

Serve people to secure their votes in future

PM asks public representatives

BSS, Dhaka

Prime Minister Sheikh Hasina yesterday asked the public representatives to serve the people to secure their votes in future.

"You [public representatives] have been elected by the people. So, if you serve the people, you will have no worry about your votes in future. People will trust you and keep faith in you. So, pay special attention to public service," she said.

Hasina was addressing the oath-taking ceremony for the newly elected mayors of Cumilla and Mymensingh city corporations, chairmen of five zila parishads, and councillors of Mymensingh City Corporation at Shapla Hall of the Prime Minister's Office.

The premier directed the public representatives to work with the utmost sincerity for the welfare of the people.

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Hawkers and CNG-run three-wheelers occupy almost half of this one-way road in Dhaka's Jurain Rail Gate area, narrowing the space for other vehicles. This often leads to snarl-ups in the area. The photo was taken around 1:00pm yesterday. PHOTO: AMRAN HOSSAIN

BOYCOTT INDIAN PRODUCTS ISSUE India, Bangladesh will continue to enjoy strong ties Says spokesperson for Indian External Affairs Ministry

OUR CORRESPONDENT, New Delhi

India yesterday said it has strong relations with Bangladesh and the partnership between the neighbouring countries will continue.

The statement by Randhir Jaiswal, the spokesman for the External Affairs Ministry, came at the weekly media briefing in New Delhi in response to a question by an Indian journalist who sought his comments on calls for a boycott of Indian goods in Bangladesh and the support given to these calls by prominent opposition leaders of that country.

Jaiswal said, "India and Bangladesh relations are very strong and deep. We have a very comprehensive partnership that spans across sectors from economy to investment, development and preparation of connectivity, and people-to-people contact. You name any human endeavour; it is part and parcel of, almost part and parcel of India-Bangladesh relations. That is how vibrant this partnership is and it will continue to be so."

BB's feeble fight against loan defaulters

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In December last year, the central bank issued the Prompt Corrective Action (PCA) framework to deal with weak banks, effective from March 2025. Under the framework, banks will be categorised into four groups. In cases of non-compliance or non-achievement of targets, the weakest banks may be forced into mergers with stronger lenders. Some analysts praised the policy as a move in the right direction.

In March, the central bank issued a guideline to identify wilful defaulters, mentioning the punitive measures against the delinquent borrowers of public money. The guideline was based on the amended Bank Company Act passed by the Bangladesh parliament last year. The law defined wilful loan defaulters and incorporated a provision for punishment for them, a first initiative since the law was drafted three decades ago. All these new measures were tied to loan conditions imposed by the International Monetary Fund and the World Bank.

A wilful defaulter is someone who does not repay loans despite having the ability to furnish the sum.

Before the new law came into effect, default loans had grown 31 times in absolute number though the amount declined in terms of percentage of total loans. But if the banking industry's distressed assets, including rescheduled and restructured loans, are taken into account, the amount stands at Tk 377,922 crore, according to data

updated till 2022.

In a fresh notice on Wednesday, the central bank said if an entity under a group is not categorised as a wilful defaulter and there are logical reasons for its failure to repay loans, then other firms under the same parent company will not be recognised as defaulters and they can be given loans following approval from the regulator.

However, if a company listed as a wilful defaulter appeals to the central bank against the classification, banks cannot apply to the BB to give loans to other companies of the group until the appeals are resolved. The defaulted firms will have to regularise their loans under the existing law within a year of the credit facility given under the new concession. If the loans are not regularised on time or the companies default again, no other companies from the group can be provided loan support, according to the notice.

The central bank in its directive in March mentioned various punitive measures against delinquent borrowers, including a ban on foreign travel, restriction on getting trade licences and new registration for companies, and a bar on getting any recognition from the state. These steps are seemingly watered down versions of what India has done.

The Reserve Bank of India asked banks to initiate auctions of residential or commercial properties to recover loans, Shah Md Ahsan Habib, a professor at the Bangladesh

Institute of Bank Management (BIBM), wrote in a CPD working paper in 2019. He also cited the move by China against defaulters, which included restrictions on getting credit cards and staying in luxury hotels.

In the case of Bangladesh, Prof Habib said there are instances of securing legal protection by borrowers through filing writ petitions. Wilful defaulters must not be allowed to avail themselves of any such protection under the law, he said.

Md Nehal Ahmed, a professor at the BIBM, defended the central bank's latest concession to companies, saying if a firm owned by a business group becomes a defaulter for genuine reasons, other companies should not suffer. "From that perspective, it's a good move. If it can be implemented properly, default loans may decline."

Monzur Hossain, a research director of the Bangladesh Institute of Development Studies, also said loans to other firms of the group of companies could be extended if the sister concern defaults for genuine business reasons.

"But it will not be easy to identify habitual defaulters because no one can be habitual defaulters without support from others. Several persons usually remain involved in it."

But no separate mechanism is needed to identify habitual defaulters if rules are implemented properly to bring down NPLs, Hossain said.

Govt repaying foreign debt by borrowing: CPD

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At the end of June last year, Bangladesh's external debt stood at \$98.9 billion and over the next six months, it crossed the \$100 billion mark.

Between fiscals 2010-11 and 2022-23, total external debt increased by three times, while debt servicing rose 2.6 times.

This fiscal year, Bangladesh is expected to borrow \$10 billion from different sources, and in the first eight months, \$7.2 billion was taken.

There are external and domestic factors for the growing debt and debt servicing, the CPD said.

The external factors are the adverse impact of the pandemic, negative fallout of the Ukraine war and depressed global demand for goods and services.

The domestic factors are weak management of external debt and borrowings; borrowings that did not generate expected returns; unsustainable borrowings; low domestic resource mobilisation; currency fluctuation; unfavourable terms and conditionalities of lending; changed composition of borrowings and high exposure to sovereign bond market; borrowings at flexible interest rate; and financial market fluctuations.

Rahman went on to call for making accurate estimates of debt service obligations, strengthening good governance in implementation of the public infrastructure projects, exploring new sources of funds, diversifying sources of development finance and keeping private sector borrowing under vigilance.

He also suggested caution

regarding flexible exchange rates and project selection and called for strengthening loan negotiation capacity.

Debapriya Bhattacharya, a distinguished fellow at the CPD, said, "If you want to understand the government's liability situation, we have to consider the domestic loans alongside the foreign debt."

"The per capita debt is around \$310 in terms of foreign debt, but if we take into account the domestic loans, it will stand at almost \$850."

Three years ago, the per capita debt stood at Tk 100,000; now it is Tk 150,000. About 28 percent of the government's revenue went towards servicing domestic debt and 5.5 percent towards foreign debt.

Many people blame the pandemic, the Ukraine war and Israel's war on Gaza for Bangladesh's escalating debt situation, he said.

"I do not completely agree with them but slightly agree. Now the question is should we be concerned? Yes, we should be."

People under the age of 20 25 will have to bear the highest burden of the government's growing propensity to take on debt, Bhattacharya said.

The balance of project selection has been lost in Bangladesh, he said, adding that the cabinet sub-committee on economic affairs has turned into a procurement committee.

"Once professional bureaucrats kept the politicians under rule. Now, professional bureaucrats are playing a more exaggerated role than the politicians," Bhattacharya added.

Bangladesh is in a better position than African countries and Sri Lanka

in terms of debt repayment, said Rehman Sobhan, chairman of CPD.

"We should think more about how we will repay the foreign debt in the future, and how we will increase our export capacity. If exports increase, it will ease debt repayment."

The project cost increases by 20-50 percent if it is funded by loans, Sobhan added.

"Production will have to increase in the country. At the same time, foreign debt is essential," said Mashirur Rahman, economic affairs adviser to the prime minister.

There is a need for reforms in different sectors, including the banking sector, said Salehuddin Ahmed, a former governor of the Bangladesh Bank.

Monitoring on private sector external borrowing will have to increase, he said, adding that the export and remittance must increase to bring down the financial account deficit.

PM likely to visit

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on global collaboration, growth and energy.

Hasina is also scheduled to perform Umrah in Makkah.

The PM will then travel to Gambia to join the Organisation of Islamic Cooperation (OIC) Summit, which will take place on May 4-5.

Hasina is likely to return home on May 6, said sources.

It will be Hasina's second foreign visit since assuming office after her party's win in the January 7 parliamentary polls. She went to Germany in mid-February to attend the Munich Security Dialogue.

New budget to set 10 priorities to steady economy

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As part of the government's tightening of the belt, the annual development programme (ADP) for the next fiscal year would see only a 0.76 percent or Tk 2,000 crore increase to Tk 2,65,000 crore.

A high official of the central bank told the meeting that the pressure on the economy would not ease in the first half of the next fiscal year. As a result, the government needs to continue the tight fiscal and monetary policy, said sources.

One of the priorities of the budget would be imposing slight contractionary policies, considering the global economic and domestic macroeconomic situations.

Another key priority is keeping the budget deficit to a containable level so that macroeconomic balance is ensured and inflation is reduced.

The budget would provide sufficient allocation for implementing the government's "My village-my town" vision.

Finishing fast-track projects on time; ensuring sufficient allocation

for fighting climate change impacts; ensuring food security; and expanding social safety net programmes, digital education, healthcare, and agricultural mechanisation are among the priorities of the budget.

At the fiscal coordination council meeting, the current economic situation, inflation, and foreign currency reserves were discussed, sources said.

The government aims to keep inflation at 6.5 percent in the next fiscal year.

The original inflation target for the current fiscal year, 6 percent, might be missed and the World Bank has said inflation would be at 9.6 percent this June. The government has revised the target to 7.5 percent.

The council yesterday assumed that the inflation target could be achieved by implementing tight monetary and fiscal policies and improving the supply chain.

It believed that it would not be possible to turn around the forex reserve situation unless the interest

rates in foreign countries were cut.

A Bangladesh Bank official said the private sector would not be encouraged to take fresh loans from foreign sources if the interest rate does not go down.

The council also set a budget deficit target of 4.7 percent of the GDP. This year's budget deficit target is 5.2 percent.

While setting conditions for its \$4.7 billion loan programme for Bangladesh, the International Monetary Fund set a limit of budget deficit to below 5 percent of the GDP to control higher inflation and ease forex pressure.

The government's overall revenue collection target is about Tk 5,00,000 crore this fiscal year and it would be Tk 5,40,000 crore next year.

The revenue growth target will be 4.5 percent higher than that of the current fiscal year.

The government aims to have its GDP growth at 6.75 percent next year. The economic growth goal is expected to be revised downwards to 6.5 percent from 7.5 percent.

A leader with a quiet strength

FROM PAGE 1

Anyone who had met her would be struck by her elegance -- not just in appearance. Her demeanour too was dignified yet always approachable. She was warm and attentive to everyone, regardless of their social standing, and this was evident from the glowing, emotional tributes paid to her at her memorial when she passed away on this day last year. They were from those she had mentored, supported and inspired, those who felt empowered by her belief in them.

Beneath that soft, maternal side, however, there was resoluteness and a quiet confidence that she exuded, drawing people to listen to her and take her seriously. No doubt her personal journey had a lot to do with that inner strength.

She was the eighth among 12 siblings of a conservative family. But her father, though very religious, encouraged her to pursue studies and supported her in starting a career even when other family members

were not happy about it.

She started with banking, becoming the first woman bank manager in Bangladesh and stayed in the sector for seven years.

In 1980, she left work to take care of her children and then started her own agro-business with RR Cold Storage Limited as a storage for potatoes and seeds. She helped the farmers get loans by being their guarantor. Being a woman, it was not easy to do business and she faced resistance from the farmers, who were all men. But when they realised that she knew what she was doing, they were quick to accept and respect her.

Her toughness came out on various occasions. Many a time, formidable gangsters who wanted to extort money from her to let her continue doing business threatened her with death. But she did not waver and remained firm in refusing to pander to their demands.

She was a successful

businesswoman and mentor, but that did not stop her from being a devoted mother and doting grandmother. She loved to cook and garden, travel the world and be close to nature. She was modern yet deeply spiritual, always believing in the power of prayer.

She lost her life-partner and best friend Azimur Rahman, the founding chair of Mediaworld in 2001 and was left heartbroken.

After his passing, Rokia became the Chairperson of Mediaworld.

It was an inadvertent entry into the world of journalism and her astute business sense, wisdom, respect for the free media and general ability to disarm those who met her made her an important figure in The Daily Star's most significant events and a guide for its steady revenue growth.

For many of us at The Daily Star, her calming and warm presence will be sorely missed. We will always remember her ability to inspire and give hope, and how she was brave no matter how formidable the odds.

Banker freed, Thanchi Police Station attacked

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Multiple police sources told The Daily Star that Nezam was released an hour after his family gave the abductors Tk 15 lakh.

The sources said the family paid the money after being assured that Nezam would be returned in sound health.

However, Nezam's brother Mizanur Rahman said, "We gave no ransom. Rab can say better how he was rescued."

Rab also did not say that any ransom was paid.

The Daily Star could not independently verify the matter.

Several hours before his release, Nizam's wife got a phone call from a stranger who demanded Tk 15 lakh ransom, said Nizam's brother Mizanur, adding that the caller did not offer any evidence that he was captor.

The banker is in good health and glad that his ordeal has come to an end, said several officers, adding that

he was taken to Bandarban Rab office.

On April 2 night, a group of armed men broke into the Ruma upazila parishad office and snatched the firearms of security personnel before robbing Sonali Bank and abducting Nezam.

Around 9 o'clock last night, gunfights were reported in two places near Thanchi Bazar, said Upazila Nirbahi Officer Muhammad Mamun. The exchange of fire was between police, border guards and an armed group, he said.

Residents of Ruma and Thanchi upazila were already reeling from shock following three bank robberies and the abduction in less than 24 hours.

The news of the rescue brought some much-needed relief among the public in Ruma.

In Bandarban town, army troops patrolled the streets throughout yesterday.

Ruma's acting upazila nirbahi officer Didarul Alam said, "People

are still frightened. They are not leaving home if they can help it. Large numbers of law enforcers are in the area. Those needing banking service were requested to travel to Bandarban town."

Nur-e-Alam Mina, deputy inspector general of Chattogram Range Police, visited Ruma and Thanchi upazilas yesterday evening. "Police are on high alert across the district," he said.

"At least five to six cases will be filed in connection with the robbery, abduction, and attack on police and government officers," he added.

In the capital, Home Minister Asaduzzaman Khan said Kuki-Chin National Front, better known as KNF, was involved in the robberies.

In Ruma and Thanchi, most businesses and shops were closed until yesterday afternoon while the streets saw light traffic. Large numbers of Rab members, police, army, BGB and APBN were seen in the towns and streets.