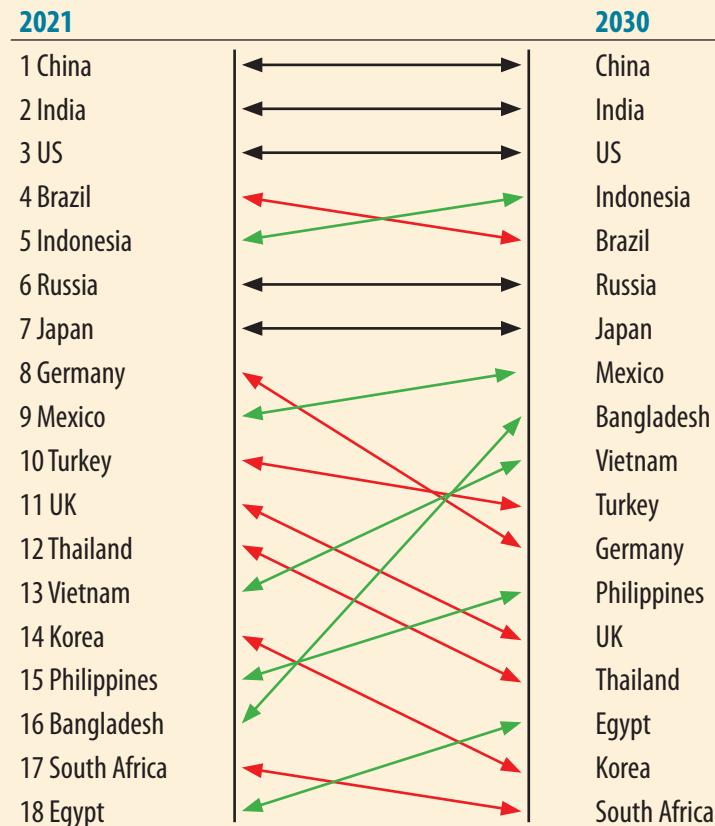
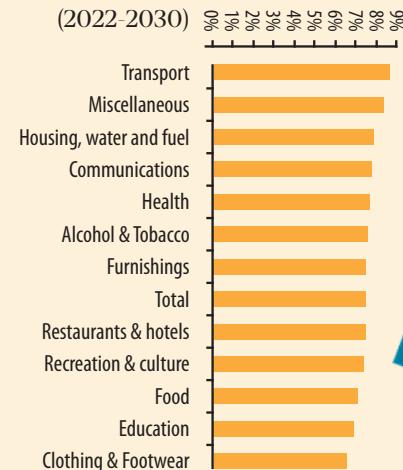


star BUSINESS

CONSUMER MARKETS THAT WILL BE MORE IMPORTANT BY 2030 (2021 vs 2030)



SPENDING GROWTH



FASTEST-GROWING CONSUMER CLASS



Rescheduled loans too turning bad

AKM ZAMIR UDDIN

The Bangladesh Bank's policy that allows defaulters longer repayment tenures and easy terms and access to fresh funds has appeared to have failed to make major inroad in bringing down bad debts as rescheduled loans are even turning sour.

In 2019, the central bank issued a relaxed policy on loan rescheduling and offered a one-time exit policy to address the long-standing issue of bad debts.

Under the facility, clients can regularise defaulted loans by repaying a lower amount of their NPLs as a down payment than usually required.

As a result, the amount of rescheduled loans swelled: a record Tk 52,770 crore was rescheduled in the year.

Banks regularised defaulted loans to the tune of Tk 12,380

crore in 2021, of which 19.8 per cent has slipped into the bad loan category once again, data from the central bank showed.

The ratio of defaulted rescheduled loans stood at 18 per cent in 2020 when lenders collectively regularised NPLs of Tk 13,470 crore.

In December last year, defaulted loans in the banking sector totalled Tk 103,274 crore, which was 7.93 per cent of the outstanding loans.

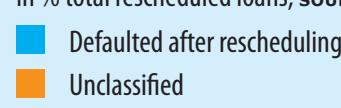
Anis A Khan, a former managing director of Mutual Trust Bank, says the upward trend of the defaulted rescheduled loans is not a good sign for the banking sector as willful defaulters usually misuse the facility.

In July, the central bank relaxed the rules related to loan rescheduling to a large degree.

Under the new policy,

DEFAULT LOAN SITUATION

In % total rescheduled loans; SOURCE: BB



defaulters who took term loans are now allowed to pay back the funds in six to eight years compared to the previous tenure of nine to 24 months.

Term loans, which are repaid in more than one year, are usually given out to businesses to set up new industrial units and expand the existing ones.

Besides, defaulters are now permitted to give only 2.5-6.5 per cent of their NPLs as the down payment instead of the previous 10-30 per cent.

Before July, defaulters had to pay up to 30 per cent of their NPLs down to reschedule

bad loans. In many cases, habitual defaulters had their loans rescheduled by making a lower down payment than the requirement with prior approval of the central bank.

And after becoming a regular borrower, the willful defaulters had taken on new loans from several banks, but they did not repay the funds later, sending the volume of the classified loans in the banking sector higher.

"The relaxed policy did not bring any good for the banking sector. Rather, it has weakened the financial health of many banks," Khan said.

He urged banks not to extend any rescheduling facility to delinquent borrowers and said such clients rather should be brought to book in order to restore governance in the banking sector.

"The new policy will weaken the health of banks further," Khan warned, adding that banks should serve legal notices to the willful defaulters and file lawsuits against them in order to recover funds.

Rescheduled loans are considered stress assets as banks generally face difficulties in recovering them.

Many weak borrowers don't make sincere efforts to improve the condition of their businesses despite securing easy repayment terms and accessing fresh funds.

"This makes them defaulters once again," said Syed Mahbubur Rahman, managing director of Mutual Trust Bank.

Some banks rescheduled defaulted loans by relaxing rules and regulations during the coronavirus pandemic since the business slowdown hit borrowers hard.

"But many of the borrowers have recently become defaulters. So, the ratio of the defaulted rescheduled loans might

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Consultant appointed for Bay Terminal work Will cover channel dredging, breakwater construction

STAFF CORRESPONDENT, Ctg

Chittagong Port Authority (CPA) has appointed an international joint venture as the consultant for the construction of a breakwater and channel dredging work at the proposed Bay Terminal, a long-awaited project of the Chattogram port.

The CPA yesterday signed a contract with a joint venture of Sellhorn Ingenieurgesellschaft mbH of Germany, WSP of South Africa and two Bangladeshi firms AQUA Consultant & Associates and KS Consultants.

It sought a detailed engineering design of the breakwater and assess the actual volume of capital dredging required for the access channel, including necessary studies, following the latest international standards.

Earlier on August 31, the cabinet committee on public purchase approved the CPA's proposal to appoint the joint venture for Tk 51.30 crore.

CPA Secretary Md Omar Faruk said the consultant would provide a detailed design, drawing and estimation and prepare tender documents for the works of the breakwater and access channel dredging activities within the next six months.

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A section of the proposed Bay Terminal which is being constructed on around 2,500 acres of land with a length of 6.15 kilometres, stretching from the back of Chattogram Export Processing Zone to Rasmonighat on the Halishahar coast of the Bay of Bengal. It will enable the Chattogram port to facilitate round-the-clock vessel movement.

PHOTO: RAJIB RAIHAN

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SCAN FOR DETAILS

Bangladesh to be 9th largest consumer market by 2030

May overtake UK, Germany, says HSBC

STAR BUSINESS REPORT

Bangladesh is expected to be the ninth largest consumer market globally by 2030, leaving behind the United Kingdom and Germany, said a report by HSBC Global Research yesterday.

"Bangladesh is expected to see the fastest growth in its consumer market – that is, the population earning more than \$20 per day in constant Purchasing Power Parity terms – in the current decade."

HSBC prepared the 'Flying Dutchman' report titled "Asia's Shoppers in 2030" based on its new proprietary demographic database.

In 2021, Bangladesh was the 16th largest consumer market globally.

Bangladesh has registered steady economic growth in recent years. With a population of 16.5 crore, the nation has seen a 6.15 per cent expansion in its gross domestic product on average since 2000.

"Vietnam, Bangladesh, and India are expected to see the biggest increase in consumer spending in the current decade," said the report.

The sectors that reflect considerable growth in Bangladesh are insurance, photographic and computer equipment, imputed rental and housing, package holidays and recreational items, vehicle purchase, and financial services, it added.

Bangladesh's consumer market will see more than 7 per cent growth annually from 2021 to 2030, said the report, which was prepared last month.

China, India, and the US will continue to be the top three consumer markets by 2030 as they were in 2021. However, Brazil will lose its fourth position to Indonesia by then. Korea and Japan will also see a drop in the overall market by 2030.

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Qoom refunds Tk 224cr to customers

STAR BUSINESS REPORT

Qoom has refunded Tk 224 crore to customers out of Tk 397 crore stuck with payment gateway Foster, according to a press release sent by the e-commerce platform on yesterday.

It said the company returned the advance payments made against 18,432 orders till October 12 this year, according to a letter signed by Al Beruni, general manager at Foster Payment.

In the statement, Qoom officials pledged to refund all dues worth of Tk 7.63 crore within the next three months.

Commerce Secretary Tapan Kanti Ghosh started the refund process by returning Tk 40 lakh to 20 customers on January 24.

Qoom CEO Md Ripon Mia said the platform has resumed operations with cooperation of companies, small and medium enterprise merchants and customers.

"Amidst challenges in restarting, I will try my best to restore confidence in the e-commerce industry and create a customer friendly e-commerce platform," he said in the statement.

Qoom started its journey in February 2020. Like Eaval, they were selling products below the market price offering huge discounts. The company also promised to deliver products to customers within 2 to 15 days if advance payments were made.

Police arrested the CEO last October in a case filed by a customer accusing him of committing fraudulence. He was released from prison on bail last April.

STOCKS

DSEX ▼	CASPI ▼
0.16%	0.17%
6,390.18	18,820.74

COMMODITIES

Gold ▼	Oil ▲
\$1,637.50 (per ounce)	\$90.96 (per barrel)

ASIAN MARKETS

Mumbai	Tokyo	Singapore	Shanghai
▲ 0.25%	▲ 0.37%	▼ 0.01%	▼ 1.19%
59,107.19	27,257.38	3,022.80	3,044.38

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