

Allocate 20%  
of green funds  
to women  
entrepreneurs  
BB asks lenders

STAR BUSINESS REPORT

Banks and financial institutions have been instructed to allocate 20 percent of their green financing to women entrepreneurs and 25 percent to the cottage, micro, small, and medium enterprise (CMSME) sector.

Bangladesh Bank (BB) issued a notice yesterday, stating that an additional 15 percent of CMSME loans must be distributed among women entrepreneurs.

Currently, banks are required to allocate 5 percent of their total loans for green financing.

The BB notice highlighted the crucial role of micro and small enterprises and women entrepreneurs in the country's inclusive development and sustainable industrialisation.

To achieve the Sustainable Development Goals (SDGs), various initiatives have been undertaken to economically empower women, reduce gender disparity, and enhance their participation in the economy, it said.

However, financing for the CMSME sector and women entrepreneurs remains below the desired level, the central bank noted.

## Gold prices gain

REUTERS

Safe-haven gold edged higher on Monday after hitting the \$3,000 mark last week for the first time, while the market's focus shifted to the US Federal Reserve's meeting this week.

Spot gold added 0.2 percent to \$2,991.13 an ounce, as of 0924 GMT. Prices hit a record high of \$3,004.86 on Friday amid geopolitical uncertainty.

US gold futures eased 0.1 percent to \$2,998.90.

"We expect prices to edge higher on a similar trajectory with dips bought as FOMO (fear of missing out) trades support the market," said Ross Norman, an independent analyst.

"In short, we would be surprised not to see the \$3,150 level in the coming months much as we had forecasted - albeit much quicker than we had anticipated."

US Treasury Secretary Scott Bessent said on Sunday that there are "no guarantees" there will not be a recession in the United States, adding to investor worries of an impending economic downturn due to the US President's trade policies.

## China unveils plan to boost domestic consumption

AFP, Beijing

China on Sunday unveiled an action plan it hopes will help Beijing to overcome stubbornly low consumer demand and meet its ambitious growth target, state news agency Xinhua reported.

The plan, issued by the State Council, promises "special initiatives" to stimulate the world's second-largest economy, which has struggled to sustain a strong recovery since the Covid-19 pandemic.

Beijing faces further headwinds with the return of US President Donald Trump, who has slapped punitive tariffs on a range of Chinese products as part of an ongoing trade war.

The plan, organised into eight sections, "aims to promote reasonable wage growth by strengthening employment support in response to economic conditions", Xinhua reported.

It intends to grow incomes through property reform, including in rural areas where it calls for "exploring ways to unlock the values of houses legally owned by farmers", it added.

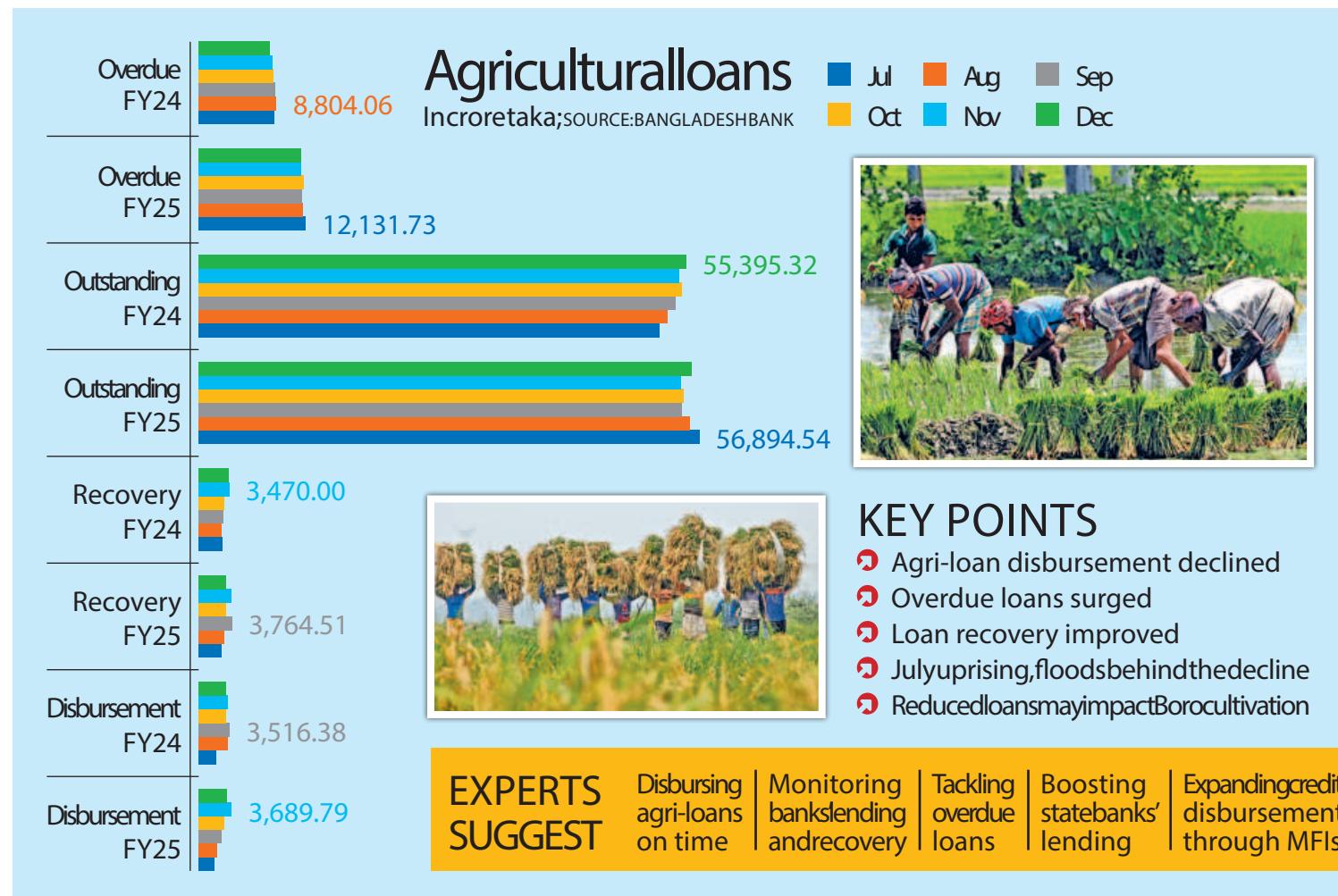
Mechanisms for stabilising the stock market and the development of financial products for individual investors are also being explored.

Financial institutions will be encouraged to issue more personal consumption loans and set reasonable loan limits, terms and interest rates, Xinhua said.

The plan also mentions linking consumer consumption to broader social goals, and potentially raising pension benefits.

# Agri-loan disbursement falls, recovery rises

But overdue loans surged sharply in July-December of FY25



### KHONDOKER MD SHOYEB

Agricultural loan disbursement declined, but recovery increased in Bangladesh in the six months to December last year compared to the same period of the previous year.

Outstanding loans remained stable, but in the meantime, overdue loans surged sharply.

Reduced lending from private and foreign commercial banks, which disburse most agri-loans, led to an 11.28 percent year-on-year drop in total agri-loan disbursement to Tk 16,259.11 crore in the last six months of FY25.

The sharpest decline was seen in late summer, particularly in August and September, according to the December 2024 report on agriculture and rural finance of Bangladesh Bank.

The trend shifted in November and December when disbursement showed signs of recovery.

For the 2024-25 fiscal year, the government targeted disbursing Tk 38,000 crore in agricultural loans, which was 2.28 percent higher than the previous year's actual disbursement of Tk 37,153.9 crore.

The highest disbursement target was set for private commercial banks—over two-thirds of the total.

The lowest target of Tk 1,264 crore was set for foreign commercial banks.

In the first six months of FY25, foreign commercial banks reduced agri-loan disbursement by 67.16 percent year-on-year, while private commercial banks also cut lending by a fifth.

State-owned specialised banks followed suit by reducing disbursement by 7.58 percent.

On the other hand, state-owned commercial banks increased their disbursement by 58.86 percent, but that was not enough to reverse the overall drop.

"The July uprising of 2024, along with the floods, might have played a significant role in the fall in agri-loan disbursement, which is very concerning for farmers," said Mustafa K

Mujeri, executive director of the Institute for Inclusive Finance and Development (InM).

Farmers will need agri-loans during the Boro season, which accounts for over 50 percent of the country's rice production, he said.

However, Mohammad Shafruzzaman Khan, vice president of Mercantile Bank, noted that disbursement has been improving since November and showed a positive trend from December to March.

"The slowdown was due to the political changeover and floods, but things are getting better," he said.

Compared to disbursement, banks showed better performance in recovering loans than in the previous year.

### Reduced lending from private and foreign commercial banks, which disburse most agri-loans, led to an 11.28 percent year-on-year drop in total agri-loan disbursement

State-owned and private commercial banks led the rise, while specialised and foreign banks saw a decline in repayments.

Mujeri of InM credited the rise in loan recovery to the strong network of microfinance institutions and nongovernmental organisations through which banks disburse such credit in remote areas.

The BB report showed that last September saw the highest jump in recoveries, while July recorded the lowest.

Scheduled banks recovered Tk 19,117.26 crore in the last six months of FY25, up 7.52 percent year-on-year.

State-owned commercial banks improved recovery by 56.08 percent, while private commercial banks saw a 16.18 percent increase.

However, state-owned specialised banks and foreign commercial banks recorded

declines of 10.14 percent and 50.34 percent, respectively.

The highest recovery of Tk 3,764.51 crore was made in September last year, while the lowest, Tk 2,553.79 crore, was recorded in July, showing uneven repayment behaviour among borrowers.

A good thing happened in the total outstanding agricultural credit balance, which remained almost unchanged from the previous year.

But the most concerning trend was seen in overdue loans, which jumped significantly compared to the previous year.

A growing portion of outstanding credit now remains unpaid, creating risks for future lending.

Overdue agricultural loans saw a 43.49 percent year-on-year rise, reaching Tk 11,600.25 crore in December last year.

It is worth mentioning that overdue loans made up 20.71 percent of the outstanding credit balance in FY25, compared to 14.59 percent in FY24.

Crop damage from floods hit farmers in the last half of 2024, while the July uprising disrupted the entire value chain of marketing and sales of the goods already produced, the InM executive director said.

"Those who took loans earlier could not repay on time, as the production, marketing, and sales of their produce were facing difficulties."

State-owned and private commercial banks saw the highest increase in overdue loans, while foreign banks maintained a clean record, according to BB data.

Foreign commercial banks maintained zero overdue loans.

Mujeri thinks the decline in disbursement and the surge in overdue loans pose challenges for agricultural credit.

The government should strongly monitor to ensure that small growers are provided with more agricultural credit, he said.

"If they (farmers) don't get loans on time, the country's food production will suffer."

## OECD lowers global growth projections over trade barriers, uncertainty

AFP, Paris

The Organisation for Economic Co-operation and Development on Monday lowered its projections for global growth in 2025 due to "trade barriers" and "uncertainty".

Trade tensions that have erupted since US President Donald Trump returned to the White House are in part responsible for the dampened growth perspectives, the OECD said.

The OECD trimmed back its 2025 projection from 3.3 percent growth to 3.1 percent, "with higher trade barriers in several G20 economies and increased geopolitical and policy uncertainty weighing on investment and household spending", while also forecasting inflation "to be higher than previously expected".

The Paris-based OECD's projections were based primarily on weaker expected growth in the United States and the eurozone.

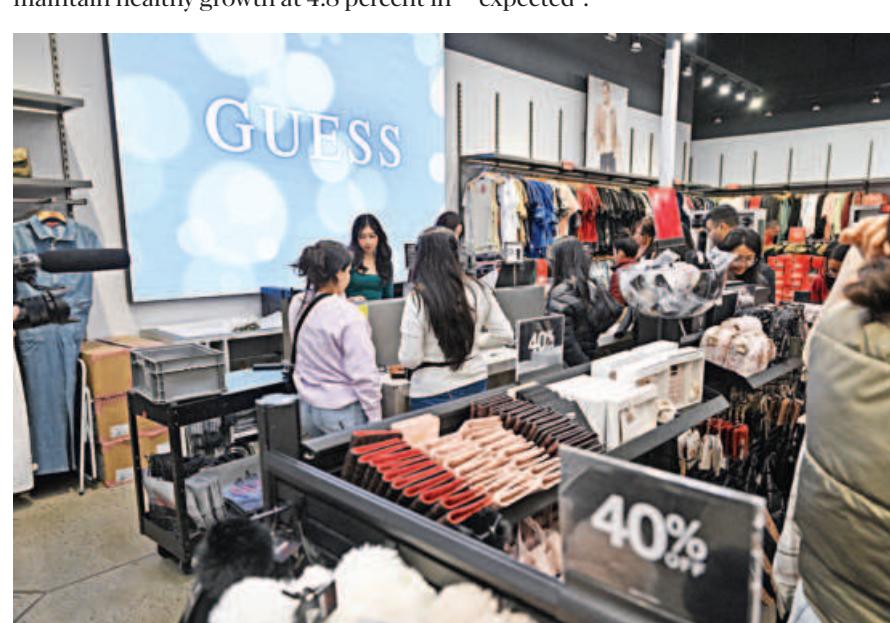
US growth is expected to be 2.2 percent in 2025, down from the OECD's 2.4 percent projection in December, before falling to 1.6 percent in 2026 -- a drop of 0.5 percentage points on the OECD's previous forecast.

Likewise, the eurozone growth projection is down from 1.3 percent three

months ago to just 1.0 percent, but will continue its upward trajectory from 0.7 percent in 2024, reaching 1.2 percent in 2026. China, meanwhile, is expected to maintain healthy growth at 4.8 percent in

2025 and 4.4 percent the following year.

But trade wars sparked by Trump's protectionist policies are due to drive inflation "to be higher than previously expected".



People wait in line to pay at a Guess clothing store at the Citadel Outlets shopping centre in Los Angeles. US growth is expected to be 2.2 percent in 2025, down from the OECD's 2.4 percent projection in December.

## SBAC Bank's MD resigns six months before end of his term

STAR BUSINESS REPORT



Habibur Rahman, managing director (MD) and CEO of the South Bangla Agriculture and Commerce Bank (SBAC) PLC, has resigned on personal grounds.

Rahman submitted his resignation to the bank's chairman, Md Moklesur Rahman, yesterday.

Two senior officials of the bank confirmed the matter to The Daily Star on condition of anonymity.

They stated that Rahman resigned six months before the end of his term, but his resignation has not yet been accepted.

The Daily Star contacted Chairman Md Moklesur Rahman and Managing Director Habibur Rahman, but both declined to comment on the matter. It has been learned that the bank's former chairman, Abu Zafar Mohammad Shafiuddin, who resigned due to political changes, had a close relationship with Habibur Rahman. Habibur Rahman joined the bank as MD and CEO in December 2022 for a three-year tenure.

## Chinese firm Safety Garments to invest \$12.25m in Mongla EPZ

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Safety Garments Bangladesh Co Ltd, a Chinese company, is set to invest \$12.25 million in the Mongla Export Processing Zone (Mongla EPZ) to establish a high-end garments manufacturing industry.

The company plans to produce reflective jackets, vests, t-shirts, fleece jackets, coveralls, and safety helmets, creating employment opportunities for 1,616 Bangladeshi nationals, the Bangladesh Export Processing Zones Authority (Bepza) said in a statement yesterday.

Major General Abul Kalam Mohammad Ziaur Rahman, Bepza's executive chairman, attended the signing ceremony and thanked Safety Garments for choosing Bangladesh, particularly Mongla EPZ, as their investment destination.

He also highlighted Bepza's commitment to providing a secure and supportive environment for investors.

Rahman expressed hope that the company would prioritise environmental protection while operating its business successfully in the export processing zone.

## Oil prices rise to \$71.21

REUTERS, London

Oil traded higher on Monday after the United States vowed to keep attacking Yemen's Houthis until the Iran-aligned group ends its assaults on shipping while Chinese economic data fuelled hopes for higher demand.

Brent futures rose 63 cents, or 0.9 percent, to \$71.21 a barrel by 1017 GMT while US West Texas Intermediate crude futures gained 62 cents, or 0.9 percent, to \$67.80.

"Core inflation is now projected to remain above central bank targets in many countries in 2026, including the United States," added the OECD, which advises industrialised nations on policy matters, issues regular forecasts on the global economy and identifies factors that could impact growth.

The OECD said its projections took into account new tariffs between the US and its neighbours Canada and Mexico.

However, the OECD did not include new tariffs on trade between the US and China, those imposed on steel and aluminium, nor any concerning the European Union in its projections.

The OECD said that "significant risks remain" as further tit-for-tat tariffs between major global economies "would hit growth around the world and add to inflation".

However, one element that could ease the short-term pressure on the global economy is European nations' vows to boost defence spending in the face of the threat from Vladimir Putin's Russia and reluctance from Trump to continue Washington's bank-rolling of NATO.

An increase in defence spending could "support growth in the near term, but potentially add to longer-term fiscal pressures", the OECD said.