



World Bank flags deepening crisis in banking sector

STAR BUSINESS REPORT

Bangladesh's banking sector faces significant challenges due to longstanding structural weaknesses and recent emerging risks, according to the World Bank (WB).

Low economic growth due to political uncertainty, forex shortage, and low investor confidence are feared to worsen vulnerabilities in the financial sector, dominated by banks representing 88 percent of total financial sector assets.

In its April issue of "Bangladesh Development Update" released yesterday, the multilateral lender said the sector has been suffering from high levels of non-performing loans (NPLs), low capital adequacy, and operational inefficiencies.

"Governance issues, regulatory capture, political interference in lending, and related party lending have worsened the sector's performance and solvency over the years," it said.

The report said despite Bangladesh's strong economic growth, financial sector vulnerabilities remained persistent and the authorities left these deficiencies unaddressed, and weak banks were suffering from NPLs and capital shortages.

The adoption of international prudential standards was slow, and forbearances were granted repeatedly, it said.

The WB said the banking sector has shown robust growth in terms of loans and deposits over the years, with loans and investments accounting for 85 percent of banks' balance sheets.

The composition of loans is heavily skewed towards corporate lending, with the industrial and trading sectors being the largest recipients of bank loans.

Overdue loans remain a persistent challenge across

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BTRC's new policy seeks to cut red tape

But ambiguities remain

MAHMUDUL HASAN

The Bangladesh Telecommunication Regulatory Commission (BTRC) has unveiled a draft policy aimed at overhauling the telecommunications licensing and regulatory framework, although a lack of clarity in certain areas may lead to disputes over service boundaries.

Titled the "Telecommunication Network & Licensing Regime Reform Policy 2025", the draft proposes

types of licences in Bangladesh's telecommunications sector.

Bandwidth for internet services comes via submarine and international terrestrial cables. It is distributed through International Internet Gateways (IIGs) to mobile and broadband providers.

Fibre transmission is managed by Nationwide Telecommunication Transmission Network operators, while tower companies handle mobile base transceiver station installations.

POLICY INITIATIVE:

- BTRC unveiled draft policy to simplify telecom licensing structure
- Public feedback invited on the draft until April 30

KEY CHANGES PROPOSED

Draft policy eliminates redundant intermediaries to reduce costs

Three main licence categories will replace fragmented system

Unnecessary licence to be phased out by 2027

POTENTIAL CONCERNS

Policy contradictions may create regulatory ambiguity and disputes

Foreign ownership limits vary, creating loophole opportunities

the elimination of several minor intermediaries – introduced under the controversial previous policy – that not only increased operational burdens but also raised compliance costs.

The BTRC released the draft on Tuesday and has invited feedback from stakeholders, experts, and the general public by April 30.

At the heart of the reform is the consolidation of the fragmented licensing structure into three main categories: National Infrastructure & Connectivity Service Provider, International Connectivity Service Provider (ICSP), and Access Network Service Provider.

Currently, there are over 20

Voice calls between operators are routed through Interconnection Exchanges (ICXs), and ISP data through the National Internet Exchange (NIX). International voice calls pass through a separate layer called the International Gateway (IGW).

The ANSP licence will consolidate mobile and fixed-line services into two sub-categories: Cellular Mobile Service for operators using technologies like GSM, 5G, and future evolutions, and Fixed Telecom Service for wired or wireless broadband providers.

ANSP licensees will manage last-mile connectivity, offer bundled voice, data, and digital services, and share passive

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MGI denies allegations of misconduct

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Meghna Group of Industries (MGI), one of the leading conglomerates of Bangladesh, has denied allegations against it and added that it remains certain that "no investigation will uncover evidence of misconduct".

In a statement, MGI said the claims made by some media outlets and social media pages are "false and fabricated".

The business house said it "is confident that any thorough review—domestic or international—will reaffirm our strict adherence to all applicable laws and regulations".

"We adhere to rigorous internal governance protocols, undergo regular external audits, and remain certain that no investigation will uncover evidence of misconduct," said MGI in the statement issued and posted on its official website on April 21.

The leading commodity importer and processor said its proven global credibility is demonstrated by partnerships with the World Bank and the International Finance Corporation (IFC) on multiple financings, as well as financing from institutions such as DEG, the Islamic Development Bank, the Asian Development Bank, FMO, HSBC, Sinasure, and other development finance institutions.

"These institutions demand the highest standards of transparency, ethics, and legal conformity—all of which MGI consistently upholds."

"While we recognise healthy competition as a cornerstone of a vibrant economy, we believe some of these allegations stem from orchestrated

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mainly to a chronic mismatch between demand and supply.

Economists and jewellers point to a significant mismatch between domestic demand and the official supply of gold as the primary driver behind the unusually high prices.

Although domestic demand remains strong, legal imports have dwindled to almost nothing. Traders say this shortfall has created a dependency on local sources that often operate outside formal structures.

"We must follow that process because we buy gold from the local market. Since we can't source gold legally, we are dependent on their pricing," said Masudur Rahman, vice-president and spokesperson of the Bangladesh Jewellers' Association (Bajus).

RMG's safety standards must be replicated by others

Labour Reform Commission chairman says

REFAYET ULLAH MIRDHA

Safety standards in Bangladesh's garment sector saw a marked improvement after the disastrous Rana Plaza collapse in 2013, but there is still a need for other sectors to improve in this regard, Labour Reform Commission chairman Syed Sultan Uddin Ahmed said in an interview yesterday.

The Rana Plaza collapse, the deadliest industrial accident in the nation's history, was a wake-up call for Bangladesh. The incident cost 1,139 workers their lives, proving that safety was being neglected in industrial sectors, Ahmed told The Daily Star.

However, industrial safety should have been improved from the very beginning in order to protect lives, he said, terming the Rana Plaza collapse a national disaster.

Although safety standards improved a lot in the ready-made garment (RMG) sector in the aftermath of the disaster, especially due to the introduction of the "Alliance for Bangladesh Worker Safety" and the "International Accord for Health and Safety in the Textile and Garment Industry," there are still a few areas that require work.

For instance, in the labour law of Bangladesh, the amount of compensation in case of industrial accidents or death has been set at Tk 2 lakh, which is inadequate, Ahmed said.

The chief of the Labour Reform Commission also said the treatment, compensation, welfare and rehabilitation of the victims of the Rana Plaza collapse have fallen by the wayside over the years although they deserve all those facilities.

He added that the designs of buildings in other industrial sectors should also be improved so that accidents can be avoided and lives can be saved.

He suggested three things to the government. Firstly, he said to make the investigation report on the Rana Plaza collapse public and take action accordingly.

Secondly, he said the government should replicate the safety model of the Accord and Alliance in other industrial sectors to promote worker safety, reasoning that the garment sector's strides in safety standards were made possible by implementing those recommendations.

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Unprepared LDC graduation to bring more problems

Experts say

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Bangladesh may face economic challenges and a rise in poverty if it proceeds with a premature and unprepared graduation from its least developed country (LDC) status, warned economists, politicians and researchers yesterday.

They argued that without evidence-based action, the recent political unrest, economic challenges, and data inadequacies could severely harm national interests and long-term development if LDC graduation proceeds prematurely.

"Graduating without preparedness is like jumping off a cliff and hoping to land safely on the other side," said Mushtaq Khan, a professor of economics at SOAS University of London in the UK.

Despite this formal progress, concerns are mounting over the absence of a preparedness roadmap, he said.

Khan made the remarks at a roundtable titled "LDC graduation of Bangladesh: Between readiness and realities," organised by think tank Change Initiative at Sheraton Dhaka in the capital.

Apparently, Bangladesh has met all the criteria set by the UN for the graduation. This is why the government is saying that nothing can be done and the country is set to graduate in November 2026.

Arguing with the process, Prof Khan said, "We want to challenge this argument that nothing can be done. Bangladesh should not just say 'we're not ready' instead of placing evidence-based assessments."

"So, if we want to make that argument, we have to be prepared with a lot of homework," he said.

"We must present solid evidence to the United Nations Economic and Social Council (Ecosoc) that premature graduation will increase poverty—and that's the case we must make," he added.

"Ecosoc is concerned with poverty, and there are good reasons they might consider an evidence-based appeal sympathetically," he added.

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