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RESCHEDULING SCENARIO




Slower rise in NPLs helped contain rescheduling in last 2yrs



Moratorium curbed defaulted loans in recent years



Rescheduling is now increasing due to rising NPLs




LOANS RESCHEDULED


In crore taka; SOURCE: BB

Year	Loans Rescheduled (Cr. Taka)
2015	15,000
2016	18,000
2017	20,000
2018	25,000
2019	55,000
2020	15,000
2021	12,000


WHAT EXPERTS SAY...




Lower rescheduling does not depict the actual picture of banks



Rescheduling should not be allowed bypassing BB rules



Habitual borrowers should be barred from rescheduling



Ensuring corporate governance will contain both NPLs and rescheduling

Govt looking for new edible oil sources

Plans to offer import duty cuts

REFAYET ULLAH MIRDHA

The commerce ministry is going to recommend that the National Board of Revenue (NBR) reduce the import duty on canola, sunflower and olive oil to 10 per cent from the existing 32 per cent. It will be an attempt to increase the supply of edible oil in local markets as Indonesia is slapping a ban on exports of palm oil from April 28. Bangladesh has been foreseeing a supply crunch of edible oil with the proposed export ban as the country sources 85 per cent of its annual requirement of 11 lakh tonnes of crude palm oil from Indonesia. So, the government is desperately looking for alternative sourcing destinations, alternative edible oils and taking up trade-related measures to maintain a smooth supply of edible oil in the local markets at affordable prices. Of the many measures, the government is not

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STOCKS	
DSEX ▼	CASPI ▼
0.24% 6,666.91	0.23% 19,599.29

COMMODITIES	
Gold ▼	Oil ▼
\$1,907.3 (per ounce)	\$97.26 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 1.08% 56,579.89	▼ 1.90% 26,590.78	▼ 0.64% 3,339.59	▼ 5.13% 2,928.51

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Default loan rescheduling falls to 7-year low

AKM ZAMIR UDDIN

Rescheduling of default loans fell to a seven-year low in 2021, riding on a moratorium extended by the Bangladesh Bank to protect borrowers from the economic shocks arising from the coronavirus pandemic. Last year, non-performing loans (NPLs) amounting to Tk 12,379 crore were rescheduled, the lowest since 2015, data from the central bank showed. Older data was not available. Analysts describe the declining loan rescheduling as a welcoming trend for the banking sector but add that there is no scope to be complacent. There are concerns that rescheduling may surge as all types of loan moratoriums, which were unveiled by the central bank throughout 2020 soon after the coronavirus pandemic struck Bangladesh, were

withdrawn this year. The temporary suspension of loan repayments had allowed borrowers to avoid slipping into the default zone by paying only 15 per cent of their instalments payable for 2021. In spite of the facility, the NPLs went up 16.38 per



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cent year-on-year to Tk 103,274 crore last year. The NPLs would have increased to a large degree had the central bank not declared forbearance. So, loan rescheduling is expected to go up in keeping with the rise in the NPLs. "Loan rescheduling can be considered as a good tool to contain the NPLs if both banks and borrowers appropriately follow banking norms," said Shah Md Ahsan Habib, a professor at the Bangladesh Institute of Bank Management. As per a central bank instruction, defaulters have to make a down payment between 10 per cent and 50 per cent of their bad loans to get rid of the default status. But many influential borrowers have managed to regularise their loans in recent times by making a lower down payment as lenders allowed them to do so in violation of BB rules.

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Some 375,000 motorcycles were sold in Bangladesh in 2021, up 21 per cent compared to the previous year, according to Bangladesh Road Transport Authority. PHOTO: STAR

Up to 500cc bikes can be made locally

SOHEL PARVEZ

The government has granted permission to manufacturers to produce bikes up to 500cc engine capacity, a move that is expected to give a huge boost to the motorcycle industry in Bangladesh and provide the scope to bike lovers to ride higher engine two-wheelers. The development comes as demand for motorcycles with a higher engine capacity is growing among bike enthusiasts thanks to reduced prices and a reduction in registration fees. In the Import Policy Order 2021-24, published on Sunday, the government said motorcycle makers would be able to import machinery and spare parts required to manufacture 500cc bikes. It, however, banned the import of bikes above 165cc engine capacity. AHM Shafiquzzaman, additional secretary of the commerce ministry, says the government has given the permission to encourage investment in the manufacturing

of higher capacity motorcycles. "Locally made bikes with a higher engine capacity could be marketed at home and abroad." Manufacturers welcomed the move, saying that liberalisation will enhance the capacity of the sector. "This is a positive development. This will attract fresh investment and give a boost to the backward linkage industry and vendor development," said Taskeen Ahmed, managing director of IFAD Motors Ltd. IFAD has already signed a memorandum of understanding with British-bred Royal Enfield to import the latter's famous two-wheelers. Ahmed said the bikes with higher engine capacity run on the streets of the countries such as Singapore and Malaysia and European nations. "This will create the scope for exporting components to the global market." Earlier, the government permitted Runner Automobiles to import machinery and components

needed to make bikes of up to 500cc engine capacity. Thanks to the latest measure, all manufacturers would now be able to bring components and machinery to make higher engine capacity bikes. "This has created the opportunity for us to market bikes locally as well as export," said Hafizur Rahman Khan, chairman of Runner Automobiles Ltd, one of the leading manufacturers of bikes in Bangladesh. He explains that function remains low in bikes with lower engine capacity. "The entire system of a bike with a higher engine capacity will be better than the lower capacity ones," Khan said. The measure will add new capability and create new jobs, said Subrata Ranjan Das, executive director of ACI Motors Ltd, the local distributor of Yamaha. Some 375,000 motorcycles were sold in 2021, up 21 per cent compared to 311,016 units the year before, data from the Bangladesh Road Transport Authority showed.



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