

The Daily Star

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## Unearth all banking sector irregularities

### Bring those involved in financial crimes to book

Since the fall of the Awami League government, increasingly alarming information about the banking sector has begun to surface. Most recently, it was reported in this daily that Tk 45,000 crore is tied up in dubious loans. In a questionable practice, eight banks have provided loans to directors of other banks, posing considerable risks to the entire sector. According to their financial reports, loans totalling Tk 25,000 crore were exchanged among these eight banks for their directors by the end of 2023. In addition, four of these lenders provided around Tk 20,000 crore to the relatives of the bank directors. This means the total reciprocal loans sanctioned for these directors and their relatives amounted to Tk 45,000 crore, with most of these loans changing hands over the last five years.

It has been known for some time that the banking sector experienced massive irregularities under the AL government. However, the true extent of these irregularities—despite various issues being regularly reported—seems to be beyond anyone's wildest imagination. For example, these eight banks were known for their questionable practices and were allegedly linked to the recently ousted AL government. During Hasina's 15 year rule, powerful business groups with banking assets, including S Alam, Beximco, Nassa, and Sikder Group, thrived on murky politics and routinely bent banking rules, exposing the entire financial sector to serious risks. The names of these business groups have once again surfaced in relation to the irregularities that have occurred at these eight banks.

What is further concerning is that the combined contribution of the eight bank directors to the lenders' paid-up capital is only Tk 2,400 crore, or about five percent of the Tk 45,000 crore in loans they have taken from each other. Since most of these groups would have been unable to secure loans if their business practices and financial health had been properly assessed, and given that central bank rules prohibit a bank from lending to its own directors, they engaged in reciprocal lending. Moreover, many of these loans were approved based on the direct orders of the directors, with bank officials playing a minimal role, according to some mid-level bank officials. In other words, the bank directors essentially made up the rules as they pleased, putting depositors' and national interests at risk in the process.

However, it is unlikely that they could have carried out such risky manoeuvres without "managing" the regulator in one way or another. This represents another disastrous outcome of the politicisation of our regulatory authorities. Therefore, it is essential that the interim government continues to uncover such irregularities and identify those responsible for these corrupt lending practices. The truth about the health of our banking sector needs to be revealed, and those responsible for financial irregularities must be held accountable. Additionally, steps must be taken to protect depositors' interests and recover these loans from politically connected businesses and individuals.

## When will Ctg elevated expressway open?

### The CDA must answer for the delay

We are disappointed by the unexplained delay of the authorities in opening the much-anticipated elevated expressway in Chattogram, which is supposed to ease traffic congestion and boost the port city's economy. Even though eight months have passed since its inauguration by the former Prime Minister Sheikh Hasina in November 2023 (when it was still incomplete), it remains uncertain when the elevated expressway will open to the public. The Chattogram Development Authority (CDA), which constructed the 16-kilometre-long expressway—from the port city's Lalkhan Bazar to Patenga—has remained silent about its opening. Although the project director hinted in March this year that the expressway would be partially opened to the public within two months, this did not happen. Now, in mid-August, the continued uncertainty about its opening has frustrated the people of Chattogram.

Unfortunately, like most other mega projects in the country, the Chattogram elevated expressway has also faced cost and time overruns. While the project was originally scheduled for completion by June 2020, its deadline has been extended twice—with its deadline set for June 2024 the last time. Naturally, this delay has significantly increased the project's cost, which rose from Tk 3,250 crore to Tk 4,298.95 crore. Moreover, a dispute over land acquisition among the CDA, Chattogram Port Authority, and railways further delayed the work. As a result, the CDA had to alter the expressway's original design.

We would like to ask: Why was the project hurriedly inaugurated if it couldn't be opened to the public? Why do such projects always face time and cost overruns? Why are issues like land acquisition not resolved before the start of the project? Why do we repeatedly encounter these questions about most such projects? We urge the interim government to take a strong stance to address these anomalies in project implementation.

Over the past few decades, a culture of inefficiency, incompetence and irregularities have plagued all our government institutions. And the CDA is no exception. It has a record of failure in many projects it undertook over the years—and it cannot continue in this manner. We urge the CDA to open the first elevated expressway in Chattogram as soon as possible. This will not only provide commuters with some relief from unbearable traffic congestion, but also reduce travel time and cost and hopefully usher in a new era of connectivity and trade in the port city.

### THIS DAY IN HISTORY



## Pervez Musharraf resigns

On this day in 2008, facing possible impeachment, Pakistani President Pervez Musharraf resigned from office.

# Can the new leadership save the economy?



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It is welcome news that Dr Ahsan H Mansur is going to lead Bangladesh Bank (BB). Former BB governor and current finance advisor to the interim government, Dr Salehuddin Ahmed, will serve as a knowledgeable advisor on finance and banking. The recent addition of a prominent economist like Dr Wahiduddin Mahmud as another new advisor has created a golden opportunity to correct the course of the economy, which is currently in disarray. It would be equally encouraging if the government appoints another expert to lead the Bangladesh Securities and Exchange Commission (BSEC), to represent the country's capital market.

Finally, Dr Muhammad Yunus, head of the interim government and a globally recognised pro-poor growth economist, has the potential to create a powerful leadership team that can not only rescue the economy from a possible downturn, but also guide us toward recovery. Their first task is to address the three groups of looters: bank defaulters, tax dodgers, and money launderers—who have formed a "devil's triangle" and have been coddled by politicians in power, nearly ruining the country's institutions.

Never has this country seen such a scholarly leadership team for economic policymaking in its history. At times, BB governors were duly qualified, but often the finance ministers or leaders in the capital market were not. On other occasions, both governors and finance ministers were inadequately qualified, placing the wrong people in key positions. This situation weakened the leadership triangle and undermined the effectiveness of the economy.

We know that the leadership team during this interim period is likely to be short-lived, as pressure for new elections is mounting. However, people expect to see a series of reforms in recruitment policies to ensure that only qualified individuals can become BB governor, BSEC chair, or finance ministers—not merely those who curry favour with big-ticket bank looters or who are sycophantic to the regime. People hope that future elected governments will choose scholarly leaders, especially for key financial institutions, whom the public can respect and rely on.

Controlling inflation in the short term and addressing massive youth unemployment in the medium term are their two main challenges.

The previous two governors, who questionably held the leading position at the central bank, have made the task for the new governor significantly more difficult. The primary hurdle is to bring clarity and accuracy to the definition of defaulted loans, which were reported as much lower than their actual amount due to looter-friendly definitions. For example, a



VISUAL: REHNUMA PROSHOON

loan was considered "regular" if only 5 to 10 percent of it was repaid. This is a mockery, and the previous regime approved it easily, primarily so that these defaulters can participate in the one-sided election.

The parliament has largely become a club of corrupt businesspeople who occupy 61 percent of the seats, with the remainder filled by retired bureaucrats, elderly party stalwarts who still crave power, and a few promising youths. Politics has corrupted central bank policymaking. The finance minister from 2019 to 2023 orchestrated this definitional perversion to favour delinquents, and the past two governors merely complied with the finance minister's wishes without assessing any merit or ethics. The new governor will face resistance from the beneficiary groups when attempting to implement best global practices in loan administration. However, since the finance advisor is not affiliated

with any business mafia, the governor will receive wholehearted support from Salehuddin Ahmed whenever corrective measures are undertaken.

Full transparency of information and data should be maintained within the pentagon of leaders to break the "devil's triangle." Governor Mansur is right to emphasise that he will take necessary steps to ensure that financial hooligans who siphoned off millions of dollars from the country face serious consequences. Since the interim government is not concerned with political popularity, it is crucial for it to reveal true figures on inflation, unemployment, defaulted loans, written-off loans, money trafficking, and revenue gaps. This transparency will aid other agencies and researchers in working effectively. Hiding data has caused serious damage to the

In other countries, defaulted loans rise when the economy performs poorly. Bangladesh's growth continued to rise until 2019, reaching nearly 8 percent. Growth has become lacklustre after Covid-19, not due to global factors but because of increased wilful defaults and rampant corruption across all sectors. Still, growth has hovered around 5 to 6 percent, which does not justify requests for loan rescheduling or default. The nature of defaulted loans varies widely based on ownership structure, indicating that they are primarily institutional and political in nature, rather than being related to the real economy.

The share of defaulted loans out of total outstanding loans is as low as 3.38 percent in foreign banks, while it is as high as 22 percent in private banks. The corresponding figure for public

economy, though ministers adopted this tactic to remain politically expedient.

This is the time to abolish the Financial Institutions Division at the ministry. Its establishment after 2009 has caused more harm than good by weakening the central bank and empowering finance ministry officials who often served politically connected top-ranking oligarchs, including those who closely supported the former prime minister. Moral hazards have reached such a point that making a U-turn will be one of the toughest tasks for the interim government. It is also crucial to establish "Revenue" as an independent ministry, as it represents more than 10 percent of GDP. This is a significant weak point in Bangladesh's finance sector that has been long ignored. Leading such a crucial department with just non-expert bureaucrat has proven ineffective and will continue to do so.

banks is abnormally high at 38.56 percent, vindicating that the issue is primarily one of poor governance and political looting. The new governor is expected to address this problem. All boards of directors at both public and private banks must be reshuffled, and the directorship law should be revoked.

Professor Rehman Sobhan mentioned in a seminar on the banking sector on July 7 this year that Bangladesh Bank (BB) enjoyed a rich tradition of having scholars as governors, such as Dr Mohammed Farashuddin, Dr Fakruddin Ahmed, Dr Salehuddin Ahmed, and finally Dr Atiur Rahman. This tradition collapsed in 2016, leading to less favourable results in the banking industry. However, with the appointment of Ahsan H Mansur as governor, we hope that BB will regain its knowledge-based leadership and that subsequent regimes will uphold this standard, which is crucial for the economy to thrive.

# It could've been any one of us in Moumita's place



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**BENAZIR ELAHEE MUNNI**

In cases of being subjected to violence, being the woman in the story is difficult. She is constantly at risk of getting her narrative hijacked by the nit-pickers, power holders, so-called well-wishers, pacifiers, prestige-rescuers, and of course, men. As I had started writing this, I was still reeling from the news of Dr Moumita Debnath from the neighbouring country, who met her demise in the most gut-wrenchingly painful and inhumane way imaginable. Moumita was a trainee doctor on duty when she was brutally raped and murdered. Even in her final hours, she was denied the slightest ounce of decency. The pain they inflicted on her was put on display in cold blood, snipping some invisible wings here and there across borders, setting us back just a little further and serving us once again, a grotesque reminder of what awaits if we dare to "act too smart."

I don't think it is possible for the "dominant sex" to even begin to

fathom how deep such a piece of news can cut a woman. Women live their lives watching over their shoulders everywhere they go because their struggles have added layers, layers that can deeply wound them. They cannot show their fear because that makes them weak, they cannot assert their strength because that suggests they are "asking to be taught a lesson." They walk on eggshells which say, "You asked for independence, there you have it" or "That's equality for you."

Women, no matter how old or young, are always on somebody's radar. It's terrifying how anyone from any part of society can have almost the same power over a woman and her choices as the men in her life. That is only because they are women; viewed as prey first, humans later. Women seeking help on social media, a platform frequented by many supposedly "woke" individuals, are often met with curses and conspiracies that seek to invalidate their struggles.

Once a rumour starts spreading, the original incident is never viewed the same way again, and, ironically, in the end, women often find themselves apologising for the injustices done to them.

When it comes to providing a viable solution for women's safety, people are quick to prescribe home arrest, a change in the way they dress, and ultimately, fall back to despair over how the "system" functions. Animosity toward all matters feminine among the general public has always been critical, contributing to toxic masculinity and identity crises among many men who perhaps genuinely wanted to do the right thing. Returning to the idea that the tragic news of one woman can have a ripple effect, shaking every woman, if not every person, to the core, it's women who suffer the most in all of this. When they protest, it is easy to reduce them to noisy, opinionated, over-educated, and "feminist-type" clichés, what is not easy is to see past their demeanour and feel the pain it caused them. How their knees grow weak at the thought of that girl in whom every woman right now sees herself.

For every precautionary step a girl is taught to take before going out, every man should be trained to ensure that such precautions are never necessary for women. For every #MeToo statement, there should be 10 people who come forward pledging to protect

all women in need, not just the ones in their own families.

This message should have been written in Bangla, and, if possible, in regional dialects. It should have been printed as leaflets, and distributed among the masses, who often remain hidden and are only occasionally disturbed by a woman "who didn't know her place." Rural areas, quiet alleys, busy markets, and crowded vehicles should be covered with posters until the message has been received.

Some women have this idea that speaking out makes them a "bad" girl, it makes them an accomplice to the rebel. This tendency has been an ancient tactic used to control the womenfolk. It has earned women the notorious labels of being prone to "cat-fights" or "being their own worst enemies." A "good" girl gets the degree, a "good" girl has a great husband, and a "good" girl is put on a pedestal because she said nothing. A "good" girl basically can have everything as long as she never questions anything. Were these "good" girls never victims of abuse? The answer is, almost every single one of them has had such an experience.

Perhaps we are still far away from freeing our stories from the grasp of patriarchy. However, our right to live an equal life, free of gender-based violence has been overdue for a long time. The next best time to advocate for it is now.