



Govt forms panel to strengthen BSEC

STAR BUSINESS REPORT

The interim government has formed a four-member committee to strengthen the Bangladesh Securities and Exchange Commission (BSEC), the stock market regulator.

The panel will also work on the development of the local stock market, according to a circular issued by the Financial Institutions Division (FID) of the finance ministry yesterday.

A n i s u z z a m a n Chowdhury, a special assistant with the status of state minister to the chief adviser, will be the chairman of the committee.

Prof M Sadique Islam, a faculty member of the finance department at Dhaka University, will also be included on the committee alongside Farzana Lalarukh, a commissioner of the BSEC, who will serve as a member secretary of the committee.

An additional secretary of the insurance and capital market department of the FID will be the final member.

The government formed the committee in response to the regulatory body's appeal to the FID to investigate the recent chaos at the BSEC on March 5, when BSEC officials confined its chairman and commissioners to an office room to press home several demands. **READ MORE ON B3**

MD MEHEDI HASAN

Bad loans soared to alarming levels at over a dozen banks that were mired in loan irregularities and major scams under the previous regime, as large businesses with ties to the former government defaulted heavily following the political changeover.

At the end of last year, defaulted loans in the banking sector stood at Tk 345,765 crore, with those state-run and private commercial banks holding the majority.

Among them, non-performing loans (NPLs) at state-owned Janata Bank reached a record Tk 67,148 crore by the end of 2024, accounting for 72 percent of its total disbursed loans, according to Bangladesh Bank (BB) data.

Bad loans at Janata Bank increased by 284 percent in just one year – up from Tk 17,501 crore, or 19.2 percent of its total lending, at the end of 2023.

Once a respected lender, Janata Bank gained notoriety due to a series of scams and loan irregularities involving Anontex, Crescent, Beximco, Thermax and S Alam Group during the previous government's tenure.



KEY POINTS

- Banks with 10% bad loans to be barred from declaring dividends
- Boards of most scam-hit banks restructured after political changeover
- Major portion of laundered loans now in default
- Bad loans rise as politically affiliated businesses default
- Interim government taking megareform initiatives for the banking sector
- Scam-hit banks also facing capital shortfall

Bad loans linked to these five defaulters crossed Tk 45,000 crore.

The bank is now going through a severe liquidity crisis and struggling to carry out regular banking operations.

To ease the cash crunch, it recently sought a Tk 20,000 crore liquidity support from the interim government and the central bank.

Md Mazibur Rahman, managing director of Janata Bank, told The Daily Star last week that since the political changeover in August, the bank's new management has

BANKS THAT SAW THEIR BAD LOANS RISE SHARPLY

In % of total loans; SOURCE: BB



been working to manage loan irregularities.

Legal action is now being taken against defaulters, he added.

At private-sector National Bank, default loans rose by 109 percent year-on-year to Tk 25,846 crore by the end of 2024, making up 61 percent of the total disbursement.

After the interim government took office in August last year, the central bank restructured the boards of 11 banks, including National Bank.

National Bank, the country's first private-sector commercial lender, had a prosperous past. However, it became a loss-making entity due to massive loan irregularities, poor governance and boardroom conflicts.

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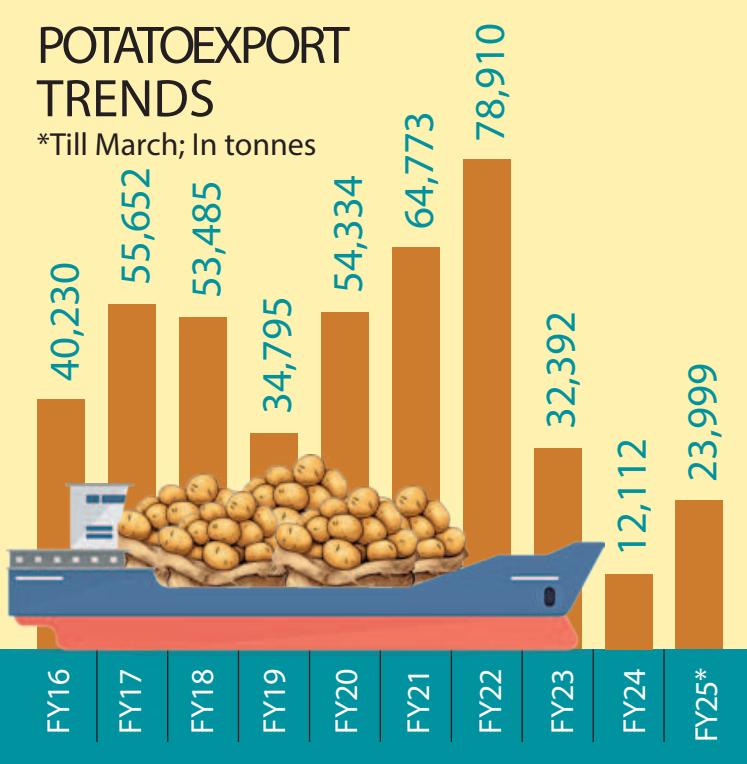
Potato exports surge as prices plunge in local market

AT A GLANCE

Bangladesh exported 24,000 tonnes of potatoes in the first eight months of FY25	Shipments nearly doubled from the previous fiscal year	Half of the exports took place in February alone	Farmers are selling potatoes below the production cost of Tk 14 per kg
Granola, Diamond-7, and Majestic are the most exported varieties		Since FY16, Bangladesh has exported an average of 50,000 tonnes of potatoes annually	

POTATO EXPORT TRENDS

*Till March; In tonnes



SUKANTA HALDER

Bangladesh's potato shipments nearly doubled in just the first eight months of this fiscal year as locally grown tubers became attractive to buyers abroad after prices fell below farmers' production costs.

According to the Department of Agricultural Extension (DAE), Bangladesh exported roughly 24,000 tonnes of potatoes until March 15 of the current fiscal year, almost double the quantity shipped across the whole of FY24.

In February alone, potato exports reached around 12,000 tonnes, matching the total exports of the year prior.

That was a month when farmers, especially those in the northwest regions of the country, were compelled to sell their

BGMEA seeks Tk 500cr from unpaid incentives Will use it for Eid payment

REFAYET ULLAH MIRDHA

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) yesterday urged the government to release Tk 500 crore in due export incentives to help small and medium enterprises (SMEs) pay workers' bonuses and other dues ahead of the upcoming Eid-ul-Fitr.

The finance ministry agreed in principle to release Tk 325 crore soon, said BGMEA Administrator Anwar Hossain over the phone after meeting finance ministry officials at the secretariat in Dhaka.

Hossain also requested the banking division secretary of the finance ministry not to adjust the incentive with bank loans before Eid payments, as SMEs lack financial capacity due to the sluggish economic situation.

To facilitate payments to workers, the finance ministry and the central bank last week disbursed Tk 2,000 crore in cash incentives on export receipts to garment exporters.

Hossain said the upcoming Eid is unique in terms of salary payments. "This is not a good time for businesses, as they are facing various difficulties."

"Moreover, factories must pay salaries for February, half of the salary for March, and the full Eid-ul-Fitr bonus. So, although business has not been good, expenses remain high," the BGMEA administrator added.

The labour and employment ministry last week instructed factories to clear all arrears, salaries, and bonuses by the 20th day of Ramadan.

According to intelligence reports and the BGMEA's assessment, nearly 150

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Offload stakes in multinational companies Stockbrokers urge govt

STAR BUSINESS REPORT

Stockbrokers yesterday urged the government to take necessary steps for the listing of all state-owned enterprises (SOEs) and offloading government stakes in multinational companies (MNCs) through direct listing to revive the lacklustre stock market.

Direct listing is a process where a company, instead of issuing new shares in an IPO, lists its existing shares on a stock exchange, allowing current shareholders to sell their shares to the public directly, without involving underwriters or raising new capital.

The DSE Brokers Association of Bangladesh (DBA) made the requests through a letter sent to the chief adviser of the interim government.

The country has numerous profitable state enterprises and their listing will increase the supply of quality stocks, the brokers said

There are many well-governed, large MNCs that have been playing a big role in Bangladesh's economy for a very long time, some of them for a hundred years, mobilising the country's infrastructural, financial and human resources, it said.

"This is the right moment for the nation to assert our national interests and persuade them to get listed on the capital market for a fair price and share the company's potential with people of the next generation," it said.

There are companies taking profits out of this country and it is fair to ask them to share their franchise with the countrymen, the DBA said.

"We request an appointment with you (CA) to explain the current state of the Bangladesh capital market and its future prospects," it said.

The country has numerous profitable SOEs in commercial and infrastructural sectors and their listing will increase the supply of quality stocks, helping to create a balance between supply and demand, it added.

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