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BANKING SECTOR

Risky loans stand at Tk 377,922cr

BB discloses sum in its latest Financial Stability Report on IMF demand

REJAUL KARIM BYRON

The banking sector's total risky loans amounted to Tk 377,922 crore at the end of last year, in a development that makes for a sobering reading of the actual health of this vital sector of the economy.

The amount was arrived at by calculating the total non-performing loans (NPL), outstanding rescheduled loans and outstanding restructured written-off loans, all of which were disclosed in the latest edition of the Bangladesh Bank's Financial Stability Report, which was published yesterday.

At the end of 2022, the banking sector's NPL stood at Tk 120,649 crore, outstanding rescheduled loans Tk 212,780 crore and outstanding written-off loans Tk 44,493 crore.

"[The distressed asset figure] is almost half of the national budget for this fiscal year -- it shows the banking sector is heading towards an untenable situation," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

The breakdown of distressed assets comes as part of the conditions agreed with the International Monetary Fund for the \$4.7 billion loan.

The central bank used to report the sector's distressed assets in its annual financial stability report that comes out every June, and the IMF has stipulated that the practice is restarted.

"The COVID-19 financial support policies are set to expire in December 2022. As the unwinding of these policies may lead to a gradual realisation in the losses in the banking system, asset classifications, in particular restructured loans, should accurately reflect current balance sheet risks and distressed assets be adequately provisioned," said the IMF staff report in January.

Besides, as per international best practices, distressed assets are reported alongside NPLs to reflect the true state of the banking sector's stressed assets.

"Asset quality of the banking sector as a whole slightly deteriorated in 2022 as gross NPL showed a marginal rise," the BB said in the Financial Stability Report.

At the end of 2022, NPLs accounted for 8.16 percent of total outstanding loans, in contrast to 7.93 percent a year earlier.

Of the NPLs, the ship building and shipbreaking industry accounted for 22.43 percent of NPLs, which is the highest.

Leather and leather-based industries had the next highest NPLs (11.75 percent), followed by textile (11.54 percent) and garment (11.12 percent).

Ensuring the proper monitoring of regular and rescheduled/restructured loans and the pace of recovery of NPLs may improve the asset quality of the banking industry, the BB report said.

"Nonetheless, external issues like prolongation of the Russia-Ukraine conflict and other geopolitical issues may result in slow business as well as impaired debt-servicing capacity of the borrowers, which might ultimately deteriorate the asset quality of the overall banking sector in Bangladesh.

Meanwhile, almost double the amount of loans was rescheduled in 2022 than in 2021 as the loan moratorium facility introduced during the pandemic was weaned off.

In 2022, loans amounting to Tk 63,720 crore were rescheduled, up from Tk 26,810 crore the previous year.

"When compared with pre-COVID situation, rescheduled amount in the review year was not that much higher," the BB report said.

In 2019, the total amount of rescheduled loans stood at Tk 52,370 crore.

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Shopkeepers whiling away the afternoon as a few hours of rain yesterday morning flooded Dhanmondi Hawkers' Market in the capital. The water also brought in trash from the street.

PHOTO: AMRAN HOSSAIN

S ALAM'S 'ASSETS ABROAD'

HC declines to recall its probe order

STAR DIGITAL REPORT

The High Court yesterday declined to entertain a verbal appeal for recalling its August 6 order that had asked government authorities to probe the allegations that S Alam Group owner Mohammed Saiful Alam is running offshore businesses without Bangladesh Bank's permission.

The August 6 order came after The Daily Star published an investigative report on August 4 on S Alam's business empire worth at least about \$1 billion in Singapore.

Barrister Ajmalul Hossain, principal counsel for S Alam Group, yesterday placed a verbal appeal before the HC bench of Justice Md Nazrul Islam Talukder and Justice Khizir Hayat Lizu that had

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DENGUE OUTBREAK

Aedes larvae abound in Gazipur, Narayanganj

DGHS survey finds; experts urge immediate measures

HELEMUL ALAM

As rising numbers of dengue patients strain hospitals across the country, a government survey in Gazipur and Narayanganj has found numerous breeding grounds of Aedes mosquitoes.

The survey by the health directorate found Aedes larvae in 150 houses out of 1,050 visited in Gazipur and 95 out of 705 in Narayanganj.

Between July 23 and 28, the researchers visited 41 out of the 57 wards in Gazipur city, and from July 30 to August 3, they visited all the 27 wards in Narayanganj city.

Experts fear that the mosquito-borne disease may spread further if the authorities do not immediately destroy the breeding grounds to control Aedes population, the carrier of the dengue virus.

At least 398 people died of dengue this year, and 147 of the patients died this month, according to the Directorate General of Health Services (DGHS).

As of yesterday morning, the number of confirmed cases was 85,411 across the country, and 688 dengue patients were hospitalised in Gazipur and 381 in Narayanganj.

A statement from the directorate yesterday said at least 11 dengue patients died and 2,905

new cases were detected across the country in 24 hours. Of the new cases, 1,863 were reported outside Dhaka.

According to the survey, the density of Aedes in the two cities is very high, and as rains will create more breeding grounds, the people of

As there is a scarcity of running water in both the cities, residents tend to store water in buckets or large pots. These containers often become ideal breeding places for Aedes.

the city will be at greater risk, said Mohammad Kholilur Rahman, former chief entomologist at the DHGS, who led the survey.

As there is a scarcity of running water in both the cities, residents tend to store water in buckets or large pots. These containers often become ideal breeding places for Aedes.

The researchers saw small containers and pots that can become a breeding ground in many houses and open spaces in both cities, Kholilur added.

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We want to see free, fair polls

Visiting US congressmen tell political parties

STAR REPORT

During meetings with political parties and the foreign minister, the two visiting US congressmen wanted to know if the government has any plan to negotiate with political parties and how free and fair elections can be held.

Congressmen Ed Case (D) and Richard McCormick (R) began their three-day visit yesterday by placing a wreath at the mural of Bangabandhu Sheikh Mujibur Rahman in Dhanmondi.

They then had a meeting over lunch with Foreign Minister AK Abdul Momen at the State Guest House Padma and another meeting with Awami League, BNP, and Jatiya Party at US Ambassador Peter Haas's home.

"We said their [the BNP's] demand is that the government step down. Hence, we don't see any scope for compromise," he said.

He said he asked if the US government would step down if there was such a demand from the opposition.

"We will hold elections in line with the constitution. All should participate. The people will decide who wins or not ..."

Against the backdrop of alleged anomalies in the 2014 and 2018 elections, the US is pressing for free and fair elections due late this year or early next year. It announced a visa policy in May, saying those involved in vote rigging and intimidation will not be given US visas.

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the BUSINESS

Foreign banks barely invest in stocks

Nine foreign banks operating in Bangladesh hardly invest in the stock market owing largely to irregularities, speculation-driven investments and an inadequate number of well-performing companies that have gone public.

They also don't feel confident about the stock market and trust the financial reports of the listed companies.

Thus, multinational banks' combined investment in the capital market stood at Tk 4.25 crore in 2022, which accounted for only 0.02 percent of the total holdings in the stock market of the entire banking sector.

STORY ON B1



Yasmin Akhter is tending to her two daughters getting IV hydration at Mugda Medical College Hospital. The 2nd and 3rd graders are in hospital with dengue since Friday. The health directorate yesterday reported 11 deaths from dengue and 2,905 hospitalisations with the disease.

PHOTO: ANISUR RAHMAN

MEDICAL COLLEGE ENTRY TEST Questions leaked 10 times in 16yrs since 2001

CID busts racket, arrests 12 including seven doctors

STAFF CORRESPONDENT

Twelve members of a racket involved in leaking question papers of the centralised medical college admission tests were arrested recently by the Criminal Investigation Department of Police.

There are seven doctors among the arrestees who were busted in separate drives between July 30 and August 9 from Dhaka, Tangail, Kishoreganj and Barishal.

The racket leaked question papers at least 10 times between 2001 and 2017, earning crores of money, Additional Inspector General of Police and CID chief Mohammad Ali Mia said at a press briefing at the CID Headquarters in the capital's Malibagh yesterday.

The people who have been arrested helped hundreds of students to enrol in medical colleges through illegal means, said the CID chief.

The CID has found evidence of transaction of crores of takas from their bank accounts, and the matter is currently under investigation for potential money laundering activities, he added.

The question papers of medical and dental college admission tests were leaked repeatedly from the printing press under the Directorate General of Medical Education (DGME), according to the CID.

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