



Govt sees early signs of economic recovery

Report to UN claims stabilisation and improving indicators, but economists highlight inflation, unemployment, weak investment and mounting debt concerns

REFAYET ULLAH MIRDHA

The government has painted a relatively stable picture of the economy in a report to the United Nations, saying early signs of recovery appeared in the middle of this year.

Some economists, however, remain critical of key macro indicators and say that the outlook is far from assured.

"The complacent views shown in the report are not consistent with the facts," said Zahid Hussain, former lead economist of the World Bank Dhaka office.

He said that of the three major macroeconomic factors, foreign exchange, inflation and financial distress, only foreign exchange shows improvement. Inflation and financial distress continue to pose serious concerns.

Submitted early this month to the United Nations Committee for Development Policy (UN-CDP), the annual report itself acknowledged several challenges highlighted by economists.

Even so, it argued that the macroeconomic performance of Bangladesh is "unique" compared to countries where regime change occurred through violent overthrow or mass uprising.

Drawing comparisons with Sri Lanka and Indonesia, the finance ministry report

GDP GROWTH

Fell from 7.1% (FY22) to 3.97% (FY25)

FY25 rebound still below past averages

INFLATION

Stuck at 8%-9% in 2025

Food & non-food prices remain high

EMPLOYMENT

From 2023 to 2024

Youth unemployment increased to 8.07% from 7.25%

NEET youth rose to 20.3% from 18.9%

Educated jobless number went up to 13.5% from 13.1%

BANKING SECTOR

Fragile, heavy NPL burden

5 banks merging; 9 NBFI may be liquidated

Deposits slowed to 7.7% in May this year from 8.6% in Apr 2024

Credit growth fell to 8.03% in Apr 2025 from 11.09% in Apr 2024

claimed that several economic indicators in those countries failed to recover after government changeovers, unlike the development trajectory of Bangladesh.

It said those economies saw sharp declines in output and foreign direct investment, along with rising inflation, while Bangladesh maintained positive output and FDI growth and reported declining inflation.

"As a result, Bangladesh could avoid any significant development setbacks," said the report, continuing the narrative of the past four years ahead of the country's scheduled graduation from the least developed country club next year.

Indonesia saw its poverty rate jump from around 15 percent to 33 percent within a year after the changeover, while around 26 percent of the population in Sri Lanka lived in poverty in 2023, a year after the violent fall of the regime, according to the report.

In support of the claim of "early signs of recovery" by mid-2025, the report cited higher GDP growth, easing inflation, a stabilised exchange rate and

READ MORE ON B3

Economic activities subdued amid political uncertainty

MCCI says tight monetary stance dampens demand

STAR BUSINESS REPORT

Bangladesh's overall economic activities have remained subdued in the aftermath of political uncertainties, leading to weaker demand and reduced investment, even though several sectors recorded improvements owing to easing inflation and greater stability in the forex market.

"Bangladesh Bank's tight monetary and fiscal stance, in place since August last year, has further damped domestic demand," said the Metropolitan Chamber of Commerce and Industry (MCCI) in its review of the economic situation during the July-September quarter of the fiscal year (FY) 2025-26.

The flagship report of the leading chamber, released yesterday, said private-sector credit growth declined to a historic low of 6.29 percent in September 2025, underscoring weak investment appetite and fading business confidence.

IPDC জিপার্জিটে | ১৬৫৯৯

The central bank has maintained a tight monetary policy for three years in its battle to tame inflation, which remained above 9 percent from March 2023 to May 2025.

BB has kept the policy rate — at which it lends to commercial banks — at 10 percent since October 2024 and is likely to keep it unchanged for now, although inflation has moderated in recent months.

In October, inflation was 8.17 percent, down from 8.36 percent a month earlier, according to official data.

The MCCI said the downturn in inflation is likely to continue in November and December of FY26. Inflation may drop to 8.12 percent this month and 8.05 percent in December, according to projections.

The report pointed to higher consumer prices in rural areas.

"Living in villages has become costlier in recent times, as the inflation rate in rural Bangladesh in September 2025 was higher than in urban areas."

READ MORE ON B2

BB yet to release Q2 bad loan data

Analysts raise concerns over transparency

MD MEHEDI HASAN

Bangladesh Bank has not published the banking sector's classified loan data for the April-June quarter even five months after it ended, leaving analysts without a clear picture of the sector's condition.

The central bank usually releases non-performing loan (NPL) figures within a month of each quarter's end. This year, however, publication has been consistently delayed. The January-March data came out only in June, and no date has been set for the second-quarter release even though banks have

multiple reports are produced, helping stakeholders understand the banking industry," one official said.

DELAY COMES AMID RISING NPLS

The delay comes at a time when non-performing loans have been hitting record highs. In March, NPLs reached a record Tk 4,20,335 crore — 24.13 percent of total outstanding loans of Tk 17.42 lakh crore — according to BB data. At the end of 2024, bad loans stood at Tk 3,45,765 crore, meaning Tk 74,570 crore was added in just three months.

Years of loan irregularities, scams and mismanagement during the previous Awami League government



already begun publishing their third quarter figures.

The lack of updated information has added to uncertainty among stakeholders assessing the scale of loan stress in the sector. BB has not offered a clear explanation for the delay.

When asked, Arefin Hossain Khan, executive director and spokesperson of the central bank, told The Daily Star last week that the figures were pending because Governor Ahsan H Mansur had been abroad. "But he has now returned, and it is expected that the data will be published soon," he said.

According to central bank officials, the regulator collects quarterly data from commercial banks and typically needs about a month to compile the dataset. After preparation, it is forwarded to various departments following the governor's approval.

"Based on the classified loan data,

pushed NPLs to these levels, according to officials. After the political changeover in 2024, the hidden loans started to come to light.

Unofficial estimates suggest bad loans may have exceeded Tk 6 lakh crore by June, with several banks now reporting that more than half their loan books are in default.

BB has asked banks to intensify recovery and rescheduling efforts to contain the surge.

Governor Mansur has publicly stated on multiple occasions that actual bad loans exceed 30 percent of the banking sector's loan stock.

Multiple banks have reported steep rises in defaults. AB Bank's NPLs, for instance, have climbed to nearly 84 percent of its total loans. As of September, the bank had Tk 35,982 crore in outstanding loans, of which

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EXCELLENCE AWARDS 2025

Fully digital payment system by July 2027
Governor says

STAR BUSINESS REPORT

Bangladesh Bank (BB) plans to eliminate cash-outs within July 2027 by integrating all financial institutions, including banks, mobile financial service (MFS) providers, insurance companies, and other relevant entities, into a single interoperable transaction system.

"Under the system, cash-outs will no longer be required," BB Governor Ahsan H Mansur said yesterday at an event at The Westin Dhaka, organised by the central bank.

At the programme, BB signed an agreement with the Gates Foundation's Mojaloop, an open-source software platform for financial firms and regulators, to establish the interoperable transaction platform called the Inclusive Instant Payment System (IIPS).

Mansur said digitisation is essential for ensuring transparency in financial transactions and that an interoperable system is key to achieving this. "There is no alternative to moving towards this system in the future. It will enhance transparency, reduce corruption, and increase revenue collection."

The central bank governor said Bangladesh must go cashless.

"The system we signed an agreement for today (Monday) is used in many countries around the world. Through this, a complete interoperable transaction system will be launched among all types of financial institutions."

He said it is possible to implement the system by July 2027.

READ MORE ON B3

City Bank unveils 'world elite credit card' with Mastercard

STAR BUSINESS DESK

City Bank PLC, in partnership with Mastercard, has launched the first-ever credit card under the Mastercard network in Bangladesh, named the "City Bank Mastercard World Elite Credit Card".

Designed for affluent and high-net-worth customers, the card provides a wide range of exclusive lifestyle benefits, personalised services, and seamless global access, according to a press release.

With this introduction, City Bank aims to elevate the premium banking experience and cater to clients who value luxury, convenience, and international-standard services.

Md Mahbulur Rahman, additional managing director and chief financial officer of City Bank PLC, and Gautam Aggarwal, president of Mastercard South

Asia, inaugurated the card at the bank's head office in Dhaka.

Rahman said the introduction of the World Elite Credit Card reflects City Bank's commitment to bringing world-class financial products to its customers.

Aggarwal highlighted the rising number of affluent consumers in Bangladesh who seek premium experiences while maintaining local relevance, noting that this trend mirrors the country's economic progress.

Cardholders will enjoy a host of privileges, including a Tk 10,000 welcome gift voucher and dedicated investment advisory services from City Capital.

They will also have access to "Buy One Get One Free Buffet" offers at leading five-star hotels such as Sheraton Dhaka, The Westin Dhaka, Le Méridien, and others.



Md Mahbulur Rahman, additional managing director and chief financial officer of City Bank PLC, and Gautam Aggarwal, president of Mastercard South Asia, attend the launch of a credit card, named the "City Bank Mastercard World Elite Credit Card" at the bank's head office in Dhaka yesterday.

PHOTO: CITY BANK

BRAC Bank launches platinum multicurrency debit card with Mastercard

STAR BUSINESS DESK

BRAC Bank PLC Sunday launched a new Platinum Multicurrency Debit Card on the Mastercard network, offering customers a convenient and secure way to manage both local and international transactions.

Tareq Refat Ullah Khan, managing director and CEO of BRAC Bank PLC, and Syed Mohammad Kamal, country manager of Mastercard Bangladesh, unveiled the card at an event in Dhaka, according to a press release.

Speaking at the event, Khan said, "The

Mastercard Platinum Multicurrency Debit Card reflects BRAC Bank's focus on innovation and customer convenience. It brings together everyday usability, global access, and secure technology, empowering customers to manage their finances confidently, wherever they are."

Kamal said, "This new card is designed to empower customers with greater flexibility, enhanced security, and access to exclusive local and global benefits, bringing world-class payment experiences to their fingertips and shaping the future of digital commerce in Bangladesh."

He began his professional career at Arab Bangladesh Bank (AB Bank) Limited as a probationary officer.

He later worked at BRAC Bank, IPDC Finance, Midland Bank, IIDFC, and Uttara Finance and Investment Limited.

He has also participated in numerous local and international programmes on credit risk, corporate finance, MSME financing, loan structuring, international trade, ethical banking, green financing and leadership. He has received multiple awards for his performance throughout his career.

Shahin obtained his bachelor's and master's degrees from Jahangirnagar University and completed the ACBA from the Institute of Business Administration at the University of Dhaka, as well as the Banking Diploma from The Institute of Bankers, Bangladesh.

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Tareq Refat Ullah Khan, managing director and CEO of BRAC Bank PLC, and Syed Mohammad Kamal, country manager of Mastercard Bangladesh, pose for photographs at the launch of the new "Platinum Multicurrency Debit Card" at an event in Dhaka on Sunday.

PHOTO: BRAC BANK

Meghna Bank arranges AML & CFT training for Khulna region

STAR BUSINESS DESK

Meghna Bank PLC recently arranged a daylong training programme on Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) for branch officials of the Khulna zone.

Mohammad Mokter Hossain, additional director of the Bangladesh Financial Intelligence Unit (BFIU), and Shahalam Kazi, joint director, conducted the sessions as resource persons, according to a press release.

The training session aimed to enhance awareness and strengthen the capacity of bank officials in money laundering prevention activities and in reporting suspicious financial transactions, in line with the guidelines of the Bangladesh Financial Intelligence Unit (BFIU).

Among others, Rashedul Alam,



Mohammad Mokter Hossain, additional director of the Bangladesh Financial Intelligence Unit, and Shahalam Kazi, joint director, pose for a group photograph with participants of a training on anti-money laundering and combating the financing of terrorism, organised by Meghna Bank PLC, in Khulna recently.

PHOTO: MEGHNA BANK

head of the human resources division of the bank, and Md Nizam Uddin Parvej, head of the anti-

money laundering department and deputy chief anti-money laundering compliance officer, were also present.

Alliance Finance supports CRP's income-generating projects for people with disabilities

STAR BUSINESS DESK

Alliance Finance PLC has partnered with the Centre for the Rehabilitation of the Paralysed (CRP) to support ongoing skill development initiatives aimed at empowering people with disabilities, as part of its corporate social responsibility (CSR) efforts.

Kanti Kumar Saha, chief executive officer of Alliance Finance PLC, handed over a cheque to Valerie Ann Taylor, founder of the Centre for the Rehabilitation of the Paralysed, at the latter's office in Savar recently, according to a press release.

Since its inception, CRP has been working to ensure the inclusion of people with disabilities into mainstream society.

Many individuals with disabilities in Bangladesh lack the financial resources to engage in income-generating activities, resulting in economic hardship and social



Valerie Ann Taylor, founder of the Centre for the Rehabilitation of the Paralysed, receives a cheque from Kanti Kumar Saha, chief executive officer of Alliance Finance PLC, at her office in Savar recently.

exclusion.

To address this issue, CRP provides comprehensive rehabilitation services that include donor-funded skills development training and in-

kind post-training support.

These programmes help individuals with disabilities become economically independent and regain confidence.

Economic activities subdued

FROM PAGE B1

The economic review from the chamber cited higher exports and imports during the July-September period of 2025 and projected that increased exports and imports may continue in the next quarter.

The spike in exports was mainly fuelled, as usual, by robust performance in both knitwear and woven garments, it added.

The MCCI forecast an increased inflow of remittances and relatively stable foreign exchange reserves in the October-December quarter.

The review said net inflows of foreign direct investment (FDI) in

the first three months of the current fiscal year increased, but added that FDI inflow in Bangladesh is low compared to many other countries at a similar level of development.

"Bangladesh's low labour costs are generally believed to be attractive to foreign investors, yet they hesitate to make fresh investments in the country because of underdeveloped infrastructure," it said.

Shortages of energy and weak transmission infrastructure, lack of consistency in policy and regulatory frameworks, scarcity of industrial land, corruption, and non-transparent and uneven application

of rules and regulations are other impediments.

"The government needs to address these impediments to attract more FDI to the country and ensure the country's economic development."

The MCCI report cited slow economic growth at 3.35 percent in the fourth quarter of the last FY25, down from 4.86 percent in the previous quarter, but said there had been "some signs of recovery".

"Improvements in exports,

imports, inflation, and remittances have helped stabilise foreign currency reserves and provided some support to the broader economy," it said.

Mohammad Shahin made new MD of IIDFC

STAR BUSINESS DESK

Abu Shadat Mohammad Shahin has recently been appointed as the managing director (MD) of IIDFC PLC.

Prior to this appointment, Shahin had been serving as the managing director (current charge) since April 2025, according to a press release.

He joined IIDFC as a deputy managing director in September 2024.

Shahin has 25 years of distinguished experience in the banking and financial sector and is recognised for his strategic leadership and in-depth industry expertise.

He began his professional career at Arab Bangladesh Bank (AB Bank) Limited as a probationary officer.

He later worked at BRAC Bank, IPDC Finance, Midland Bank, IIDFC, and Uttara Finance and Investment Limited.

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গণপ্রজাতন্ত্রী বাংলাদেশ সরকার

বাংলাদেশ পুলিশ

পুলিশ সুপারের কার্যালয়

ব্রাক্ষণবাড়িয়া

দরপত্র বিজ্ঞপ্তি

তারিখ: ২৩/১/২০২৫

স্মারক নং-৪৬৩৫/১ম খন্ড (রেশন)

২০২৫-২০২৬ অর্থ বছরের ৩য় কোয়ার্টারের (জানুয়ারি/২০২৬ হতে মার্চ/২০২৬ পর্যন্ত) জন্য রেশন সাময়িক মণ্ডল ও সংযোগ তেল দরপত্রের মাধ্যমে ক্ষয় এবং নিমিত্ত দি পুরাণ প্রক্রিয়ামেন্ট বিধিমালা/২০০৬ ও ২০০৮ অনুসারে নিম্নবর্ণিত শর্ত সাপেক্ষে সীমান্তের খাতে উন্মুক্ত দরপত্র আহ্বান করা যাচ্ছে।

১	মুসাফিল/বিভাগ	ব্রাক্ষণ মুসাফিল/জনসেবা প্রত্নতা বিভাগ।
২	সংস্থা	বাংলাদেশ পুলিশ।
৩	দরপত্র সম্পাদনকারী প্রধান	পুলিশ সুপার কার্যালয়বাড়িয়া।
৪	কি কারণে দরপত্র আহ্বান	জেলা পুলিশের দেশন সাময়িক ক্ষয়।
৫	দরপত্র নং	০৪/২০২৫-২০২৬
৬	তারিখ	২৩/১/২০২৫

কাজের বিবরণ
৭ দরপত্রের পক্ষত
অধিকার উৎস
৮ বাজেট ও অর্দেনেটিক খাত
৯ কাজের বিবরণ

১০	দরপত্র বিজ্ঞপ্তি প্রচারের তারিখ	২৫/১/২০২৫
১১	দরপত্র জ্ঞান প্রদানের সর্বশেষ তারিখ ও সময়	১৭/১/২০২৫
১২	দরপত্র খোলার তারিখ ও সময়	১৮/১/২০২৫

অফিসের মাম ও টিকানাপ

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Gold holds steady

REUTERS

Gold prices held steady on Monday as growing expectations of a Federal Reserve rate cut next month helped offset pressure from a firm US dollar.

Spot gold was up 0.1 percent at \$4,070.97 per ounce, as of 1011 GMT. US gold futures for December delivery fell 0.3 percent to \$4,067.80 per ounce.

The dollar held near the six-month highs hit on Friday, making greenback-priced gold more expensive for holders of other currencies.

"Gold steadied as investors evaluated the prospect of another Fed rate cut after New York Fed President John Williams signalled there may be room to lower borrowing costs amid a softening labour market, even as other officials struck a more cautious tone," said Ole Hansen, head of commodity strategy at Saxo Bank.

Williams on Friday said that US interest rates could fall without putting the Fed's inflation goal at risk, while helping guard against a slide in the job market.

Gold, a non-yielding asset, tends to do well in low-interest-rate environments

Bets of a rate cut next month had surged to 76 percent from 40 percent on Friday, following dovish comments from Williams, the CME FedWatch tool showed.

Gold, a non-yielding asset, tends to do well in low-interest-rate environments.

Meanwhile, investors awaited key economic indicators, including US retail sales, jobless claims and producer price figures due later this week.

On the geopolitical front, the US and Ukraine were set to continue work on Monday on a plan to end the war with Russia after agreeing to modify an earlier proposal that was widely seen as too favourable to Moscow.

"Gold struggles to gain traction on Fed cut likely being pushed, China demand concerns, easing trade risks. On downside support, central banks remain net buyers and concerns persist on Supreme Court decision (on Trump's tariffs), Standard Chartered said in a note.

Elsewhere, spot silver was up 0.4 percent at \$50.20 per ounce, platinum rose 0.4 percent to \$1,516.20, while palladium fell 0.4 percent to \$1,369.

Russia's oil and gas revenue may fall by 35% in Nov

REUTERS, Moscow

Russian state oil and gas revenue may fall in November by around 35 percent from the corresponding month in 2024 to 520 billion roubles (\$6.59 billion) due to cheaper oil and a stronger local currency, Reuters calculations showed on Monday.

Oil and gas revenue has been the most important source of cash for the Kremlin, making up a quarter of total federal budget proceeds.

The revenue is also set to decline by 7.4 percent from October, excluding cyclical payments of the profit-based tax.

The decline in proceeds is painful for Russia, which has heavily boosted defence and security spending since launching its military campaign in Ukraine, which it calls a special military operation, in February 2022.

For the first 11 months of the year, the revenue is seen falling by 22 percent to 8 trillion roubles, on track to reach the 2025 target.

According to Reuters calculations, the price of the Russian oil for tax purposes declined in the period from January to November, to stand at \$57.3 per barrel from \$68.3 in the 2024 period.

At the same time, the rouble has strengthened to 81.1 per dollar from 91.7 in the period from January to November 2024. The finance ministry will publish its estimates on December 3.

The ministry had initially planned to earn 10.94 trillion roubles from oil and gas sales this year, but falling oil prices led it to revise down that expectation last month, to 8.65 trillion roubles. Oil and gas revenue reached 11.13 trillion roubles last year.

Sustainable farming key to fisheries, livestock growth: experts

FISHERIES

Fish production hit 4.77m tonnes in 2022-23

Fisheries sector contributes 3.52% to GDP

Sector earned \$533m in export revenue in FY23

Around 20m people depend on fisheries sector for livelihoods

Bangladesh ranks third globally in open-water fish capture and fifth in aquaculture production

LIVESTOCK (FY23)

Output of meat: 8.16m tonnes

Egg production: 21.5b

Milk: 12.54m tonnes

Livestock sector contributes 1.47% to GDP

Bangladesh is fourth globally in goat meat production

PUBLIC HEALTH RISKS

Rampant antibiotic use in fisheries, livestock is fueling antimicrobial resistance (AMR) risks

Antimicrobial-resistant bacteria found in nearly two-thirds of fish and chicken samples

Over 90% of poultry farms use antibiotics indiscriminately

AMR crisis is posing major public-health threats



ENVIRONMENTAL RISKS

Waste from intensive fish farming is damaging aquatic ecosystems

Fisheries generate an estimated 3.68m tonnes of CO2 equivalent emissions, mostly from pond-based aquaculture

Livestock sector releases 6-8m tonnes of greenhouse gases annually

SOURCE: DATA COMPILED BY CSR

STAR BUSINESS REPORT

Bangladesh should adopt better farming practices that prioritise agrochemical-free and sustainable methods to strengthen the fisheries and livestock sectors, experts said yesterday.

They stressed the need to change farmers' social behaviour, as many still rely heavily on chemical fertilisers and pesticides. Advanced technology should be used to detect toxic substances, including antibiotics, and farmers must be made aware of their harmful effects, they added.

The statements were made at an event at the Cirdap auditorium in Dhaka, organised jointly by the Agroecology Coalition Bangladesh, Palli Karma Sahayak Foundation, Welthungerhilfe, and Wave Foundation.

Mamunur Rashid, project head at Welthungerhilfe Bangladesh, said, "According to the Food and Agriculture Organization's (FAO) guidelines, accelerating agrochemical-free farming practices will reduce health risks for farmers and promote agricultural development."

"More efforts are needed to convert fish and livestock waste into useful industrial resources. With proper incentives for small-scale farmers, even greater progress in these sectors is possible," he added.

During his presentation, Ahmed Borhan, research director of the Centre for Social Research, reviewed public health and environmental risks in the fisheries and livestock sector. "There is uncontrolled use of antibiotics in fisheries and livestock. In the poultry sector, more than 90 percent of farms use antibiotics indiscriminately," he said.

He also raised food safety concerns, saying, "Heavy metals, banned chemicals, and growth-promoting steroids are present

in food."

Regarding environmental impact, he said, "Bangladesh's fisheries sector emits approximately 3.68 million tonnes of carbon dioxide equivalent gases annually, 96 percent of which comes from pond-based aquaculture. The livestock sector emits 6-8 million tonnes of greenhouse gases."

On biodiversity, Borhan said, "Of the 253 species of freshwater fish in Bangladesh, 64 have been identified as endangered. Since independence, the number of marine fish species has declined from 475 to 394 over four decades," said Ahmed Borhan, research director of the Centre for Social Research

Highlighting policy challenges, he added, "Several fundamental fisheries and livestock policies face implementation gaps, which hinder sustainable transformation."

Borhan also pointed out nutritional concerns, saying, "The emphasis on high-value export-oriented fish has caused nutritious small indigenous fish species to be neglected, contradicting national goals for nutritional security."

Furthermore, he warned about the social impacts of shrimp farming. "The expansion of shrimp farming has converted land belonging to small and marginal farmers into enclosed shrimp ponds, rendering many people landless, contrary to the poverty-reduction

objectives stated in current policy," he said.

Fisheries and Livestock Adviser Farida Akther said most meat still comes from small local farmers. "To prevent the extinction of several native fish species, natural water bodies must be protected," she added.

She stressed that, along with regulating fishing in these areas, attention must also be given to safeguarding the environment. "The government has declared many new water bodies as sanctuaries," she noted.

In the Barind region, fish die and float to the surface of ponds due to heat caused by climate change. "This issue needs to be addressed," she said, adding that pesticides used in agriculture are also contributing to the decline of fisheries and biodiversity.

"For this reason, pesticides should not be treated solely as an agricultural issue but should also be linked to fisheries policy," she added.

She expressed concern that, as a food-producing sector, fisheries and livestock receive less policy importance than agriculture.

Jiaoqun Shi, the FAO representative in Bangladesh, said climate change is affecting fish production. "More research is needed on fish conservation. Relevant institutions need further capacity development and improved accountability," he added.

He stressed that new technologies must be used appropriately. "Cost-effective initiatives should be taken that do not harm the quality of life of stakeholders," he said.

Shakila Faruque, director general of the Bangladesh Livestock Research Institute, said small farmers, who play a key role in the livestock sector, are disappearing.

"Attention must be given to why this is happening. When new varieties are developed in agriculture, new diseases also emerge. Work is being done on this issue," she added.

Merger of financially weak banks

AF NESARUDDIN

After a long period of faulty medical treatment, when a patient is sent to the ICU, doctors then have a limited scope for any aggressive treatment, and the chance of recovery becomes faint. A similar situation has unfolded in the banking sector. Over many years of severe and continuous mismanagement, some banks have been pushed to a position from which recovery is almost impossible. A process has been launched to merge five banks out of the reportedly 14 that are financially weak.

This crisis in the banking sector did not happen in a day, nor did it begin after August 5, 2024. It is the result of longstanding governance failures that include a lack of internal controls, poor accountability and board-level interference that have undermined professionalism. Other factors that have contributed to the decline include the siphoning of funds, weak business conditions linked to the foreign currency crisis, and withdrawals from weak banks to stronger ones due to depositor panic over the last few years. Undue interference by the central bank, the impact of Covid-19 and other pressures have added to the strain. Political pressure has also played a role, with loan approvals and write-offs often influenced by politically connected groups rather than sound credit assessments.

Loan default culture is not new, but it has deteriorated alarmingly over the past two decades. Chronic non-performing loans (NPLs) caused by habitual defaulters and lenient enforcement of recovery laws remain major problems. Regulatory weaknesses, including inconsistent supervision, delayed interventions by the Bangladesh Bank and limited penalties for non-compliance, have compounded the crisis. Corruption and fraud, such as embezzlement, insider lending and falsified collateral, have come to the surface, damaging trust and eroding capital. Over-banking and weak risk management, with too many banks operating in a small market and aggressive lending without proper due diligence, cannot be ignored. Judicial delays and inefficient legal processes have slowed loan recovery, while weak bankruptcy systems have held back effective resolution. More recently, macroeconomic factors such as inflation, dollar shortages, liquidity pressures and declining confidence have contributed further to the problem.

Valuation and restructuring of capital, including fresh capital infusion, are essential elements of the current effort. Full implementation of IFRS 9 may not be feasible at the moment, but relevant BPRD circulars should be applied alongside the valuation of securities and collateral to determine a fair value for the banks. Provisions already made and interest suspense should also be taken into account.

There is an expectation that foreign investors may be approached for new funding. The question is why investors, foreign or local, would be interested when there is little prospect of a good rate of return or capital gain in the foreseeable future.

Conversion of deposits into share capital is one possible measure to ease liquidity pressure, but it requires further discussion. Such a move should be voluntary for depositors and may yield better results if the outlook for the merged entity is strong in the long run.

Penalising sponsors, directors and senior management, especially those who benefited from these episodes, is vital to restore public confidence. Banks have become distressed either through normal business failings or through deliberate and planned siphoning of funds. The creation of false loan accounts for this purpose is a criminal offence, and beneficiaries should face strict penalties.

Fraud examinations generally focus on three key questions: what the process lapses were, who approved and processed them, and who ultimately benefited. Action should be taken under existing laws and, if necessary, new laws should be introduced to protect the public interest.

Temporary government funding for restructured banks may be necessary, but public money must be safeguarded in the long term.

It is now important to see what reform or rehabilitation proposals come from the authorities working in this area.

The writer is a senior partner of Hoda Vasi Chowdhury & Co, and a past president of ICAB

Musk's 2018 pay package could erase years of Tesla profits

REUTERS

Tesla's gaudy \$1 trillion executive compensation package for CEO Elon Musk has obscured a more pressing concern: Musk's 2018 pay package -- still tied up in court -- could eat up years' worth of the electric vehicle maker's future profits.

The Delaware Supreme Court will soon decide whether to reverse a lower-court ruling invalidating Musk's previous record-breaking compensation package. If Tesla's appeal fails, it could trigger a \$26 billion hit to profits over two years to account for the replacement stock-compensation package it has promised Musk -- at today's much higher stock price.

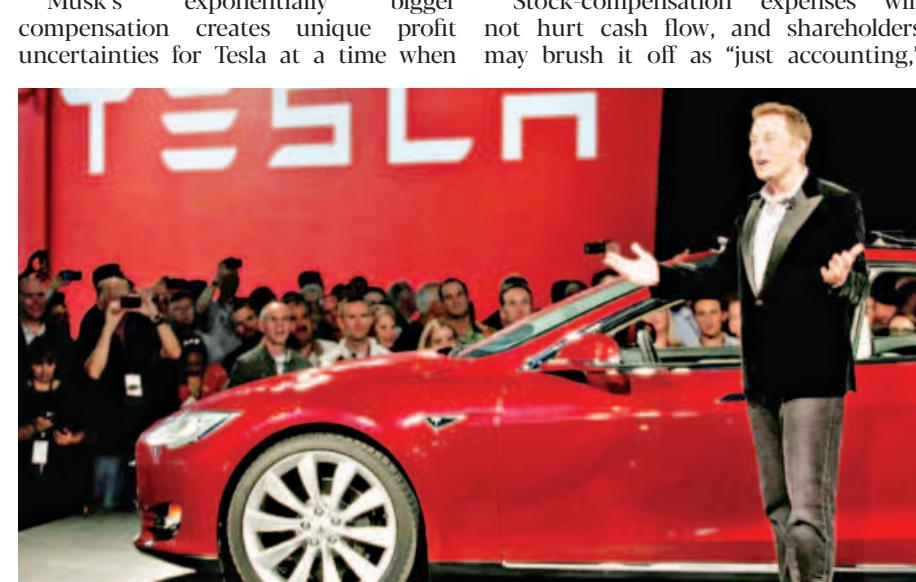
For comparison, \$26 billion would equal more than half of Tesla's total net income since becoming profitable in 2019.

Even if Tesla prevails in court, its profits could be squeezed over the next decade if Musk hits performance goals in his trillion-dollar pay package, with each goal triggering billions in payouts and accounting expenses.

The outsized profit impact highlights the inherent risks of Musk's super-sized compensation. Even the largest public companies typically have little concern

about bottom-line impacts from CEO pay. The richest packages are typically measured in hundreds of millions -- not billions.

Musk's exponentially bigger compensation creates unique profit uncertainties for Tesla at a time when



Elon Musk's exponentially bigger compensation creates unique profit uncertainties for Tesla at a time when earnings are already declining because of various factors, including a drop in car sales.

said Brian Dunn, director of the Institute for Compensation Studies at Cornell University's School of Industrial and Labor Relations.

But huge net-income declines caused by CEO-compensation, he said, signal that Tesla's board is not following "reasonable fiduciary practices."

"They're backdooring a massive transfer of wealth from the shareholders to the single largest shareholder," he said.

Tesla's board has argued that Musk's newest pay package gives him nothing unless the automaker achieves "Mars shot milestones" that include lofty profit goals. If Tesla were to hit those higher profit milestones, then Musk's compensation expenses would consume less of its earnings.

This pile of crushed, non-recyclable plastic waste was destined for the landfill or incineration.

But the easiest goals in Musk's package could still trigger payouts of tens of billions of dollars without transforming Tesla's business or its profits, Reuters has reported. The maximum payout to Musk is \$878 billion because \$1 trillion in stock would be reduced by the value of the shares at the time Tesla's board approved the pay package in September.