



Weak banking sector, Achilles' heel of economy

Most IMF reforms aimed at fixing it

REJAUL KARIM BYRON

The International Monetary Fund has identified the problems in the banking system, including the high volume of defaulted loans, as one of the three domestic risks that derail the economy in the short- to medium term.

There likelihood of the problems in the banking system spilling over into the wider economy range from medium (10 to 30 percent chance) to high (30 percent or more), said the IMF staff report.

The other domestic risks stem from the slow progress in resolving the Rohingya crisis and weakened donor support and the higher frequency and severity of natural disasters related to climate change.

Subsequently, the 42-month programme has focused mostly on fixing the banking system, stipulating as many as 11 reform actions in this area.

As part of the oversight mechanism, the Washington-based multilateral lender has stipulated that the Bangladesh Bank sends monthly to quarterly data on the health of the banking system. This would inform whether the reform measures are having their desired impact.

Chief among the reform agenda are classifying defaulted loans in line with international best practices and formulating a resolution strategy for the soured loans.

By June, BB will restart reporting banks' rescheduled loans alongside the non-performing loans (NPLs) in the annual financial stability report to better reflect the true state of distressed assets, said BB Governor Abdur Rouf Talukder and Finance Minister AHM Mustafa Kamal in their letter of intent to the IMF.

"We plan to reduce the time needed before a bank could write off bad loans," they said.

Fully adopting the Basel III standards for the measurement of banks' financial statements and provision framework and the adoption of the International Financial Reporting Standard 9 (IFRS 9) was another reform action demanded by the IMF.

The government is committed to developing a plan for this by 2023 and fully adopting the IFRS9 by 2027 and will seek IMF technical assistance for implementing the expected credit loss-based provisioning.

"We are committed to adopt a holistic and time-bound NPL resolution strategy."

"We remain committed to combat corruption by safeguarding the independence of the Anti-Corruption Commission," said Kamal and Talukder.

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Activists of two BNP factions clash during the party's divisional rally in Chattogram around 2:30pm yesterday. The situation calmed down after a while due to the intervention of their senior leaders but flared up again in less than an hour. At least three such clashes took place in a span of three hours. However, no casualties were reported.

PHOTO: COLLECTED

'Not a smart deal'

Rehman Sobhan on power purchase from Adani

STAFF CORRESPONDENT

Bangladesh Power Development Board's agreement with Adani Power to purchase 1,496 megawatts from a coal-based power plant at Godda in Jharkhand needs to be revised, said noted economist Rehman Sobhan yesterday.

"This is certainly not a smart



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FOREIGN-FUNDED MEGA PROJECTS Debt repayment may become a headache

Prof Wahiduddin tells SANEM conference

STAFF CORRESPONDENT

Even though the debt-to-GDP ratio is still not extremely high, paying back the debts will become uncertain unless the foreign-funded mega projects boost exports, eminent economist Prof Wahiduddin Mahmud warned yesterday.

"We need more coping power in terms of having sufficient foreign exchange reserves to avoid balance of payment

crisis and we need more fiscal space to be able to stimulate the economy and strengthen social security measures at difficult times," he told a session of the 6th South Asian Network on Economic Modeling (SANEM) Annual Economists' Conference at the capital's Brac Centre Inn yesterday.

"We have seen that a build-up of reserves may lead to complacency."

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BNP goes for fresh protests

To bring out processions in all unions Feb 11

STAFF CORRESPONDENT

The BNP has announced protest marches in all unions across the country on February 11 to press home its 10-point demand, which includes election under a non-party caretaker government.

The marches will be held to protest the price hikes of essentials, including gas, electricity and water, said BNP Secretary General Mirza Fakhrul Islam Alamgir at a rally in front of the party's Nayapaltan office yesterday.

The rally was organised by the party's Dhaka South and North units. It also organised simultaneous rallies in nine other divisional cities.

Fakhrul said they will hold marches at district, upazila and metropolitan levels after the union-level programme. "The Awami League government will be overthrown through these movements."

"We are moving slowly. We have already got the people's attention through our marches. We are heading forward with their support. We want to form a state for the people by defeating them [AL]."

He asked all BNP leaders and activists to come

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Godfather of highwaymen

Rab arrests man who masterminded thefts from 2,000 RMG export shipments

STAFF CORRESPONDENT

In the 1990s, Md Shahed ran a local business in Chattogram with two trucks.

In 2004, the Sylhet native sold the trucks and bought four lorries to transport readymade garment (RMG) products.

Soon afterwards, he roped in drivers and helpers, as well as warehouse owners, and formed an organised gang to steal garment products meant for export.

The racket involved taking the shipment to a warehouse, stealing the products and repackaging the cartons before sending them to the port to be exported.



Until 2018, he was personally involved in the thefts. Then he started controlling the racket from behind the scenes and received the maximum share of the sale of the stolen goods.

"Shahed, who goes by the

aliases Sayeed and Bodda, has been masterminding the RMG theft for over two decades and now commands a racket of 40-50 members," Khandaker Al Moin, Rab's legal and media wing director, told a press briefing in the capital yesterday.

The gang stole RMG goods from around 2,000 shipments, he said.

Shahed owns two houses in Moulvibazar town worth Tk 15-20 crore.

His children live abroad and he has two poultry and a fish farm on 20 acres of land. Currently, he and his associates own 19 lorries,

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WE MOURN



NAIMA ISLAM (1972-2023)

Naima Islam, third beloved daughter (Fourth Child) of the Pioneer in industrialization in Bangladesh Late Jahurul Islam, has died in 'Moberly Regional Medical Center' due to a cardiac attack on January 23, 2023 in USA (Inna Lillahi wa inna ilayhi raji'un). She was 50 years old. Her body will arrive in Bangladesh on February 5, 2023. Her namaz-e-janaza will be held after Isha prayer at Gulshan Society Jame Masjid, Dhaka on the same day. Later she will be buried at Banani graveyard.

Her family has requested all to pray for her departed soul.



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