



'Experienced' Mahmudullah stays, Miraz returns
P11



'Reform must come from the people'
P10



India's hydro-power projects, power corridor, and our concerns
P8



What will Israel, Iran, Hezbollah do next?
P7

Distressed loans soar to a record Tk 4.75 lakh cr

Shows central bank data till Dec 2023

REJAUL KARIM BYRON and AM JAHID

Distressed loans at banks totalled over Tk 4.75 lakh crore at the end of 2023 – a revelation that makes for a sobering read of the actual health of this vital sector of the economy.

The amount is the sum of non-performing loans (NPLs), rescheduled loans and restructured write-offs, all of which were disclosed in the latest edition of the Bangladesh Bank's Financial Stability Report yesterday.

The distressed loans amounted to almost 32 percent of the total outstanding loans of about Tk 15 lakh crore as of December 2023. The sum is a nearly Tk 1 lakh crore or 26 percent jump from a year earlier and close to the operating expenditure of the 2023-24 national budget.

Zahid Hussain, former lead economist at the World Bank's Dhaka office, blamed political or business influences in disbursing credit for the rise in distressed loans.

"This was because of bad governance as the banking regulator has given support and on the other hand, the big borrowers have taken the loan facilities using their influences through various political channels," he said.

At the end of 2023, the banking sector's NPLs stood at Tk 133,722 crore, rescheduled loans at Tk 2,88,540 crore and written-off loans Tk 53,612 crore.

The breakdown of distressed assets has been revealed as part of the conditions agreed with the International Monetary Fund for the \$4.7 billion loan programme, which was launched last year.

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

"The asset quality of the banking sector might have deteriorated partly due to a lack of oversight on regular and rescheduled or restructured loans and advances as well as slow progress in NPL recovery," the report said.

- Distressed loans account for **32%** of total outstanding loans
- The amount jumped by **26%** or Tk **1 lakh** crore in a yr
- NPLs stand at Tk **1,33,722cr**
- Tk **2,88,540cr** loans rescheduled
- Tk **53,612cr** loans written off

SOURCE: BANGLADESH BANK

External issues like the ongoing Russia-Ukraine war, Israel-Palestine conflict, and other global and domestic challenges may have impaired the borrowers' repayment capacity, which in turn might have translated into the deteriorated asset quality of the overall banking sector, it added.

In recent times, a huge amount of loans has been rescheduled. About Tk 63,720 crore loans were rescheduled in 2022. The amount of rescheduled loans in 2023 was Tk 91,221 crore.

The report said the Bangladesh Bank introduced a temporary and somewhat lenient policy in 2022, allowing banks to reschedule loans by taking reduced down payments and granting a relatively longer tenure to the borrower for repayment.

"Banks were also allowed to frame their own policy to reschedule loans based on the parameters set by the Bangladesh Bank earlier. The stated policy might have contributed to the increase in rescheduling of loans in 2023. Furthermore, banks were allowed to reschedule loans of particular sectors (such as ship building and cold storage related loan) for longer tenure," it said.

Professor Selim Raihan, executive director of the South Asian Network on Economic Modeling (SANEM), said irregularities and extreme deterioration of good governance in the banking sector led distressed loans to increase.

Disbursing loans indiscriminately, and rescheduling loans on political

SEE PAGE 2 COL 1

Eight die of dengue in a day

STAFF CORRESPONDENT

At least eight dengue patients died in the last 24 hours while 1,221 patients were hospitalised in the last 24 hours till 8:00am yesterday.

Both the deaths and cases are the highest in a single day this year.

Of the deaths, five are in Dhaka South City Corporation areas while one each in Dhaka North City Corporation, Khulna division, and Barishal division.

According to the Directorate General of Health Services (DGHS), with the new deaths and cases, the total number of deaths rose to 158 while total number of cases rose to 29,786.

Currently, 3,297 dengue patients are undergoing treatment.

A total of 26,331 patients have been released till yesterday.



Industrial and other liquid waste being dumped into the Karnaphuli river, the lifeline of Chattogram. The photo was taken in the port city's Firingi Bazar yesterday.

PHOTO: RAJIB RAIHAN

S Alam took out 86pc of Global Islami Bank's loans

MD MEHEDI HASAN

S Alam Group and its linked companies account for more than 86 percent of the disbursed loans of Global Islami Bank (GIB), one of the six Shariah-based lenders that were controlled by the Chattogram-based business giant.

As of June, Global Islami's total loans

stood at Tk 13,880 crore, with S Alam and its linked companies accounting for 86.45 percent of the sum, according to the Shariah-based lender's records.

The loans were taken between 2013 and 2018 from the bank's branches in Chattogram through more than 50 trading companies linked with the S Alam Group. The Daily Star has learnt from officials of the bank who are involved with identifying the bank's exposure to the conglomerate.

Established in 2013 as NRB Global Bank, the bank soon came under the grip of S Alam Group, whose chairman Mohammed Saiful Alam is a close collaborator of the deposed prime minister Sheikh Hasina. After the fall of her government last month, the Bangladesh Bank reconstituted the board.

From the preliminary investigation, it has been identified that 85 percent of GIB's loans were taken by S Alam and its affiliates companies, said Mohammad Nurul Amin, the new chairman of GIB.

More information will be available after the independent audit.

No new loans were disbursed to the group or its affiliate companies after 2018 but the tenure of the previous loans were extended, he said.

"We are trying to reach them to recover the funds."

On paper, GIB's defaulted loans stood at Tk 327.12 crore, which is 2.36 percent of the total outstanding credit as of June. But the actual amount of bad loans is higher, Amin added.

Meanwhile, a central bank inspection report found that more than 80 percent of the bank's loans were disbursed from the Chattogram division. The majority of the funds were disbursed through Chattogram's Khatungonj branch, BB report showed.

The Khatungonj branch lent Tk 1,250.16 crore to eight trading companies linked with S Alam Group: Tk 151.87 crore to Green Expose

SEE PAGE 2 COL 5

BUET AUTHORITIES' NOTICE Students cannot join any political party, other orgs

Decision draws flak

ASHIK ABDULLAH APU and SIRAJUL ISLAM RUBEL

Buet authorities have announced that students cannot be members of any political organisation, be it on campus or outside.

The move comes nearly six months after the High Court allowed student politics on the campus.

A notice issued on Saturday by the premier engineering university read, "No student can join any political party or other organisations except for clubs or societies approved by the university."

Student leaders have urged Buet to immediately withdraw the decision, terming it undemocratic and unconstitutional.

The Buet notice says the authorities' aim is to ensure the quality of education, proper evaluation of merit, and elevate the university's status in the international academic community.

Buet academic council at a meeting on September 21 made the decision as part of its effort to reduce political activities among students, the notice signed by Buet Registrar Forkan Uddin adds.

SEE PAGE 2 COL 5

CSA will be amended, not struck down

Asif Nazrul says laws obstructing right to info to be scrapped or fixed

STAFF CORRESPONDENT

The government will abolish laws that go against the right to information and will amend the Cyber Security Act, Law Adviser Prof Asif Nazrul said yesterday.

He explained that they would not completely abolish the CSA because cyberspace involves two types of offences, one computer-based and the other speech-based.

"Anarchy will ensue if we decriminalise cybercrimes like hacking or blackmailing women or other forms of harassment..."

The laws that oppose the right to information, or those which the previous government planned to enact for such a purpose, will either be cancelled or fixed, he said.

Prof Nazrul said this in a views exchange meeting on the "Right to Information in Establishing Transparent and Accountable Good Governance: The Supporting Role of NGOs" marking the International Right to Information Day.

The NGO Affairs Bureau and the Information Rights Forum jointly organised the event at the NGO Affairs Bureau's conference room.

"We will not wait for the reports from the reform commissions. Things that can be reformed immediately, like the Cyber Security Act and the Information Commission, will be urgently dealt with," he said in his address as the chief guest.

SEE PAGE 2 COL 2