

  
  
BOLSTERING  
Export Oriented  
Industries

  
SCAN FOR DETAILS

## Rolls-Royce importer's bond licence suspended

**MOHAMMAD SUMAN,**  
*Chattogram*

Chattogram Customs Bond Commissionerate has suspended the general bond licence of Z&Z Intimates which has recently been accused by customs intelligence of getting an imported Rolls-Royce worth Tk 27 crore released bybypassing assessments.

Z&Z Intimates is owned by Ananta Group and located at Chattogram Export Processing Zone.

On July 14, the commissionerate issued the suspension order for violating Bonded Warehouse Licensing Rule-2008 and failing to provide signatures of two out of four owners on non-judicial stamps.



The order also mentions that the signatures should have been attested by banks concerned.

As per an order of the National Board of Revenue (NBR), the licence would remain suspended until all the signatures were provided and legal documents submitted properly.

Now, the company will not get duty-free benefits on importing goods.

Usually, 100 per cent export-oriented companies get the duty free facility for the import of raw materials.

Customs duties, ranging from 42 per cent to 800 per cent, have to be paid if products are imported by other importers.

the company's name came up on July 6 after a car was seized by customs intelligence on charge that revenue payments of Tk 24 crore had been evaded.

Then several wing of the NBR, including customs intelligence, customs house and the commissionerate, started looking into details of the company.

AKM Mahbubur Rahman, commissioner of Chattogram Bond Customs Commissionerate, told The Daily Star, "According to the law, the company has not followed the process of submitting documents for getting general bond licence."

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## RELAXED RULES FOR LOAN RESCHEDULING

### REPAYMENT TENURE

|                 | New rule  | Previous rule |
|-----------------|-----------|---------------|
| Term loan       | 6-8 years | 9-24 months   |
| Working capital | 5-7 years | 6-18 months   |

### DOWN PAYMENT (Of NPLs)

|                 | New rule  | Previous rule |
|-----------------|-----------|---------------|
| Term loans      | 2.5-6.5pc | 10-30pc       |
| Working capital | 2.5-5pc   | 5-15pc        |

### OTHER RULES



Defaulted loans can be rescheduled 4 times instead of 3 times now



Borrowers to get new loans by giving 3pc of rescheduled loans instead of previous 15pc



Exporters to enjoy new loans by repaying 2pc loans instead of previous 7.5pc

### EXPERTS SAY...



Defaulted loans to increase in the long run



Delinquent borrowers may divert bank fund



Banks to face problems in recovering loans



New rules may create moral hazards among good borrowers



# Loan defaulters get a big break

BB relaxes loan rescheduling policy for them

**AKM ZAMIR UDDIN**

Bangladesh Bank yesterday substantially relaxed the policy for rescheduling defaulted loans, allowing defaulters to repay term loans over a maximum period of eight years whereas it was previously two years.

Defaulters will also be allowed to reschedule their non-performing loans (NPLs) four times whereas previously they could do so three times, according to a Bangladesh Bank notice.

The BB said the new rules have been issued to keep the financial sector stable from the long-lasting effects of the coronavirus pandemic and the prolonging Russia-Ukraine war.

Analysts said the relaxation of the rescheduling policy would weaken the health of the country's banking sector, which has already been struggling to reduce its NPLs in recent years amidst a lack of corporate governance.

As per the new rules, defaulters who took term loans would be

allowed to repay funds over a period of six years to eight years. In contrast, it was previously nine months to two years.

Term loans, which have tenures of more than one year, are usually given out to businesses to set up new industrial units and expand

Clients will also enjoy a grace period between six months and one year before they need to start repaying the rescheduled loans. Such grace periods were absent in the previous central bank policy.

The BB has also declared a big relaxation of rules on down

demand loans. The earlier range of the down payment was from five per cent to 15 per cent.

After rescheduling the NPLs, exporters will have to repay 2 per cent of the rescheduled loans in order to get new funds from banks. Previously it was 7.5 per cent.

Common borrowers will have to pay 3 per cent of their defaulted loans to enjoy new loans in contrast to a previous 15 per cent.

Regular borrowers, who have not entered the default zone, will also be permitted to restructure their loans.

Under the process, banks can extend the repayment tenure by up to 50 per cent whereas it was previously 25 per cent.

The defaulters, who earlier rescheduled their NPLs more than four times, will be allowed to reschedule their default loans for one more time.

The BB in the notice said defaulters would not be allowed to reschedule their defaulted loans for a fourth time after December 2023.

existing ones.

Defaulters who avail working capital and demand loans would be permitted to pay back their loans over a period of five years to seven years. In contrast, it was previously six months to 18 months.

Clients usually avail working capital and demand loans, which have tenures below one year, to run their ongoing businesses.

payments which are required to be made by defaulters.

As per the rules, defaulters who took term loans would have to give only 2.5 per cent to 6.5 per cent of their total NPLs instead of the previous 10 per cent to 30 per cent.

They will have to provide down payments of 2.5 per cent to 5 per cent of their total NPLs if they have taken working capital or



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## Withdraw export threshold in new GSP

BGMEA, BKMEA urge EU

**REFAYET ULLAH MIRDHA**

Garment exporters are demanding the European Union (EU) remove the 7.4 per cent threshold on apparel imports from any given country in the proposed Generalised System of Preferences (GSP) to ensure smooth continuation of exports to the world's largest trade bloc.

In the new 10-year GSP scheme, which is going to be effective from 2024 onwards, the EU added a clause that if the value of garment imports from a country eligible for duty-free benefits under the Everything But Arms initiative crosses 7.4 per cent of the bloc's total apparel imports, then the zero-duty facility will not be applicable even if GSP status is granted.

The total value of apparel items exported from Bangladesh to EU countries has already gone past the threshold and now stands at more than 9.74 per cent considering the export value of 2019.

EU member states bought clothes worth 154 billion euros from outside the bloc with Bangladesh accounting for 15 billion euros that year, according to data from the Export Promotion Bureau (EPB).

Leaders of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) also demanded an extension of the transition period, when Bangladesh can still enjoy duty benefits as a least developed country, after the country's graduation in 2026.

As the EU usually allots a three-year transition period, Bangladesh will be able to avail the trade benefits up till 2029 under the current agreement.

"We made this demand in the face of different challenges, like the Covid-19 fallout, Russia-Ukraine war and high global inflation," said Faruque Hassan, president of the BGMEA.

"So, it would be better if the EU extends the trade benefits up till 2032," he told The Daily Star after meeting with the visiting EU trade delegation at the BGMEA office in Gulshan, Dhaka yesterday.

Garment exporters present at the meeting urged for ensuring fair prices from EU retailers and brands to make the local garment industry more sustainable.

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| STOCKS |                   |                    |
|--------|-------------------|--------------------|
|        | DSEX ▼            | CSCX ▼             |
|        | 1.38%<br>6,216.89 | 1.30%<br>18,280.93 |

| COMMODITIES |                           |                         |
|-------------|---------------------------|-------------------------|
|             | Gold ▲                    | Oil ▲                   |
|             | \$1,715.14<br>(per ounce) | \$99.30<br>(per barrel) |

| ASIAN MARKETS |                      |                      |                     |                     |
|---------------|----------------------|----------------------|---------------------|---------------------|
|               | MUMBAI               | TOKYO                | SINGAPORE           | SHANGHAI            |
|               | ▲ 1.41%<br>54,521.15 | ▲ 0.54%<br>26,788.47 | ▲ 0.73%<br>3,121.76 | ▲ 1.55%<br>3,278.10 |

# Uninsured losses from disasters high in Bangladesh

**STAR BUSINESS REPORT**

Bangladesh lost up to 1.1 per cent of its gross domestic product (GDP) between 2016 and 2020 because of natural disasters such as floods, cyclones and salinity, and much of these losses could be reduced by providing insurance to the underserved population and protecting vulnerable communities.

Bangladesh's non-life insurance penetration ratio is very low at 0.1 per cent compared to 0.16 per cent in the Asia Pacific region in 2020.

This low penetration level indicates that uninsured losses from disasters in Bangladesh are significantly higher than in other countries, according to a workshop on inclusive insurance and risk finance for Bangladesh.

The Financial Institution Division (FID) under the finance ministry and Insurance Development and Regulatory Authority (IDRA), with technical and financial assistance from the United Nations Development Programme (UNDP), organised the event at Pan Pacific Sonargaon Dhaka.

At the workshop, a paper by Professor Hasina Sheykh, national consultant for inclusive insurance at UNDP Bangladesh, said economic losses due to such risks are vast. In 2021, Bangladesh lost \$11.3 billion due to natural disasters, the paper showed.

**Inability of poor families to pay insurance premiums, insufficient knowledge, and lack of trust are some reasons for low insurance penetration**

"Uninsured losses due to different risks, including natural disasters, are significantly higher in Bangladesh compared to other countries," she said, adding that adoption of insurance schemes is still very limited despite their potential.

The inability of poor families to pay insurance premiums, insufficient knowledge, lack of trust, lapse coordination among insurers and relevant government agencies, and inadequate

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Some women labourers belonging to the indigenous Santal community collect Aman seedlings from a seedbed in order to plant them in paddy fields. The practice is aimed at getting better yields. Supported by monsoon rains, Aman is the second-biggest rice crop in Bangladesh, accounting for 38 per cent of the total annual rice output of 3.76 crore tonnes in the fiscal year of 2020-21. However, farmers this year are failing to sow the seedlings on time owing to a lack of rains. The photo was taken from Ghoraghat upazila of Dinajpur recently.

PHOTO: MOSTAFA SHABUJ