

‘A truly democratic society must not suppress differing opinions’

Samina Luthfa, a faculty member at the Department of Sociology at Dhaka University, speaks with Monorom Polok of The Daily Star about the performance of the interim government, six months since it took office on August 8, 2024.

Six months after the interim government assumed office, do you think the country has progressed as expected?

The expectation of the July uprising was that Bangladesh would move forward, breaking free from the repression, mismanagement, corruption, and lack of freedom of speech that had persisted until then. People from all walks took to the streets, hoping for change. Students played a key role, but it was a mass movement—workers, professionals, and ordinary citizens all participated. However, despite the sacrifices, the reforms people hoped for have not been fully realised.

How do you assess the government’s response in ensuring justice for the victims of violence during the uprising?

The progress of getting justice for the victims of mass killings has been slow. During the uprising, crimes against humanity were committed—people were shot at close range, fired upon from helicopters, and even killed while standing on their balconies. Yet, those primarily responsible for these atrocities have not been identified or arrested. The scores of Awami League (AL) ministers arrested were mostly from the past tenure of the AL regime. Even information on the Aynaghars has not been fully disclosed. The government should have prioritised investigation and justice for the July killings, ensuring that AL leaders and their affiliates—Jubo League, Chhatra League, as well as several paramilitary forces—faced legal action. There were videos and photos of the perpetrators, and a truth commission was initially proposed to address these crimes. However, progress has been alarmingly slow. Even the UN investigators complained about not getting sufficient cooperation from the concerned forces.

The ISPR stated that they gave shelter to over 600 individuals, which most likely included AL activists,



DR SAMINA LUTFA

PHOTO: COURTESY

corrupt government officials and other AL beneficiaries right after the ouster. Where are they now? How did they escape? Expect for one or two, most of the top AL leaders who ordered the mass killings were never caught. Now, they sit abroad, conspiring against the country, making provocative statements and inciting violence. Why were the criminals allowed to leave?

Professor Yunus’s government must ensure accountability, and also exercise control over price hikes of essentials, and establish rule of law in the country. While change doesn’t happen overnight, certain immediate actions were expected. The government needed to demonstrate a strong commitment to justice, the rule of law, and institutional reform. Instead, we have seen bureaucratic inefficiency and indecisiveness. Even medical treatment for wounded protesters of the uprising and support for the families of the deceased have been mismanaged. Many of those who lost limbs or became permanently disabled were from working-class backgrounds. Their families are

struggling, yet bureaucratic obstacles prevent them from receiving adequate compensation or assistance.

Ironically, this cabinet includes many human rights activists and NGO workers, whose expertise lies in providing aid to vulnerable communities. Yet, they have failed to ensure the most basic relief efforts. The families of victims have been left in limbo, with no clear answers and no support system to help them rebuild their lives. The government must investigate and identify the obstacles and expedite fund disbursement to these people.

Do you think the reform commissions, formed by the government, are moving in the right direction?

Some positive steps have been taken, such as the revision of certain laws and the formation of reform commissions. However, these commissions appear to be heavily urban-centric, catering more to elite and middle-class interests rather than addressing the general public’s concerns. For instance, can peasants and informal sector workers send reform proposals to the

government? If yes, then how? There is a disconnect from the realities faced by ordinary citizens. Reform should not be limited to paperwork; it must be rooted in ground-level realities.

Another issue is the lack of political consensus. Even if these commissions produce valuable recommendations, there’s no guarantee they will be implemented. We’ve seen this before—after the 1990 mass uprising and even the One Eleven period (2007-08)—when major reform proposals were abandoned. Without political will, these commissions are just symbolic gestures. Real reform requires collaboration, political will, transparency, and an unwavering commitment to justice.

Since the uprising, do you see any improvement to freedom of speech, which was largely restricted during the previous regime?

People have more freedom to speak, now. However, the way this freedom is being exercised is problematic. Instead of fostering open discussions, and listening to criticism, we’re seeing bullying, misinformation, disinformation and a pattern of labelling and stigmatisation of opinions with minoritised voices. Anyone expressing an alternative opinion is quickly branded as an Awami sympathiser. This mirrors the very fascist tactics that we fought against.

Under the previous regime, critics were labelled as “Rajakar” or “Islamic extremists.” Now, new labels have emerged, but the objective remains the same—to silence dissent/alternative opinions. This intolerance prevents meaningful political discourse and institutional development. A truly democratic society must encourage differing opinions, not suppress them with a cyber mob or attack. Real progress can only be achieved through open dialogue, mutual respect, and an acceptance of differing viewpoints. Here the interim government can help by meting out exemplary

punishment to people abusing the cyber space to harass women and children.

While law enforcers were used as tools of oppression previously, has the interim government taken effective steps in ensuring law enforcement and security, which today remains a major concern?

Even though the army was given magisterial power, we have not seen effective law enforcement. Crimes such as robberies, looting, and attacks on marginalised communities continue unchecked. One particularly alarming incident was the demolition of a historically significant landmark using bulldozers and then continued violence and vandalism across the country. The political implications of these actions are enormous. Yet, the government measures to prevent it was not timely.

Additionally, women’s mobility and participation in the workforce have been severely restricted. Women have been attacked while travelling, working, or simply being in public spaces. Cultural communities have also faced persecution—*baul* *fakirs* had their hair forcibly cut off, shrines were attacked, art and cultural shows were disrupted, and women’s football matches were cancelled due to pressure from conservative groups. If these trends continue, Bangladesh risks regressing socially, undoing decades of progress in gender equality and cultural freedom.

How do you evaluate the government’s handling of Bangladesh’s economic issues?

The economy is in crisis due to the unchecked and massive plundering by the Awami regime. However, the reserve increased which is good news. But the previous government’s loan from the International Monetary Fund which came with several conditionalities, led to the recent imposition of new VAT policies that disproportionately burden the poor.

Inflation is still out of control, the cost of living has skyrocketed, and no meaningful social safety nets have been introduced.

There have been improvements, such as increased remittances and the recovery of a small portion of the looted funds. Structural economic reforms should have been implemented further, instead, we see rising inequality and stagnation. Small businesses are struggling, the agricultural sector is in distress, and unemployment rates remain high. Without targeted policies to support the most vulnerable, the economic crisis will only deepen.

Given all these shortcomings, do you think the government can still turn things around?

There’s still a chance, but only if decisive actions are taken. First, justice for the July massacre must be prioritised. Without accountability, lawlessness will continue. Second, institutional reforms must be pursued with sincerity—especially in education, agriculture, and law enforcement. Third, the government must address economic disparities and ensure that policies benefit the working class, not just elites.

Political leaders must also acknowledge the importance of protecting marginalised communities. Any political group that seeks to suppress women, minorities, or cultural communities will lose public support. The new generation of voters is highly aware and demands transparency, justice, and progressive policies.

Finally, institution building must be the top priority. We need patience and perseverance. If everyone rushes to secure personal gains, no real progress will be made. A structured, collective approach is necessary to build a just and functional democracy. The people of Bangladesh fought too hard for change—we cannot afford to let these efforts go to waste.

Why consolidation is crucial for Bangladesh’s banking future



Syed Sadaf Sultan is the founder of Finprojections, a financial consultancy firm, and a former private equity investor based in Singapore.

SYED SADAF SULTAN

By all objective measures, Bangladesh’s banking system is overcrowded. There are 62 scheduled banks under the supervision of Bangladesh Bank, a number that far exceeds that of regional peers when considering banks per capita.

To put this in perspective, India, despite having a population nearly eight times that of Bangladesh, has only 137 scheduled banks—just over twice the number in Bangladesh. Moreover, India’s banking system has proven significantly more effective in terms of service penetration: approximately 78 percent of Indians own a bank account compared to only 53 percent of Bangladeshis.

In addition to lower reach, Bangladesh’s banking sector struggles with performance. The non-performing loan (NPL) ratio in India stands at around 3 percent, while in Bangladesh, it has skyrocketed to a staggering 13 percent of all outstanding loans (a conservative estimate that may increase further), indicating severe governance and risk management issues.

This raises a critical question: If having more banks hasn’t translated into better outcomes, should a reduction in the number of banks be considered as part of the broader reform agenda? And, perhaps most importantly, what approaches can be pursued to drive this consolidation process, and what are the trade-offs involved?

Why is banking sector consolidation necessary?

The overbanked yet underperforming

state of Bangladesh’s banking sector is no coincidence. Over the past few decades, the proliferation of commercial banks has been fuelled by a political culture that treats banks as tools for patronage and, at times, avenues for looting. This unchecked expansion, driven more by political interests than economic needs, has created systemic vulnerabilities.

The consequences are stark. NPLs have surged to an alarming \$17 billion, posing a severe systemic risk to the financial sector. The threat of contagion is real: The failure of weak banks with hollowed-out balance sheets could ripple across the system, eroding depositor confidence and destabilising the economy.

To date, Bangladesh Bank has relied on stopgap measures, such as printing money with the intention of mopping it up later, to provide liquidity support to struggling banks. While this offers temporary relief, it does little to address the structural flaws: poor governance, lack of accountability, and unsustainable banking practices.

Experts often point to improving governance across the entire banking system as the solution. However, reforming governance across dozens of weak banks is a monumental challenge. It would require replacing entire boards, overhauling management teams, and retraining operational staff. Even with these measures, weak banks would still

face the uphill battle of growing their balance sheets in a contractionary monetary environment.

In light of these challenges, consolidation of the banking system emerges as a pragmatic solution. A smaller banking system would be simpler to govern, more resilient, and better equipped to support sustainable economic growth. In

collapse. Potential approaches include shuttering non-viable banks, merging a large number of weak banks together, or integrating weak banks into stronger ones. Each method poses unique challenges and demands careful consideration of the specific circumstances surrounding the banks involved.

The first approach, shutting down

and its inflationary impact.

Another approach is to merge banks with similar client bases and products to create larger, more resilient institutions. Islami Shariah-based banks, many of which have been severely affected by corruption, could be prime candidates for this strategy. Such consolidation could be supported by capital injections

stronger ones. Even though forced, such a strategy would require substantial liquidity support and regulatory flexibility to ensure it does not significantly impair the financial health of strong banks. To make these deals more viable, the most toxic loans of the weak banks must first be transferred to a government-backed AMC and excluded from the consolidation process. Strong banks must also be granted the discretion to close overlapping branch networks, cherry-pick assets, and selectively retain only essential staff from the weak banks. However, even with such adjustments, strong banks will have little incentive to take on this burden, making forced consolidation a solution that should likely be reserved as a measure of last resort.

Navigating the pain

There is no painless solution for Bangladesh’s banking system. Short-term turmoil is inevitable—equity holders of failing banks may be wiped out, and job losses in the sector will be significant. Inflation may spike if significant money printing becomes necessary. Yet, much like treating a sick patient, the medicine must be administered even if distasteful. The focus must remain on managing the immediate side effects while driving the sector towards a full recovery.

The alternative—propping up failing banks indefinitely with government funds—is unsustainable. It merely postpones the inevitable while compounding the cost of reform. Pursuing consolidation will require more than policy directives—it will demand tailored deal-making and robust post-merger integration support. The interim government and Bangladesh Bank must be prepared to engage deeply, navigating complex negotiations to steer this process towards success.



FILE VISUAL: SHAIKH SULTANA JAHAN BADHON

fact, many countries operate with a “Big 4” banking model, where a few dominant, systemically important banks form the backbone of the financial system. These banks are closely regulated and often focus on wholesale and large-scale lending, while smaller, specialised institutions cater to niche markets and underserved segments.

Possible approaches to banking sector consolidation

The immediate objective of consolidation in Bangladesh’s banking sector would be to protect depositors and prevent systemic

non-viable banks, should focus on institutions with hollowed-out balance sheets due to irrecoverable loans. The assets of these banks can be transferred to a government-backed asset management company (AMC) for a token value, while depositors can be compensated using government funds. While this approach ensures deposit holders are made whole, it carries the significant downside of being inflationary if it relies on money printing to fund the initiative. Therefore, it should be limited to the smallest, weakest banks to minimise money printing

through foreign direct investments (FDI), particularly from Middle Eastern sovereign wealth funds or banking groups capable of providing patient capital and expertise. However, this approach hinges on the ability to attract foreign investments into a distressed and fragmented banking system—a task that will require offering incentives such as tax holidays, exemptions from capital gains tax, and other similar measures.

A final approach, though controversial, is forced consolidation, where weak banks are merged with