30cr	Tk 169cr
NBR's part	Tk 4,085.94cr	Tk 379cr

Jabbar, National Board of Revenue Chairman Md Mosharraf Hossain Bhuiyan and top BTRC officials.  
 But before a final decision is taken the two parties will sign a memorandum of understanding.

"We still stand by the audit findings, but the government has the final say," he added.  
 The government had no intention of extending a waiver and the operators never demanded one as well, Kamal told reporters after the meeting.  
 "But we need to resolve this issue as fast as possible."  
 The overhang of audit claim is hampering the two operators' businesses, which, in turn, is impacting the government's revenue collection.  
 "If the mobile operators earn Tk 100 the government gets Tk 53 from it. So why don't we take a chance and resolve the problem?"  
 Kamal's involvement in this tug of war between the telecom regulator and the country's top two operators came after he waded through the reasons for the ongoing slump of the stock market.  
 The sinking stock price of Grameenphone, the largest listed company by market capitalisation, was a major reason for the stock market's slide.  
 In a span of five months Grameenphone's share sank 30.70 percent to Tk 289, as its regulatory issues made investors worried.

## Govt allows 500 tonnes of hilsa export to India

**UNB, Dhaka**  
 The government has allowed export of highest 500 tonnes of hilsa to India during Durga Puja.  
 The commerce ministry took the decision yesterday as a gesture of goodwill, said Md Abdul Latif Bakshi, the ministry's public relations officer.

## Onion price still high in India

**PALLAB BHATTACHARYA, New Delhi**  
 Retail prices of onion in Delhi and other parts of India continued to remain high yesterday despite government measures, including boosting supplies.  
 As per data of the consumer affairs ministry, the retail price was ruling at Rs 60 per kilogramme (kg) in cities like Delhi and Lucknow. The rates were Rs 58 in Mumbai, Rs 42 in Chennai, Rs 70 in Kanpur and Rs 80 in Port Blair.  
 However, trade data showed retail prices of the key kitchen staple were hovering around Rs 70-80 per kg in most parts of the country, depending on quality and region.  
 Prices have been rising for the last one month due to supply disruption from flood-affected producing states like Maharashtra. The rise was sharp in the last few days due to heavy rains in key growing states.

**Erratum**  
 In the headline of yesterday's lead story titled "Sanofi's exit plan baffles employees", the name of the company was misspelled as 'Sonofi'. We regret the error.

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**Oil prices fall**  
**REUTERS, London**  
 Oil prices fell for a second day on Wednesday on worries that fuel demand could fall after US President Donald Trump doused recent optimism over China-US trade talks at a time of rising US crude oil stockpiles.  
 Brent crude futures LCOc1 were down \$1.05 cents at \$62.05 a barrel by 1127 GMT, erasing all gains made after an attack on Saudi oil facilities sent the benchmark up around 20 percent last week.  
 Nevertheless, the benchmark remains on track for its first monthly gain since June.

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 As part of our commitment to remain on the cutting edge of banking technology, we will carry out a scheduled system upgradation and maintenance as per the timetable below. During the scheduled maintenance period, selected services will be temporarily unavailable. Should there be any inconvenience caused, please accept our sincere apologies. Thank you for your patience and understanding.

Expected Downtime	Interrupted Services
4 AM Friday, 4 October 2019 to 4 AM Saturday, 5 October 2019	Altitude - Internet Banking   Debit and Credit Card Transactions   ATM Services   Website

If you have any queries, please feel free to call Prime Bank Contact Center at 16218 (Locally) or +88 09604016218 (From overseas)

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