

Banks asked to exclude overdrawn portions in loan renewals

STAR BUSINESS REPORT

The Bangladesh Bank (BB) has asked commercial lenders to follow proper due diligence while renewing or rescheduling loans, after finding that some banks violated existing rules.

In a notice issued recently, the central bank said it observed that during loan renewals, some banks were setting new loan limits by including the overdrawn portion of the loan.

In many cases, the excess portion was being transferred as a separate loan to facilitate renewal, which is a breach of banking regulations.

The central bank clarified that continuous loans must be renewed within their existing terms and cannot be renewed without first adjusting the overdrawn amount. It further instructed that the excess portion of an ongoing loan must be separated from the original loan account and cannot be transferred to create new or separate loan accounts.

The notice also said that a continuous loan must be fully adjusted or renewed within its current tenure.

Bangladesh missing

FROM PAGE B1
Swiss-funded support, we provide GMP (good manufacturing practices) and food safety training to new recruits," he said. He also said exporters continue to face logistical bottlenecks due to the lack of credible labs at the local level.

“Sustained collaboration is essential to unlock this sector’s potential,” he added. Tanjila Tajreen, senior policy adviser at the Netherlands embassy, emphasised the need for targeted skills development through projects like BYETS (Building Youth Employability Through Skills).

“Agriculture has always been a cornerstone of our economy, yet agro-processing still lacks an export-oriented strategy,” she said.

She stressed that skilling youth and women for decent employment in agro-processing can also diversify Bangladesh’s export base beyond readymade garments.

“Only a small portion of our tea is certified for key

STAR BUSINESS REPORT

Stock market indices in Bangladesh extended their winning streak for the fourth consecutive session yesterday, with turnover rising by 15.84 percent.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), the country’s premier bourse – gained 65.19 points, or 1.36 percent, to close at 4,832.

The Shariah-compliant index, DSES, went up 1.24 percent to 1,059 points, while the DS30, which represents blue chip stocks, gained 1.67 percent to 1,820.

Turnover, a key indicator of market activity, was Tk 479 crore, up from Tk 413 crore in the previous day’s trading session.

Sea Pearl Beach Resort & Spa Ltd emerged as the most-traded share, with a turnover of Tk 20.6 crore.

The food and allied sector

dominated the turnover chart, accounting for 12.65 percent of the total.

A total of 152,594 trades were executed during the session, with block transactions amounting to Tk 34.25 crore across 40 scrips.

Market breadth was positive, with 298 issues advancing, 46 declining, and 54 remaining unchanged.

Among A-category shares, 168 advanced, 29 declined, and 26 remained unchanged. In the B category, 68 scrips gained and 9 declined, while the N category saw no trading activity.

Performance across other segments was mixed. In mutual funds, 21 issues advanced and 4 declined. In corporate bonds, one issue gained and two declined.

Government securities saw three issues advance and two decline.

Dragon Sweater and Spinning posted the highest gain of the day,

surging 10 percent, while Familytex (BD) was the worst performer, shedding 4 percent.

All the sectors that account for large amounts in market capitalisation, which refers to the total value of a company’s outstanding shares of stock, posted positive performance, BRAC EPL Stock Brokerage said in its daily market update.

Telecommunication posted the highest gain of 2.16 percent, followed by food and allied (1.89 percent), pharmaceuticals (1.56 percent), non-bank financial institutions (1.53 percent), engineering (1.44 percent), fuel & power (1.33 percent), and banking (1.07 percent).

At the Chittagong Stock Exchange, the CSE All Share Price Index (CASPI), the premier index of the port city bourse, edged up by 165.50 points, or 1.25 percent, to settle the day at 13,400.

NKA Mobin elected president of ICAB

STAR BUSINESS DESK



NKA Mobin

NKA Mobin, executive president of Emerging Credit Rating Limited (ECRL), has been elected president of the Institute of Chartered Accountants of Bangladesh (ICAB) for a one year term, effective from June 24.

Mobin succeeds Maria Howlader, who has completed her tenure as president, according to a press release.

He has been a member of the ICAB Council since 2019 and served as vice-president in 2019 and 2022. A sponsor director of ECRL, a credit rating agency licensed by the Bangladesh Securities and Exchange Commission, he brings a wealth of experience to the role.

He currently serves as a government-nominated board director of Biman Bangladesh Airlines and as an independent director at Citizen Bank PLC. He was independent director at Bangladesh Submarine Cable Company Limited, Heidelberg Cement Bangladesh Limited, Mobil Jamuna Lubricants Bangladesh Limited, Shasha Denims Limited and Omera Petroleum Limited.

FROM PAGE B1

Ikramul H Sohel, senior programme officer at the Embassy of Sweden, echoed the sentiment. “Agriculture holds export potential similar to RMG—if we get the policies right,” he said.

With the right policies on food safety, labour standards, certification, and financing, agriculture can be transformed into Bangladesh’s next major export engine, he added.

The event was moderated by Ananya Raihan, chairperson of iSocial Limited.

Shamsul Huda Asif, admin and coordinator manager of the European Union Chamber of Commerce in Bangladesh; Palash Kanti Das, senior adviser of Climate Action Network South Asia; Mohammad Mosharraf Hossain, chief executive officer of Agro Food Industry Skills Council; and Saif Mohammad Moinul Islam, senior programme officer of International Labour Organization, also spoke at the event.

Reducing reliance on border taxes while expanding domestic tax bases is essential for sustaining growth, the analysis states. Amid this grim outlook, the toy industry has emerged as a bright spot, it said.

With exports rising from \$15 million in FY2017 to \$77 million in FY2023, and the potential to reach nearly half a billion US dollars by 2030, it could become a flagship non-RMG export sector, it added.

However, Sattar argues that “a protective tariff

FROM PAGE B1

While the FY26 budget aims for a 9 percent revenue-GDP ratio from the present rate of 7.4 percent, such an increase is unrealistic without broader base reforms and modernisation of the revenue administration, he said.

Reducing reliance on border taxes while expanding domestic tax bases is essential for sustaining growth, the analysis states. Amid this grim outlook, the toy industry has emerged as a bright spot, it said.

With exports rising from \$15 million in FY2017 to \$77 million in FY2023, and the potential to reach nearly half a billion US dollars by 2030, it could become a flagship non-RMG export sector, it added.

“Bangladesh must embrace deep second-generation trade reforms, not only to prepare for LDC graduation but to secure its position in an increasingly competitive global trading system,” he added.

Sheik Moinuddin, special assistant to the chief

regime and lack of logistics support” may stunt such sectors unless strategic trade facilitation and regulatory reforms are introduced.

With only two budgets remaining before Bangladesh graduates from LDC status, the PRI warns that policymakers must move beyond incrementalism.

The window for meaningful reform is rapidly closing. Failure to act boldly now risks long-term erosion of export competitiveness and macroeconomic resilience, he said.

The government raised its public expenditure by over 20 percent in the last two fiscal years while the private sector is reducing its costs, said Rizwan Rahman, a former president of the Dhaka Chamber of Commerce and Industry.

The government also should think about reducing

operational costs, he said, urging a focus on reducing leakages and harassment in tax collection so that people feel encouraged to pay taxes.

Ashikur Rahman, principal economist at the PRI, argued that fiscal stress has emerged as the Achilles’ heel of Bangladesh’s a c r o e c o n o m i c management.

The situation has deteriorated to the extent that the Treasury is now compelled to borrow simply to meet recurring obligations—including segments of the public sector wage bill, ballooning subsidy costs, and escalating interest payments, he said.

Clinton Poble, deputy head of mission at the Australian High Commission in Bangladesh, and Ferdous Ara Begum, chief executive officer of Business Initiative Leading Development (BUILD), also spoke at the event.

FROM PAGE B1

under government control if needed.

The draft sets up a consumer protection fund and outlines compensation for affected shareholders and creditors.

If a company is found to have misused funds or assets, those responsible will be deemed embezzlers, with both their permanent and temporary assets subject to seizure.

Offenders could face fines of up to Tk 1 crore, seven years in jail, or both, under the current legal provisions, says the draft.

Adeeba Rahman, first vice-president of the Bangladesh Insurance Association and sponsor

director of Delta Life Insurance Company Limited, said they had not yet received any formal communication from the government regarding the merger or dissolution of weak insurers.

She said if companies in serious financial trouble fail to repay policyholders even after being given a fair chance to respond, they should be merged.

Given their state, there is no other option but to merge them,” she added.

Rahman said Idra has yet to make the draft ordinance public. Once it does, the association will review the proposal with its members and submit detailed feedback.

These reforms are designed to safeguard the UCB against future shocks and align it with global best practices in risk management, he said in the interview marking the 42nd anniversary of the private bank.

UCB began operations on June 27, 1983.

“As we turn 42, we’re not mid-life—we’re mid-momentum. Our best chapters are not in the archives—they’re ahead of us. And yes, we’ve got both the roadmap and the resolve to write them well,” he said.

“Our risk committee now includes independent directors with extensive banking experience, ensuring objective oversight,” said Zahir.

Enhanced independent oversight and robust board

committees ensure strong checks and balances, rebuilding trust and ensuring accountability at all levels, he said.

“We have overhauled our risk management framework, introducing advanced analytics for early detection of credit risks and strengthening compliance with regulatory standards,” he said.

“Our risk committee now includes independent directors with extensive banking experience, ensuring objective oversight,” said Zahir.

Asked by a lawmaker Wednesday about the “potential risks of stagflation,” Powell said this “isn’t really the base case” for the world’s biggest economy.

“We’ve warned of it, but it’s honestly not something that we’re facing or that we expect to face, but it’s something we’re monitoring,” he added.

The central bank chief also reiterated the difficulty of predicting how much President Donald Trump’s sweeping new tariffs might show up in inflation data.

“One of the reasons why it’s so challenging is that there really isn’t a modern precedent,” he said.

“I think we have to be humble

about our estimates, and we are

very open to the possibility that

transmission through inflation will be less than we think, or maybe

more than we think,” Powell added.

“I think we have to be humble

about our estimates, and we are

very open to the possibility that

transmission through inflation will be less than we think, or maybe

more than we think,” Powell added.

“I think we have to be humble

about our estimates, and we are

very open to the possibility that

transmission through inflation will be less than we think, or maybe

more than we think,” Powell added.

“I think we have to be humble

about our estimates, and we are

very open to the possibility that

transmission through inflation will be less than we think, or maybe

more than we think,” Powell added.

“I think we have to be humble

about our estimates, and we are

very open to the possibility that

transmission through inflation will be less than we think, or maybe

more than we think,” Powell added.

“I think we have to be humble

about our estimates, and we are

very open to the possibility that

transmission through inflation will be less than we think, or maybe

more than we think,” Powell added.

“I think we have to be humble

about our estimates, and we are

very open to the possibility that

transmission through inflation will be less than we think, or maybe

more than we think,” Powell added.

“I think we have to be humble

about our estimates, and we are

very open to the possibility that

transmission through inflation will be less than we think, or maybe

more than we think,” Powell added.

“I think we have to be humble

about our estimates, and we are

very open to the possibility that

transmission through inflation will be less than we think, or maybe

more than we think,” Powell added.

“I think we have to be humble

about our estimates, and we are

very open to the possibility that

transmission through inflation will be less than we think, or maybe

more than we think,” Powell added.

“I think we have to be humble

about our estimates, and we are

very open to the possibility that

transmission through inflation will be less than we think, or maybe

more than we think,” Powell added.

“I think we have to be humble