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## ADB projects slower growth amid political uncertainty

REJAUL KARIM BYRON

The Asian Development Bank (ADB) has projected Bangladesh's GDP growth rate to slow to 4.3 percent in fiscal year (FY) 2025, reflecting a subdued outlook amid political uncertainty, supply disruptions and tight monetary policy.

This marks a decline from its earlier projection of 5.1 percent in September last year.

"The country is facing significant challenges, including tight global financial conditions and rising commodity prices," Takeo Konishi, director general of ADB's South Asia Department, said in an interview with The Daily Star.

"These external pressures will likely aggravate Bangladesh's structural issues, such as limited economic diversification, heavy reliance on imported energy, a large informal sector, climate vulnerabilities, and weak governance and accountability," he said.

The ADB's revised projection aligns closely with the government's plans to lower its GDP growth target for the current fiscal year to 5.25 percent in the revised budget.

This adjustment accounts for

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Takeo Konishi  
ADB's DG for South Asia



SOHEL PARVEZ and JAGARAN CHAKMA

Over the last several years, Ahsan, a rickshaw puller in his 50s, has been eagerly waiting for relief from the high prices of food and other essentials. Days and months have passed, but his pursuit of a better living by escaping the curse of elevated inflation has remained a distant dream.

By this time, the previous Sheikh Hasina government was toppled in a popular mass uprising in August last year and an interim administration took charge in the same month.

But Ahsan's struggle continues, and so does the erosion of his family's living standards, even though inflation eased for the second consecutive month in January.

"I have not seen any real change in my life," he said, while making an assessment of the interim government's six months in power.

"The only thing that has become cheaper is potatoes, but the prices of all other essentials have gone up," said the father of four children.

Ahsan, who does not have a second name, is the sole breadwinner for his six-member family. He earns roughly Tk 700 a day, which is insufficient to cover all essential expenses, including house rent.

"How am I supposed to provide three meals a day for my family with my meagre income?"

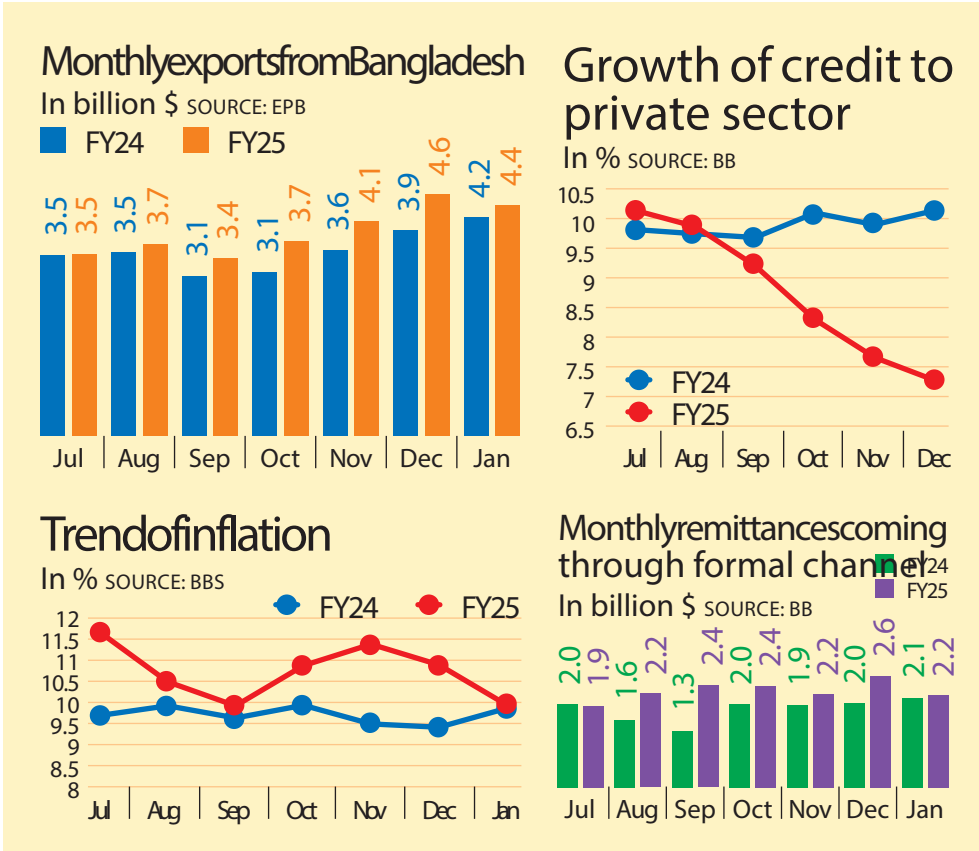
The rickshaw puller lives in Kamrangirchar, home to thousands of low-income people reliant on Dhaka, the metropolis that serves as the major engine of Bangladesh's economy.

He said he used to buy rice for less than Tk 50 per kilogramme. Now, like millions of Bangladeshis, he has to pay more than Tk 50 for the food staple.

Besides, people like Ahsan have to pay more for edible oil recently amid reduced supply from refiners. This further deepens the

SIX MONTHS OF INTERIM GOVT

## In fragile trust, economy falters



hardships of commoners who have endured over 9 percent inflation for 23 consecutive months till January this year.

Moving on to the bigger macro picture, economists and businesspeople also see uncertainty heavily clouding the economic outlook.

"The economy is yet to emerge from the risks it faced six months ago, though there has been some relief in the form of improvements in certain indicators and containment from further deterioration," said Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue (CPD).

Although inflation eased slightly in December and January, consumer prices still remained elevated. There has been a slowdown in investment and the generation of new jobs.

Over the past several years, private investment has remained stagnant at 23-24 percent of gross domestic product (GDP).

Besides, the recent trend of private sector credit growth offers no light at the end of the tunnel.

For the fifth consecutive month, loan flows to private firms have slowed due to uncertainty in the investment environment following the August political changeover.

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## Janata Bank crippled by record default loans

Bad loans rose to Tk 67,300cr at the end of 2024

MD MEHEDI HASAN

Janata Bank's defaulted loans surged to a record Tk 67,300 crore by the end of last year, as politically exposed persons and business conglomerates became defaulters following the recent political changeover, reflecting the fragile condition of the state-run bank.

Janata Bank now holds the highest amount of defaulted loans in the banking sector.

As of December 2024, the bank's total outstanding loans stood at Tk 1,00,800 crore, with 66.8 percent, or Tk 67,300 crore, classified as defaulted, according to internal data from the bank.

Just three months earlier, in September 2024, Janata Bank's defaulted loans stood at Tk 60,345.30 crore.

The bank's bad loans have escalated sharply since the political shift in August 2024, as loans granted to politically exposed individuals and industrial conglomerates affiliated with the former Awami League-led government became classified as defaults—loans that had previously remained concealed, bank officials said.

In June 2024, defaulted loans stood at Tk 48,000 crore, but by December, they had risen by Tk 19,300 crore in just six months.

A significant portion of Janata Bank's defaulted loans is concentrated among a few large borrowers, with the top five defaulters accounting for around 70 percent of the total bad loans.

Among them, Beximco Group, led by Salman F Rahman, who was the private industry and investment affairs adviser to former prime minister Sheikh Hasina, has the highest amount of defaulted loans.

Janata Bank's total exposure to Beximco stood at Tk 23,000 crore, which

became fully defaulted in the October-December quarter of 2024.

S Alam Group is another major defaulter, with its defaulted loans at Janata Bank reaching Tk 10,200 crore.

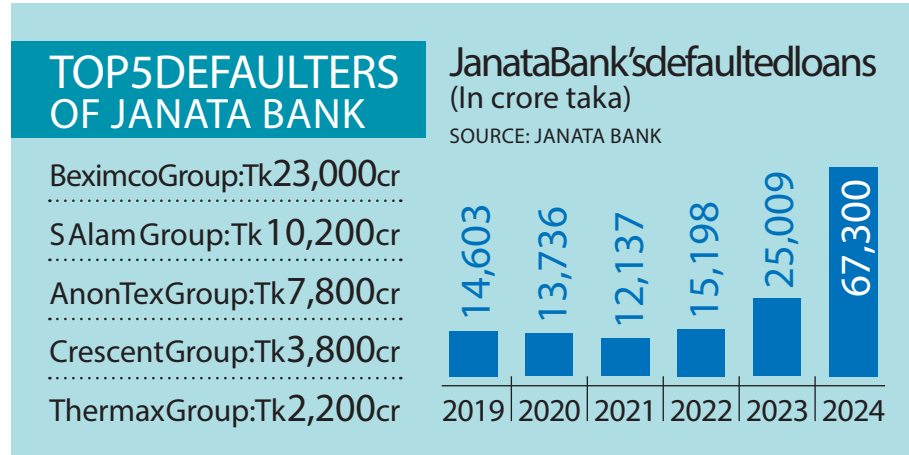
AnonTex Group followed with a default of Tk 7,800 crore, while Crescent Group had Tk 3,800 crore in bad loans.

Thermax Group defaulted on Tk 2,200

As of December, Bashundhara Group's total loan exposure at Janata Bank stood at Tk 1,700 crore.

Orion Group, another top borrower of the bank, had a total funded and non-funded exposure of Tk 3,500 crore at the end of last year.

Industry insiders pointed out that the bank was in deep financial trouble due to



core, and Sikder Group's defaulted loans stood at Tk 850 crore at the end of 2024.

A senior Janata Bank official, speaking on condition of anonymity, confirmed that the total defaulted loans at the bank rose sharply due to the full default of loans taken by Beximco Group and S Alam Group in the October-December quarter.

Additionally, some borrowers who were previously regular in loan repayments have now defaulted.

For example, a small portion of Bashundhara Group's loans became classified as defaulted in December 2024, although the conglomerate is reportedly working to reschedule them.

its high exposure to large conglomerates. Beximco Group's loans at Janata Bank saw a steep increase over the years: from Tk 2,045 crore in 2015 to Tk 6,400 crore in 2020.

By June 2024, the figure had reached Tk 25,000 crore. This exposure is nearly 950 percent of the bank's paid-up capital, far exceeding the legal limit of 25 percent for a single borrower.

Between July 2021 and July 2022, Beximco opened nine new companies, and in just one month of 2022, it created eight more companies to secure additional loans.

Documents indicate that Salman F Rahman leveraged his influence within

the former Sheikh Hasina administration to obtain special approval from the central bank for these large loans, Janata Bank officials alleged.

Janata Bank was once regarded as one of Bangladesh's most reputable banks, but its financial health deteriorated following a series of loan scams involving AnonTex Group and Crescent Group.

Between 2010 and 2015, the bank disbursed Tk 3,527.9 crore in loans to 22 companies under AnonTex Group. Later investigations by Bangladesh Bank uncovered massive irregularities in loan approvals.

In 2017, Janata Bank's total defaulted loans stood at Tk 5,818 crore. In just seven years, that figure has now skyrocketed to Tk 67,300 crore.

Financial analysts and industry experts are urging a forensic audit of Janata Bank to identify the officials and board members involved in the massive loan irregularities.

Due to its deteriorating financial health, Janata Bank is facing a severe liquidity crisis and recently requested Tk 20,000 crore in emergency funds from the interim government and the central bank.

The funds are needed to maintain normal cash flow and restore depositor confidence, the bank stated.

Bank officials warned that Janata's ability to borrow from the money market has weakened due to a lack of sufficient securities, raising concerns about a potential cash reserve ratio (CRR) and statutory liquidity ratio (SLR) shortfall.

Md Mazibur Rahman, the newly appointed managing director of Janata Bank, recently stated that the bank was making all possible efforts to recover the bad loans.

He also confirmed that legal action would be taken against major defaulters to retrieve the funds.

## Rice bran oil export may face 25% regulatory duty

MD ASADUZ ZAMAN

The National Board of Revenue (NBR) is set to impose a fresh 25 percent regulatory duty on the export of crude and refined rice bran oil to discourage shipments and increase domestic supply.

The tax administration is likely to issue a notification this week, an official of the NBR said, asking not to be named.

"We hope this move will somewhat contribute to stabilising the kitchen market."

The NBR plans to impose the duty following a recommendation made by the Bangladesh Trade and Tariff Commission (BTTC) in December last year.

The commission's recommendation comes in response to soaring cooking oil prices in the local market over the past few months, driven by rising international prices due to a reduction in palm oil production and Indonesia's increased focus on using palm oil for biodiesel.

Bangladesh requires around 23 lakh tonnes of edible oil annually, and more than one-fourth of this demand is met by rice bran oil.

At present, 20 local mills produce 2.86 lakh tonnes of rice bran oil a year in Bangladesh.

The country produces 5.5 crore tonnes of paddy annually, from which up to 7 lakh tonnes of rice bran oil can be extracted.

The government earlier imposed a 25 percent export duty on rice bran, which reduced its shipments.

However, the country has continued exporting around 70,000 tonnes of crude rice bran oil annually, as there is currently no duty discouraging its shipment, according to the BTTC.

A regulatory duty controls trade for stability, while an export duty taxes goods leaving a country.

The Trading Corporation of Bangladesh (TCB), the state-owned entity under the commerce ministry that sells essential commodities at subsidised rates, had earlier also requested the government to discourage exports of rice bran oil.

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