

Star

BUSINESS

## Dollar price falls in kerb market

### STAR BUSINESS REPORT

The price of the US dollar fell in the kerb market yesterday as supply increased while demand eased, said currency exchangers.

The greenback, which has been registering volatility amid shortages for more than one-and-a-half years, was traded at up to Tk 126 each, down from Tk 127 on Thursday.

The price of the US dollar has dropped to as low as Tk 123, said AKM Ismail Haq, president of the Money Changers Association of Bangladesh.

“The exchange rate in the kerb market has fallen in the same way it surged. I believe the rate will decline further,” he added.

The exchange rate of the dollar in the informal foreign currency market, a source of dollar and other currencies for travellers abroad, jumped after recent media reports.

The reports alleged

**The greenback was traded for as much as Tk 126 and as low Tk 123 each, down from Tk 127 on Thursday as demand fell but supply increased**

that some banks were offering as much as Tk 124 per greenback to encourage remitters to use formal channels instead of informal money transfer systems like “hundi”.

The Bangladesh Foreign Exchange Dealers’ Association and Association of Bankers’ Bangladesh on November 8 asked banks not to pay over Tk 115 for every dollar at the time of collecting foreign currencies from remitters.

Later, Bangladesh Bank asked banks to follow the rate and warned against paying higher to remitters.

Haq said they got verbal instruction from the central bank that currency exchangers would be able to buy the US dollar at Tk 117 each and sell it by taking a maximum commission of Tk 1.5 each.

This means that money changers will be able to charge Tk 118.5 per US dollar, he added.

### BANGLADESH’S INSURANCE SECTOR: AT A GLANCE

- Nearly 2 crore people are covered by insurance in Bangladesh
- 35 life insurance companies
- 46 non-life insurance companies
- 139 insurance surveyors

#### WHAT THE LAW SAYS

As per law, claims must be paid within 90 days after the maturity of a policy

Companies have to pay interest to the policyholders for delayed settlement of claims

#### REASONS OF LOW CLAIM SETTLEMENT

- Liquidity crisis
- Bad investment
- Embezzlement

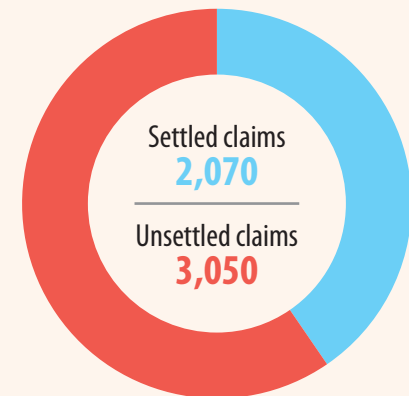
#### What steps has Idra taken?

Directed Fareast, Baira and Sunlife Insurance to settle claims by selling their land

Directed 29 insurers to settle all outstanding claims by December

## Claim settlement scenario of life insurance

as of June 2023  
In crore taka; SOURCE: IDRA



Fareast Islami Life is yet to settle Tk 2,064 crore of claims

### Life insurers with lowest claim settlement

Up to 2nd quarter (June) 2023

- Baira Life Insurance: 1%
- Progressive Life Insurance: 5%
- Fareast Islami Life Insurance: 6%
- Sunflower Life Insurance: 6%
- Golden Life Insurance: 14%

# 10 lakh policyholders in limbo over maturity benefit

### SUKANTA HALDER

Payments against claims of around 10 lakh policyholders are hanging in the balance as 29 life insurance companies are not clearing dues owing to a liquidity crisis, official figures showed.

The unsettled claims involved Tk 3,050 crore in the four years to the second quarter of 2023, according to data from the Insurance Development and Regulatory Authority (Idra).

The companies settled claims worth Tk 2,070 crore during the period, which accounted for 40.42 percent of the claims made.

One of the policyholders who has not seen his claim settled is Rafiqul Islam, a resident of Uttar Saptana village in Lalmonirhat sadar upazila.

He opened a 10-year term policy with Fareast Islami Life Insurance Company in 2010. It matured in 2020.

Islam regularly visits the company’s local office since then in a bid to get Tk 110,000.

“Although my policy matured three years ago, I am still not getting the money,” the 55-year-old day labourer said forlornly.

He said he does not know whether he would get the money.

“When I opened the policy, I had thought that it would benefit me one day. Now I am

disappointed. I made a mistake by opening the policy.”

As per the Insurance Act 2010, claims must be settled within 90 days of the submission of all papers to the company after a policy matures.

In a meeting on October 12, the Idra directed all the companies to

The unsettled amount at Fareast was Tk 2,064 crore. It made Tk 134 crore in payments against claims during the period.

Sheikh Kabir Hossain, chairman of Fareast, said the company is “sick” as it owes a lot of money while its owners are in jail.



settle the claims by December.

The regulator also directed Fareast Islami Life Insurance, Baira Life Insurance and Sunlife Insurance to make payments to the policyholders by selling land properties.

Of the 29 life insurers, Baira Life Insurance had the lowest settlement rate at 1 percent.

It was 5 percent for Progressive Life Insurance, 6 percent for Fareast Islami Life Insurance and Sunflower Life Insurance, and 14 percent for Golden Life Insurance, Idra data showed.

He said new clients are not coming to open policies anymore as the company has gained a bad reputation, meaning there is a lack of incoming funds to clear debts.

Earlier, the company’s land and premises were put up for sale, but the properties could not be sold since potential buyers quoted lower than the purchased rate, he said.

According to an audit report, Tk 2,367 crore was embezzled from the company and accounting irregularities

amounting to Tk 432 crore were also detected.

In September 2021, the Bangladesh Securities and Exchange Commission dissolved the company’s board. At present, a group of independent directors run Fareast Islami.

Progressive Life’s unsettled claims involved Tk 140.87 crore in the past four years. It settled claims of Tk 7.27 crore during the period.

Shajahan Azadi, managing director of Progressive Life Insurance, could not be reached for comments.

Ajit Chandra Aich, a former chief executive officer of the company, claimed that from 2008 to 2013, there were various irregularities in the company. Since then, the liability has been increasing day by day.

“In addition, the flow of new policy openings has fallen in the last few years. As a result, the income has decreased.”

Experts say if the claims of the policyholders are not settled quickly, it will send a bad message about the sector.

“Then it will be difficult for even good insurance companies to run and sustain business,” said Prof Md Main Uddin, a former chairman of the Department of Banking and Insurance at the University of Dhaka.

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State-run sugar mills started crushing locally-grown sugarcane, aiming to produce 33,000 tonnes of sugar in the current fiscal year



Story on B4

## Banks’ excess liquidity drops despite slow lending

### MD MEHEDI HASAN

Excess liquidity in the banking sector of Bangladesh continues to fall despite lower credit demand ahead of the national polls and higher interest on deposits offered by banks to lure savers.

At the end of September, surplus liquidity stood at Tk 1,64,000 crore, down from Tk 1,75,000 crore a month ago, central bank data showed. The excess fund was Tk 1,81,000 crore in July.

Bankers linked the decline to their investment in government treasury bills and bonds as well as the purchase of US dollars from the central bank by paying in the taka.

The fall came at a time when the private sector credit growth hit a 23-month low in September when it stood at 9.69 percent.

The liquidity crisis at some banks, including six Shariah-based lenders, has adversely impacted the overall cash position in the banking sector, which has been in a tight spot due to the foreign currency crisis for the past 18 months, a slow deposit growth, and the lacklustre loan recovery.

In September, the surplus liquidity at state-run banks was Tk 60,000 crore whereas private commercial banks were holding Tk 68,500 crore and foreign commercial lenders Tk 35,500 crore, Bangladesh Bank data showed.



Of the excess liquidity, Tk 34,000 crore was in the form of cash and Tk 1,64,000 crore was invested in treasury bills and bonds, among other sectors.

“The ongoing volatility in the foreign exchange market has impacted the liquidity situation,” said Emranul Huq, managing director of Dhaka Bank.

The remittance flow has decelerated in the last few months, deepening the forex shortage. The export realisation has also slowed, tightening liquidity further.

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STOCKS		
	DSEX ▼	CASPI ▼
	0.22% 6,257.72	0.22% 18,551.17

COMMODITIES			AS OF FRIDAY
	Gold ▼	Oil ▲	
	\$1,937.99 (per ounce)	\$77.35 (per barrel)	

ASIAN MARKETS					FRIDAY CLOSINGS
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
	▲ 0.11% 64,904.68	▼ 0.24% 32,568.11	▼ 0.91% 3,106.68	▼ 0.47% 3,038.97	

## Govt publishes gazette on new RMG wage

### STAR BUSINESS REPORT

The government yesterday published the gazette on the recently declared minimum wage for garment workers, setting the monthly pay at Tk 12,500 and reducing the number of grades to five from seven.

The Minimum Wage Board, an authority under the Ministry of Labour and Employment, also asked people to submit objections, if any, within 14 days of the gazette’s publication for any required revision.

In the gazette, the number of grades of garment workers has been brought down to five from seven as demanded by the representatives of both workers and owners to the board formed on April 9.

The new wage will come into effect from December 1 and workers will receive salaries under the new structure in January.

According to the gazette, a fifth grade or entry-level worker will receive Tk 12,500 as the minimum monthly salary. Of the amount, Tk 6,700 has been fixed as basic salary, Tk 3,350 as the house rent, Tk 750 as medical allowance, Tk 450 as transport allowance, and Tk 1,250 as food allowance.

Workers in the fourth grade will get Tk 13,025, which includes Tk 7,050 as the basic salary, Tk 3,525 as the house rent, Tk 750 as the medical allowance, Tk 450 as transport allowance, and Tk 1,250 as food allowance.

Workers of the third grade will be paid Tk 13,550 as the monthly minimum wage. Of the sum, Tk 7,400 is the basic salary, Tk 3,700 is the house rent, Tk 750 is the medical allowance, Tk 450 is the transport allowance and Tk 1,250 is the food allowance.

Second grade workers’ minimum salary has been set at Tk 14,150. Of the sum, Tk 7,800 is basic salary, Tk 3,900 is house rent, Tk 750 is medical allowance, Tk 450 is transport allowance, and Tk 1,250 is food allowance.

First-grade workers will receive Tk 14,750 as the minimum wage each month. Of the sum, Tk 8,200 has been fixed as basic salary, Tk 4,100 as house rent, Tk 750 as medical allowance, Tk 450 as transport allowance, and Tk 1,250 as food allowance.

The gross salary of an apprentice worker has been fixed at Tk 9,875, which includes Tk 4,950 as basic salary, Tk 2,475 as house rent, Tk 750 as medical allowance, Tk 450 as transport allowance, and Tk 1,250 as food allowance.

The tenure of the apprenticeship will be three months, and if the apprenticeship is not finished by then, it can be extended by three more months. The worker will be given a job after the tenure.

The government also published the salary range for employees employed at the apparel factories.

READ MORE ON B3



### MINIMUM WAGE FOR RMG WORKERS: AT A GLANCE

- Number of grades brought down to five from seven
- Minimum Wage Board asks people to submit objections, if any, within 14 days
- New structure to be effective from December 1

## Minimum wage for garments workers since 1986

SOURCE: LABOUR MINISTRY

### Minimum wage for garments workers in 2023 (in taka)

	Basic	House rent	Medical allowance	Transport allowance	Food allowance	Gross wage
Trainee Worker	4,950	2,475	750	450	1,250	9,875
Grade 5	6,700	3,350	750	450	1,250	12,500
Grade 4	7,050	3,525	750	450	1,250	13,025
Grade 3	7,400	3,700	750	450	1,250	13,550
Grade 2	7,800	3,900	750	450	1,250	14,150
Grade 1	8,200	4,100	750	450	1,250	14,750

