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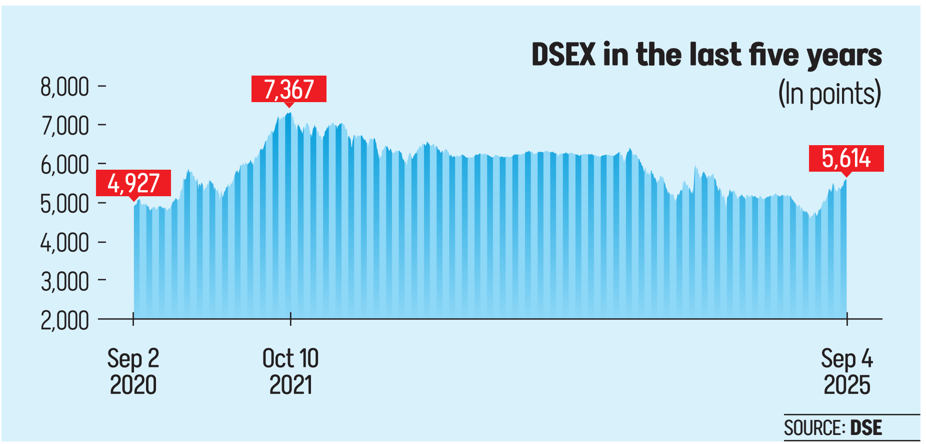
Star BUSINESS

Govt to revive stock market with multiple schemes



REJAUL KARIM BYRON *and* AHSAN HABIB

The interim government has taken a series of steps to restore confidence among investors and reinvigorate the stock market, which has been hovering between 4,000 points and 5,500 points for the last several years.

Fresh capital is being channelled into the state-run Investment Corporation of Bangladesh (ICB) to help stabilise the market and protect small investors.

The government has also extended a Tk 900 crore special fund for the market by five years till 2032. It was formed after the 2010 market crash to support retail investors.

Alongside this, the finance ministry is going to provide Tk 2,000 crore to ICB, which got a sovereign guarantee against Tk 3,000 crore in loans last year.

To increase the supply of quality shares to the market, the government agencies have shortlisted ten firms, including six multinationals, namely Unilever, Nestlé, Novartis, Syngenta, Synovia (formerly Sanofi Bangladesh) and Karnaphuli Fertilizer Company.

Since the government holds roughly 40 percent stakes in most of the multinationals, officials say they are looking to offload at least five percent of their shares to the public.

Four state-run firms -- Pashchimanchal Gas Company, North-West Power Generation, Sylhet Gas Fields and Karnaphuli Gas Distribution -- have been shortlisted, according to a list sent by ICB Capital Management, a state-owned merchant bank, to the finance ministry.

General and institutional investors, who have long been demanding an increase in the supply of good scrips in the stock market, are now feeling optimistic.

Dhaka Stock Exchange (DSE), the main bourse, has 360 listed companies. Three years ago, the number of listed companies was 350.

Over the past 13 years, 127 companies have been listed on the stock exchanges through the issuance of initial public offerings. And over half of those are categorised as poor performing companies giving no or low dividends, according to the DSE.

DSEX, the benchmark index at the DSE, closed at 5614.27 yesterday, shedding 17.33 points or 0.30 percent from the previous day.

The DSE launched DSEX in 2013. The value of the index was 4,055 points, three years after the bursting of the previous bubble. It never rebounded to the previous highs of 8,900 points, with stakeholders blaming the absence of adequate quality stocks.

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Employers, trade bodies concerned over 20-member union proposal

STAR BUSINESS REPORT

Major trade bodies and the Bangladesh Employers' Federation (BEF) have voiced concern over a government proposal to allow only 20 individuals to establish an enterprise-level union, regardless of enterprise size, as part of amendments to the labour law aimed at aligning with international standards.

In a statement yesterday, the BEF said it was alarming that new recommendations were being introduced despite earlier consensus among tripartite constituents, effectively sidelining both employers and workers.

"One such proposal, to allow only 20 individuals to establish an enterprise-level union irrespective of enterprise size, poses serious risks," the BEF said.

The federation, joined by major sectoral associations, reaffirmed its commitment to upholding labour rights and standards in line with international obligations.

However, it stressed that reforms must reflect Bangladesh's realities, industrial context, and institutional capacity, rather than external prescriptions.

The BEF noted that the Bangladesh Labour Act has undergone repeated amendments over the past two decades.

While recent dialogue produced consensus on over 90 percent of proposed changes under the roadmaps of the International Labour Organization (ILO) and the European Union, the constant cycle of revisions has left little scope to test their effectiveness on the ground.

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PHOTO: STAR

The government expects that the amendments to the labour law will be completed by October this year.

BB buys additional $134m from banks

STAR BUSINESS REPORT

Bangladesh Bank (BB) yesterday purchased $134 million from five commercial banks through multiple auctions as part of its ongoing strategy to contain the depreciation of the US dollar against the local currency, the taka.

The latest move comes after BB bought $948 million from commercial banks between July 13 and the end of August this year, reversing its earlier approach of selling dollars to curb the rapid depreciation of the taka and support state agencies in paying import bills.

Following yesterday's purchase, BB's greenback acquisitions from banks have crossed $1 billion since July, helping the dollar maintain its value amid steady inflows and subdued import demand.

The buying, along with increased exports and remittances, also bolstered the country's foreign exchange reserves, which stood at $26.19 billion on August 28 this year, up from $20.59 billion a year ago, according to BB.

Over the past three years, up to fiscal year 2024-25, BB sold more than $25 billion from its foreign exchange reserves, largely to cover import bills for fuel, fertiliser and food.

After the fall of the Awami League-led government in August last year during a mass uprising, the central bank suspended dollar support for government imports due to low foreign currency reserves.

Yesterday, the central bank set a cut-off rate of Tk 121.75 for its dollar purchase.

Cabinet approves new telecom licensing policy

MAHMUDUL HASAN

The cabinet yesterday approved a new telecom licensing policy that seeks to abolish the fragmented licensing regime while capping foreign ownership in telecom and related services.

The new policy simplifies the telecom sector by reducing more than 20 types of licenses into three main categories: national infrastructure, international connectivity, and network access service providers.

Under the previous policy, voice and internet services in Bangladesh had to pass through multiple intermediary operators, a system long criticized by experts for inefficiency and higher costs.

The new licensing policy reduces intermediaries investing only a few crore in a multi-thousand-crore ecosystem and collecting tolls, while discontinuing licenses that are not used anywhere else in the world, said Faiz Ahmad Taiyeb, special assistant to the chief adviser with the status of state minister for telecom and ICT.

BTRC published the draft of the policy in April 2025, with an initial version available to stakeholders for consultation. After that, multiple revised drafts were prepared. Later, the government formed a committee headed by Planning Adviser Wahiduddin Mahmud to review the draft. Finally, the cabinet approved it yesterday.

The new policy phases out the operators of International Internet Gateways (IIG), Interconnection Exchanges (ICX), National Internet Exchanges (NIX), and International Gateways (IGW) upon the expiration of their existing licensing terms.

Bangladesh currently has about 20 IGWs, over 30 IIGs, and more than 20 ICXs, with almost all licenses set to expire by 2027.

This move will thoroughly overhaul the entire telecom ecosystem, as all of these operators are local and were issued under the previous government or during the former caretaker government.

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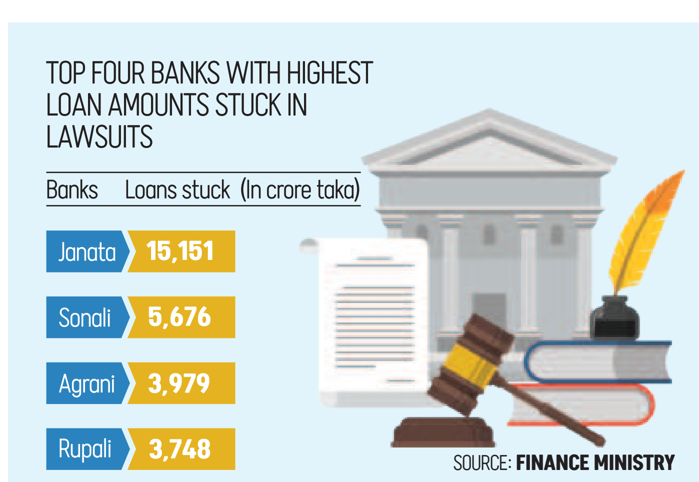
Govt moves to expedite Tk 38,000cr bad loan cases

REJAUL KARIM BYRON *and* AHSAN HABIB



The interim government has moved to expedite long-pending lawsuits filed by 10 institutions, including state-owned banks and a non-bank financial institution (NBFI), against loan defaulters, in a bid to speed up the recovery of defaulted loans.

The decision came at a meeting between the Ministry of Finance and senior officials from the plaintiff firms, according to officials familiar with the matter.

As part of the initiative, 100 lawsuits involving Tk 38,000 crore in bad loans have been identified. Many of these cases have been stuck in courts for years, preventing lenders from taking action against defaulters.

"We will write to the Ministry of Law, the Attorney General's office, and deputy commissioners to accelerate the legal process of these cases," Nazma Mubarak, secretary of the Financial Institutions Division (FID) under the Ministry of Finance, said after the meeting.

She added that deputy commissioners would be tasked with handling cases.

The institutions involved include Janata Bank, Sonali Bank, Agrani Bank, Bangladesh Krishi Bank, Rupali Bank, the Investment Corporation of Bangladesh, BASIC Bank, Bangladesh Development Bank, Rajshahi Krishi Unnayan Bank, and the Bangladesh Securities and Exchange Commission.

The meeting agreed that each institution would submit a list of its ten biggest pending cases to the FID, which will coordinate efforts to fast-track their resolution.

The firms will also appoint dedicated officials to monitor the lawsuits properly, while a senior executive must hold monthly review meetings and report progress to the FID. The goal is to resolve cases quickly so that lenders can sell off defaulters' assets and recover funds.

The amounts tied up in litigation are staggering. Janata Bank alone has Tk 15,151 crore locked in its ten biggest cases, followed by Sonali Bank with Tk 5,676 crore, Agrani Bank with Tk 3,979 crore, and Rupali Bank with Tk 3,747 crore.

The backlog is part of a larger crisis. The banking sector is struggling with a huge amount of non-performing loans, with the lenders failing to take proper action against many defaulters because of the slow legal system.

Even when the banks step forward to sell assets, defaulters file fresh cases in lower or higher courts to stop the transfer, forcing banks to wait for years to recover the loans.

Distressed loans across the banking sector hit a record Tk 756,526 crore in 2024, according to Bangladesh Bank. This included Tk 345,765 crore in defaults, Tk 348,461 crore in rescheduled loans, and Tk 62,300 crore in written-off loans.

A task force on economic reforms reported earlier this year that Tk 178,277 crore was stuck in 72,543 cases as of February 2024.

It said backlogs under the Money Loan Court Act and the Bankruptcy Act remain a major obstacle to loan recovery.

The report also flagged structural flaws in the Money Loan Court Act, 2003, which allows mediation only after litigation begins, making settlements difficult once disputes escalate.

A low judge-to-population ratio and insufficient courtroom facilities have created a bottleneck in resolving NPL-related cases, the report also said.

Three banks agree to merge, two oppose

STAR BUSINESS REPORT

Among the five Shariah-based banks slated for merger by the central bank, three have agreed to the regulator's plan, while two have opposed it during separate meetings in the last three days.

Those that agreed are First Security Islami Bank PLC (FSIB), Global Islami Bank PLC (GIB), and Union Bank PLC, according to officials familiar with the matter. Exim Bank of Bangladesh and Social Islami Bank PLC (SIBL) resisted the merger.

The central bank has decided to merge the banks under the Bank Resolution Ordinance 2025, citing the fragile financial health of the institutions.

As part of the process, Bangladesh Bank officials held separate consultations with each bank's board and management between September 2 and 4, with Governor Ahsan H Mansur participating virtually, to discuss the path forward before formalising the process.

Yesterday, the regulator met with officials of GIB and SIBL.

Speaking to The Daily Star after the meeting, Shafiuzzaman, managing director of SIBL, said the lender had asked for two years to stabilise operations and eight years to become a strong institution.

Banks that agreed to merger are First Security Islami Bank, Global Islami Bank, and Union Bank

Earlier, the bank's 10 founding shareholders, including current director Major (retd) Md Rezaul Haque, had written to the central bank and Ministry of Finance, appealing to avoid being forced into a merger with other troubled lenders.

On Wednesday, the central bank met with Union Bank and Exim Bank. During its meeting, Exim Bank presented a turnaround plan but was asked by the regulator to resubmit it with more detail.

Officials of the private commercial bank said it would take at least two years to restore its financial health.

The central bank, in response, instructed the lender to clarify how it would return depositors' money, recover defaulted loans, repay Tk 8,500 crore borrowed from the central bank, and address its large capital shortfall.

Meanwhile, FSIB, Union Bank, and GIB accepted the central bank's intervention.

Speaking to The Daily Star, FSIB Chairman Mohammad Abdul Mannan, who is also an independent director of the bank, described the lender's troubles as the result of "massive scams and loan irregularities," adding that "no banking was conducted" at the institution.

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