

NBFIs' bad loans at all-time high

Defaulted loans account for 27.65pc of total credit

MD MEHEDI HASAN

After banks, it is now the non-bank financial institutions (NBFI) sector that has logged in a record volume of defaulted loans, in yet another data point that informs of the alarming state of the country's overall financial sector.

At the end of June, the sector's defaulted loans accounted for a staggering 27.65 percent of total outstanding loans, according to the latest published data from the Bangladesh Bank.

The 35 NBFIs' soured loans amounted to Tk 19,951.17 crore at the end of June, up 25.2 percent (Tk 4,015 crore) year-on-year.

"The actual volume of bad loans in the sector is much higher than the documents they send to the Bangladesh Bank," said a senior BB official on the condition of anonymity to speak candidly on the issue.

Some NBFIs' defaulted loans tend to increase after the central bank inspection, he added.

"Not only the NBFIs, the overall economy is now facing multiple challenges and that is why the bad loans in the sector increased," said Md Golam Sarwar Bhuiyan, chairman of the Bangladesh Leasing and Finance Companies Association.

Bad loans also jumped after the central bank last year withdrew the deferral facility extended during the pandemic for paying back loans.

"We are facing difficulty in recovering the disbursed loans because borrowers are not interested in repaying citing the ongoing economic crisis as an excuse," said Bhuiyan, also the managing director of Industrial and Infrastructure Development Finance Company (IIDFC).

Meanwhile, the number of weak NBFIs is on the rise due to huge loan irregularities and scams in this sector, according to the BB official.

Last year, 14 NBFIs out of a total of 35 were in the red zone, up from 12 in 2021, as per the central bank's financial stability report.

"The central bank is largely responsible for this," said Salehuddin Ahmed, a former BB governor.

BB's supervision in NBFIs is not up to the mark like banks, as reflected in the frequent reports of scams and loan irregularities in the sector in the last few years, he said.

Salehuddin went on to call for shutting down five to six of the weak NBFIs and merging another half a dozen.

"There are so many banks and NBFIs in our country that it is difficult for the central bank to monitor all of them," he added.

Echoing Salehuddin's views, Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said that some NBFIs defraud people by luring them in with promises of abnormally high returns.

"This is the right time to shut down some NBFIs to protect the depositors' money. Otherwise, general people will continue to face fraud."

Mansur, also a former chairman of Brac Bank, went on to urge the central bank to bar at least 10 of the NBFIs that are in rude financial health from collecting deposits.

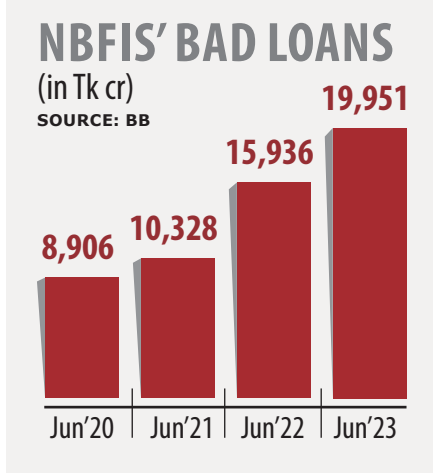
"Those NBFIs should firstly repay the depositors' money for continuing their business," he added.

A central bank inspection team in 2020 unearthed huge irregularities and scams at a dozen NBFIs, including People's Leasing, International Leasing and Financial Services (ILFSL), Premier Leasing, Uttara Finance and First Finance.

Swindler PK Halder was the MD of ILFSL and he has allegedly embezzled about Tk 3,500 crore from the NBFI as well as People's Leasing and Financial Services, Reliance Finance and FAS Finance and Investment.

People's Leasing faced liquidation in June 2019 because it failed to return depositors' money despite the funds' maturity.

But instead of liquidating the NBFI, the government chose to restructure it.



A young man carries an injured girl following an Israeli strike, as battles between Israel and the Hamas continue for the sixth consecutive day in Rafah, in the southern Gaza Strip yesterday. Story on page 12.

PHOTO: AFP

CONTEMPT OF COURT HC jails judge, then grants him bail

SC stays the conviction order

STAFF CORRESPONDENT

The High Court yesterday granted a 30-day bail to Additional District Judge Sohel Rana, three hours after sentencing him to one month's imprisonment and slapping a fine of Tk 5,000 for contempt of court.

The HC convicted the judge for holding trial proceedings in a case despite an HC stay order.

The HC bench of Justice Md Badruzzaman and Justice SM Masud Hossain Dolon delivered the verdict around 11:30am. The same bench granted him the bail in the afternoon.

Judge Sohel was present before the HC bench during the delivery of the verdict, as well as during the hearing of his bail petition.

In another development in the afternoon, the Supreme Court chamber judge stayed the HC's conviction order till November 20.

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NATIONAL ELECTIONS 2024

AL aims to ensure higher turnout

Plans for door-to-door campaigns, transport for voters on election day

PARTHA PRATIM BHATTACHARJEE

The Awami League will make an all-out effort to bring voters to the polling centres to ensure a healthy turnout in the upcoming national polls, as it believes an election with high turnout will be acceptable to the international community.

AL sources said the party believes it has 35-40 percent voters in its bank but it has to ensure these voters show up. In addition, it is planning to get 3 crore to 3.35 crore receivers of government benefits to the polling booths so that the polls have at least 50 percent turnout.

The AL men will also provide transport for the elderly voters and people with disabilities on election day.

The ruling party will form constituency- and polling centre-wise coordination committees for door-to-door campaigning and to get the voters to show up at the polling stations, party insiders said.

They said people will see vigorous

- AL to ensure presence of voters, receivers of benefits at polling centres
- Party to engage more females to get women to show up on voting day
- Seat sharing with partners to depend on BNP joining poll
- AL eyes majority in the next parliament

door-to-door campaigning ahead of a general election after a long while.

In recent years, questions were raised about elections, be it to parliamentary seats or local government, due to poor turnout, AL leaders believe. Voters seemed to have lost interest in casting ballots, they said.

If over 50 percent turnout is ensured, SEE PAGE 2 COL 2

KHALEDA'S TREATMENT Govt stance could lead to 'political crisis'

Say 23 eminent citizens

STAFF CORRESPONDENT

The government's refusal to allow BNP Chairperson Khaleda Zia to receive treatment abroad could lead to a new political crisis in the country, warned 23 eminent citizens in a joint statement yesterday.

They also urged the government to consider the issue.

Khaleda's doctors recommended that she be sent abroad immediately for treatment. And according to the country's top lawyers, there is no legal barrier to sending her abroad, they said in the statement.

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South Africa outclass Australia

AFP, Lucknow

South Africa crushed Australia by 134 runs to claim a second win of the



World Cup on Thursday as the five-time champions slumped to back-to-back defeats.

Quinton de Kock top-scored for the Proteas with 109 in his team's total of 311-7 in 50 overs.

In reply, Australia slumped to 70-6 before giving up their pursuit of an unlikely victory, hoping to salvage their run-rate instead but were dismissed for 177 with 55 balls to spare.

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Bangladesh will rely on the in-form Najmul Hossain Shanto to help the top-order fire against New Zealand in their third ICC World Cup fixture at the MA Chidambaram Stadium in Chennai today.

PHOTO: EKUSH TAPADER

Tigers aim to bounce back

MAZHAR UDDIN from Chennai

Bangladesh head coach Chandika Hathurusingha was the first to enter Chennai's MA Chidambaram Stadium, popularly known as the Chepauk Stadium, ahead of yesterday's training session.

The Sri Lankan approached the pitch to have a better look, followed by technical consultant Sridharan Sriram, who was spotted conversing with the pitch curator. Soon after, pace-bowling coach Allan Donald and team director Khaled Mahmud converged at the center, where the four masterminds of the Bangladesh team were in the midst of a discussion.

It was not hard to guess the topic of conversation, given that Bangladesh's World Cup match against New Zealand is anticipated to be a battle of spin.

The Tigers' training session yesterday was optional, and captain Shakib Al Hasan, Liton Das, and Mustafizur Rahman chose to rest.

The first fixture at this venue of the ongoing World Cup saw Australia getting all out for just 199 runs before suffering a six-wicket defeat against hosts India.

Indian spin trio of Ravindra Jadeja, Kuldeep Yadav, and Ravichandran Ashwin ran riot, having combined to take six wickets for 104 runs in 30 overs to set up the victory.

The Chepauk Stadium is historically known as a spinner's paradise, featuring low-scoring encounters.

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