



## Forced bank mergers could be counterproductive

### Says WB, calls for proper evaluation of asset quality of weak banks

STAFF CORRESPONDENT

The government should come up with a clear guideline complying with the global best practices before compelling banks to merge, the World Bank has said.

"Forced bank mergers may be counterproductive without a thorough assessment of asset quality," the WB said in the latest edition of its Bangladesh Development Update, which was released yesterday.

An assessment of the asset quality of weak banks will be required such that the good banks are not weakened for taking on the bad banks.

"It's very important that an asset quality review is completed using international definitions to really understand what are the strengths and weaknesses of each bank so that good banks don't take on excess liabilities beyond what they are expecting," said Bernard Haven, senior economist of the WB.

A detailed guideline on mergers and acquisitions would allow banks a clear idea about the process involved, the report said.

The guidelines can be based on international best practices and provide alternative merger mechanisms for banks to choose from depending on the status of the banks or non-bank financial institutions deciding to merge.

"Rapidly implementing bank mergers

before addressing these issues (proper assessment) may further undermine confidence in the sector, deterring intermediation capacity," the WB said.

The Washington-based multilateral lender went on to term the proposed merger of Exim Bank and Padma Bank a "forced merger without a thorough assessment of asset quality".

In addition, the government can take on comprehensive reform programmes for bringing down defaulted loans.

Non-performing loans (NPL) increased by 20.7 percent year-on-year in 2023. At the end of 2023, defaulted loans accounted for 9 percent of total outstanding loans, up from 8.2 percent a year earlier.

The ratio understates banking sector vulnerabilities due to lax regulatory definitions and reporting standards, repeated forbearance measures and weak regulatory enforcement, the WB said.

"The actual magnitude of the NPL problem is likely to be significantly higher due to the legacy of regulatory forbearance."

While the BB announced a bad loan resolution roadmap in February, which followed 2023 amendments to the Bank Company Act 1991, a strong political will is necessary to enforce the plan.

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GROWTH TO BE SUBDUED FOR 3 YEARS: WB - BI

**An assessment of the asset quality of weak banks will be required such that the good banks are not weakened for taking on the bad banks.**



The charred remains of an oil tanker after it overturned and caught fire on Dhaka-Aricha highway in Savar's Jorpdul area yesterday morning. The incident left three people dead.

PHOTO: PALASH KHAN

## TERMINATION NOTICE

The management of The Daily Star has issued a termination notice to Syed Ashfaqul Haque, the newspaper's executive editor. The notice takes effect immediately.

He joined the newspaper in 1993 in the sports section and worked as sports editor, joint news editor, news editor, chief news editor, and finally as its executive editor from 2019 till date.

## Three killed as vehicles catch fire after tanker flips

### 7 others injured, 2 have 100pc burns

STAR REPORT

Three people were burnt to death and at least seven others, including a 10-year-old, were seriously injured after a tanker crashed and caught fire on Dhaka-Aricha highway in Savar yesterday morning.

The fire spread to a car, two other trucks, and a lorry, said Muhammad Alauddin, deputy assistant director of fire service.

Police identified the deceased as Nazrul Islam, 45, Iqbal Hossain, 28, and Helal Uddin, 40.

Iqbal, who was on a cement-laden truck, died at the scene, said Sub-Inspector Babul Miah of Savar Highway Police Station.

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## Armed criminals rob Sonali Bank in Ruma

### Bank manager abducted, weapons of cops taken

OUR CORRESPONDENT, Bandarban

Armed criminals stormed the Bandarban's Ruma upazila parishad complex last night, disarmed security personnel and took their firearms, robbed the Sonali Bank branch there, and abducted bank manager Nezam Uddin.

Weapons of police and Ansar members responsible for the security of the bank

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## Consider setting up 2nd nuclear power plant

### PM tells Rosatom chief during meeting at Gono Bhaban

UNB, Dhaka

Prime Minister Sheikh Hasina yesterday requested Russia's state-run atomic energy agency Rosatom to consider building a second nuclear power plant in Rooppur.

She made the request when Rosatom DG Alexey Likhachev called on her at the Gono Bhaban.

Briefing reporters after the meeting, PM's speech writer M Nazrul Islam said Hasina told Rosatom that her government seeks to build another nuclear power plant at Rooppur on completion of the ongoing project.

She pointed out that a technical survey needs to be conducted at PHOTO ON PAGE 3

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Farmers in Rajshahi region are content with the harvest of onions. But the selling prices are disappointing them. From around Tk 2,000 a maund only two weeks ago, the prices have dropped to around Tk 1,500 now. The growers fear that the prices may further plummet if the trend continues. The photo was taken yesterday in Durgapur, Rajshahi.

PHOTO: ANWAR ALI

## Demonstrating Buett students seek PM's intervention

### Call for keeping campus free from student politics; BCL for 'systematic resumption' of politics

STAFF CORRESPONDENT

Demonstrating students in an open letter urged Prime Minister Sheikh Hasina to keep Buett free from politics.

The students read out the letter at a press briefing on campus yesterday evening after Chhatra League announced more programmes to press home its demand for resumption of politics at Buett.

The pro-Awami League student body told reporters at Dhaka University in the afternoon that student politics at Buett would be systematic, modern, and it would be based on knowledge, logic, information, and theory.

On Monday, the High Court stayed a 2019 order through which Buett banned political organisations and their activities on its campus.

Buett authorities gave the order after a group of Chhatra League men murdered second year student Abrar Fahad inside a dorm.

Prime Minister Sheikh Hasina on October 9, 2019, said Buett could ban politics on campus if it wanted and that the government would not interfere.

This time, unrest at the country's top engineering university began on Friday, hours after a group of Chhatra League leaders gathered on Buett premises in the wee hours of Thursday.

Students have been demanding that Prof Mizanur Rahman be SEE PAGE 2 COL 5

## Don't meddle in upazila election

### AL warns ministers, party lawmakers

STAFF CORRESPONDENT

The Awami League yesterday instructed its leaders, ministers, and lawmakers not to interfere in the upazila parishad elections and indulge in any activity that could compromise the neutrality of the polls.

The party also threatened action against those who would interfere in the election process.

AL General Secretary Obaidul Quader yesterday issued a statement detailing the party decision.

The instruction came after party grassroots leaders, MPs, and the so-called AL independent MPs in their meetings with AL high-ups said rifts within the party would widen as grassroots leaders, MPs, ministers, and AL independents were backing different AL leaders in the upazila polls. They are patronising candidates loyal to them to increase their influence in the upazilas, the grassroots leaders said.

The AL spokesperson Quader said SEE PAGE 2 COL 1

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