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Nine banks in 'red zone'

Health of 38 banks deteriorated: BB report

MD MEHEDI HASAN

Nine banks, including four state-run ones, have fragile financial health, says a recent report of the Bangladesh Bank.

The banks in the 'red zone' are AB, National, Bangladesh Commerce, Padma, BASIC, National Bank of Pakistan, Janata, Agrani and Rupali, according to the latest edition of the "Banks Health Index and HEAT Map", a biennial report prepared by the Financial Stability Department of the BB.

As many as 29 banks were in the yellow zone, meaning their financial health was between good and fragile, said the report, which brought all banks under a common platform using the international CAMELS rating system.

The CAMELS is used by bank supervisory authorities to rate financial institutions according to six factors represented by its acronym: capital adequacy, asset quality, management, earnings, liquidity and sensitivity to market risk.

A rating of 1 is considered the best, while a rating of 5 is considered the worst.

The banks in both the red and yellow zones need supervisory attention, the report said.

The yellow zone contains two state-owned commercial banks – Bangladesh Development Bank and Sonali Bank – 19 conventional private banks and eight Shariah-based banks.

The 19 private banks are: IFIC, Meghna, One, United Commercial, NRB, NRB Commercial, Mercantile, Mutual Trust, Dutch-Bangla, Premier, BRAC, Southeast, City, Trust, SBAC, Modhumoti, Dhaka, Uttara and Pubali.

The Shariah-based banks in the yellow zone are: First Security Islami, Islami, Social Islami, Al Arafah, Standard, Union, Exim and Global Islami.

There were 16 banks in the green zone, which implies good financial health.

Those are Prime, Eastern, Habib, NCC, Midland, Bank Alfalah, Bank Asia, Shimanto, Jamuna, Shahjalal Islami, Woori, HSBC, Commercial Bank of Ceylon, Citi, Standard Chartered and State Bank of India.

Meanwhile, the health of 38 banks deteriorated during the review period of December 2020 to June 2023, while 16 banks' health improved, according to the BB report, which comes at a time when mergers and acquisitions of weak banks are in discussion.

Bangladesh Krishi Bank, Rajshahi Krishi Unnayan Bank and ICB Islamic Bank are excluded from the analysis because their data sets are different from the rest.

On the other hand, Bengal Commercial Bank, Citizens Bank, Community Bank Bangladesh and Probashi Kallyan Bank are not taken into account due to lack of historical data.

Some banks became very weak due to their loan irregularities and scams, said Moinul Islam, former professor of the University of Chittagong, adding that some people have taken loans from banks and laundered the sum abroad.

Bad loans in the sector stood at upwards of Tk 4 lakh crore, including all kinds of bad loans, he said, adding that the central bank should take strict action against the loan defaulters and weak banks.

AILING BANKS

- AB Bank
- National Bank
- Bangladesh Commerce Bank
- Padma Bank
- BASIC Bank
- National Bank of Pakistan
- Janata Bank
- Agrani Bank
- Rupali Bank



Several chars have emerged in the Kaliganga river in Manikganj due to low water levels. Once a vibrant river, the Kaliganga is now almost dead at places as the water levels remain low throughout the year except for the monsoon season. Environmentalists blame it on illegal encroachment and the absence of dredging. The photo was taken recently.

PHOTO: PALASH KHAN

Expose, punish wilful loan defaulters

Speakers urge govt at pre-budget discussion

STAFF CORRESPONDENT

Business leaders have demanded that the identities of wilful loan defaulters be disclosed for public shaming and for punishing them.

This would help reduce the amount of non-performing loans, they said during a pre-budget discussion yesterday.

At the event organised by the Dhaka Chamber of Commerce and Industry (DCCI) at the Hotel InterContinental, they, however, said people who suffered losses and had become loan defaulters unintentionally should not be punished.

"If any business person becomes a defaulter due to the high interest rate, the government should provide an exit path," said AK Azad, managing director of Ha-Meem Group and a lawmaker of Faridpur-3.

The banking sector's defaulted loans soared to Tk 1,45,633 crore in 2023, according to the central bank.

However, Azad, citing Chittagong University professor Moinul Islam, said

the amount of default loan was about Tk 4 lakh crore.

He said there was a tendency to show bad loans as good loans in the books.

Azad also claimed that a Bangladeshi business person has recently moved around Tk 1,200 crore abroad, but action is yet to be taken.

The banking sector's defaulted loans soared to Tk 1,45,633 crore in 2023, according to BB data.

"Bangladesh Bank revealed the scam, then why no action has been taken yet?" he said.

Mohammed Hatem, executive president of Bangladesh Knitwear Exporters and Manufacturers Association, said the same law is used for

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Tender floated for offshore oil, gas exploration

Int'l firms invited for first time since 2016; provision kept for gas export

ASIFUR RAHMAN

Petrobangla yesterday floated the offshore bidding tender inviting international oil and gas companies (IOCs) to explore Bangladesh's maritime area in the Bay of Bengal.

The development is the first major initiative by the government to exploit the natural resources from the sea after maritime border disputes were settled with India in 2012 and with Myanmar in 2014.

Nine out of the 11 blocks of the shallow sea (SS-01, 02, 03, 05, 06, 07, 08, 10 and 11) and all 15 deep sea blocks (DS-08 to DS-22) will be available for bidding, said the tender notice published on the Petrobangla website. The other two shallow blocks were left out as the Oil and Natural Gas Corporation of India is working on them.

The IOCs that have an offshore daily production of at least 15,000 barrels of oil or 150 million cubic feet of gas a day (mmcf/d) will be allowed to participate in the bid.

The bidders must have exploration experiences in at least one country other than the company's home country. The companies will be allowed to bid for one or more blocks.

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Schools to stay shut in Ramadan

HC stays govt decision to keep those open

STAFF CORRESPONDENT

Primary and secondary schools across the country will remain closed throughout the month of Ramadan, the High Court said yesterday.

In response to a writ petition, the court stayed for two months the government decisions of keeping the primary schools open for the first 10 days and secondary schools for the first 15 days of Ramadan.

The bench of Justice KM Kamrul Kader and Justice Khizir Hayat came up with the order and rule after a petition was filed by Md Shafiqur Rahman Chowdhury, guardian of a student, challenging the government's February 8 notifications.

Citing the grounds of the petition, lawyer AKM Faiz said the fasting

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Two men painting a multi-storey building with no safety harness in Notun Bazar area of Mymensingh. According to the Safety and Rights Society, 104 construction workers died at their workplaces in 2022 and falls were the main cause. The photo was taken recently.

PHOTO: PRABIR DAS

SCBA POLLS Intense politicking behind recurring violence

Say senior lawyers

ASHUTOSH SARKAR

For the last three years, including this year, the Supreme Court Bar Association elections have witnessed violence due to "extreme political influence and degradation of professionalism among a section of lawyers".

Speaking to The Daily Star yesterday, some prominent lawyers said the incidents of violence have severely hurt the image, prestige and tradition of the country's prime bar association and its members.

The newly elected SCBA president and secretary, however, said they will take necessary steps to ensure such incidents do not recur.

Former law minister Shafique Ahmed, also former SCBA president, said some members attempt to occupy posts at any cost and this desperation leads to violence. "This must be stopped in order to restore the image, dignity and tradition of the bar."

"Such incidents may gradually stop if its members become sincere to that end."

Contacted, newly elected SCBA President AM Mahbub Uddin Khokon alleged that ruling Awami League politics is responsible for the incidents of forgery, vote rigging, ballot snatching and clashes during the SCBA election.

"After the polling this year, it was announced that 5,319 votes were cast. But after final count, it was seen that 5,436

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