

Star BUSINESS

Prime Bank

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WHY BB RELAXED POLICY

- Prolonged Russia-Ukraine war
- Drop in real income of borrowers
- In order to keep economic activities vibrant

EXPERTS SAY...

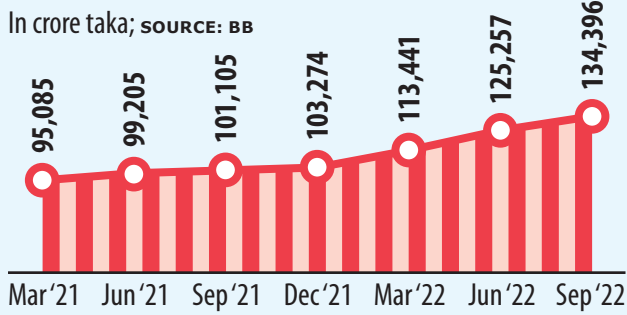
- BB should have avoided offering the facility on a wholesale basis
- Liquidity stress in banks may deepen
- Reinvestment capacity of banks may fall

The economy is still in trouble, so relaxing the loan repayment facility can be supported. But it should not be provided to all borrowers for the sake of the financial sector

Salehuddin Ahmed
A former governor of BB

DEFAULT LOANS IN BANKS

In crore taka; SOURCE: BB



BB relaxes loan repayment policy again

STAR BUSINESS REPORT

The Bangladesh Bank yesterday relaxed its already flexible loan repayment policy, saying the real income of borrowers has fallen due to the severe impacts of the prolonged Russia-Ukraine war.

Now, borrowers will be allowed to avoid being classified as a defaulter if they clear 50 per cent of their instalments payable in the final quarter of 2022 instead of 75 per cent previously, according to a notice of the central bank.

Insiders expressed their worries that the relaxed policy



would deepen the liquidity stress in the banking sector as lenders will not get back the expected amount of funds from borrowers.

Banks in Bangladesh are already struggling to mobilise

deposits owing to the negative returns on savings for the higher inflation and erosion of confidence among savers after loan-related scams recently left them upset.

The relaxed policy will be applicable for borrowers who took term loans, whose repayment tenure is more than one year, said the notice.

The central bank says the cost of industrial production has surged in recent times due to the war since the conflict has driven up the commodity prices in the global market.

"For this reason, the real income of borrowers has decreased," the BB said, adding that the relaxed facility will help keep economic activities vibrant and make paying instalments easy for borrowers.

In June, the central bank said borrowers in large industries would be able to avoid falling into the default loan category by repaying half of the loans payable for the April-June period.

As per the previous circular, borrowers must clear 60 per cent of their unpaid loans due in the July-September quarter and 75 per cent in the fourth quarter of 2022 if they don't want to be classified as defaulters.

The latest extension came less than a week after the Federation of Bangladesh Chambers of Commerce and Industry (FBBCCI),

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Banks' lending to industries slows

STAR BUSINESS REPORT

The growth in advances in the form of term loans for industries have slowed down as businesses took a slow approach amidst the ongoing economic uncertainty while banks became conservative owing to a reduction in excess liquidity.

As of September of this year, banks' advances to industries in the form of term loans stood at Tk 261,654 crore, which was 8 per cent higher year-on-year.

Yet, this was the lowest growth in the last five years, according to Quarterly Scheduled Banks Statistics released by Bangladesh Bank last week.

The amount of term loan for industries, however, declined 0.37 per cent in the July-September period from Tk 262,618 crore at the end of April-June quarter this year.

Working capital financing for industries dropped 1.49 per cent to Tk 266,724 crore in the last quarter compared to that at the end of June this year.

"Demand for large loans is low this year. There is also no demand for syndication this year," said Md Abdus Salam Azad, managing director of state-run Janata Bank.

He said the pandemic affected business and

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STOCKS	
DSEX ▼	CASPI ▼
0.17% 6,245.61	Flat 18,446.05

COMMODITIES		AS OF FRIDAY
Gold ▲	Oil ▼	
\$1,793.13 (per ounce)	\$74.51 (per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▼ 0.75% 61,337.81	▼ 1.87% 27,527.12	▼ 1.01% 3,240.81	▼ 0.02% 3,167.86	

CONGRATULATIONS TO ALL THE WINNERS OF DMA 2022



WINNERS AT A GLANCE

- 3 Analyzen Bangladesh Ltd.
- 1 Analyzen Bangladesh Ltd. and Adcomm Ltd.
- 2 Analyzen Bangladesh Ltd., Asiatic and Mindshare
- 2 Asiatic Experiential Marketing Limited
- 1 Asiatic Marketing Communications Limited / Asiatic 3sixty
- 1 Asiatic Marketing Communications Limited / Asiatic 3sixty, Asiatic Mindshare Ltd., Analyzen Bangladesh Ltd.
- 1 Asiatic Mindshare Limited
- 1 Bangla Iskool & Singularity Limited
- 1 bKash Limited
- 1 bKash Limited, Magnito, X
- 2 FCB Bitopi
- 1 Grey Advertising Bangladesh Limited
- 1 Jarvis
- 1 LIE TO EYE
- 1 Living Brands

- 1 MADLY Limited
- 1 Madmen Digital Limited
- 2 Magnito Digital
- 2 Mediacom Limited
- 2 Mediacom Ltd. & Facecard Production
- 1 Meghna Group of Industries(MGI)
- 1 Miniso Bangladesh
- 2 Mpower Bangladesh
- 3 O&Z Solutions
- 1 Singularity Limited
- 1 Speech Bubble Communications
- 1 Starcom Bangladesh
- 2 Wavemaker Bangladesh
- 4 WebAble Digital
- 3 X Solutions Ltd.

Mgi

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