DHAKA FRIDAY NOVEMBER 28, 2025, AGRAHAYAN 13, 1432 BS ● starbusiness@thedailystar.net

Star BUSINESS

Default loans reveal true state of banking sector: Debapriya

STAR BUSINESS REPORT

Eminent economist Debapriya Bhattacharya yesterday said the amount of non-performing loans (NPLs) or default loans exposes the real picture of the banking sector.

"In the past, it had been concealed. Shortfalls in provisions and deficits in reserves have also been revealed.

"It is not just that NPLs have increased; capital shortfalls have also come to light," said Bhattacharya, who is a distinguished fellow of the Centre for Policy Dialogue.

He made the comment at the Economic Reporters' Forum (ERF) auditorium while he spoke as the chief guest at the launch of a book, titled "Arthanaitik Sangbadikata" (Economic Journalism), written by economists, experts and economic and business journalists.

The book contains articles on 21 topics ranging from challenges and the way forward after Bangladesh's LDC graduation, inflation, reporting on macroeconomic issues, the budget and reporting related to the budget, financial crime and reporting on the banking sector.

Edited by Ziaur Rahman, editor of the Bangla news portal Arthosuchak, Chandrabati Academy published the book, aiming to inform students of journalism and business journalists on major issues related to the economy and business.

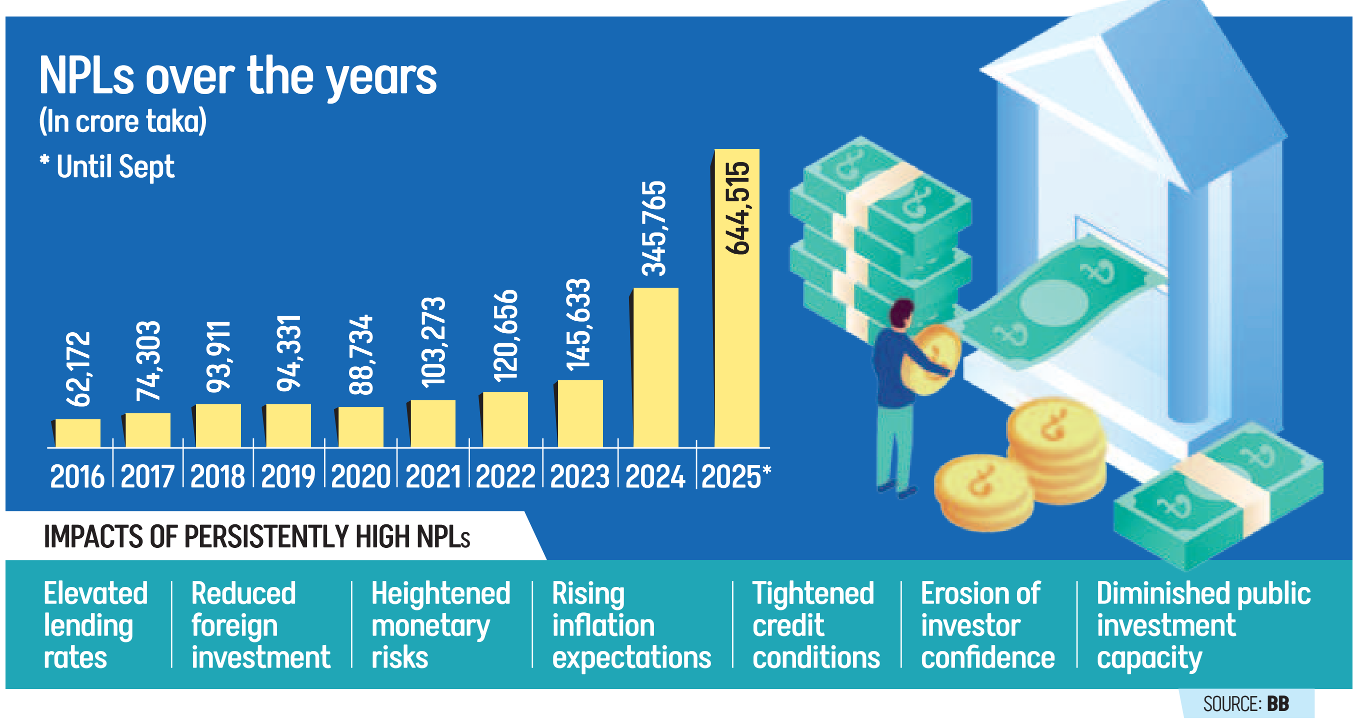
Replying to a question, Debapriya said, "In truth, you did not know your body had so many illnesses. Now that the illnesses have been identified, you are feeling alarmed. I believe there is no reason for distress simply because these internal problems have been exposed."

"The question is: what steps has the current government taken during this period to address these issues?" he said.

"Other than merging the five banks, making these accounts more compliant, appointing administrators in different institutions, and reverting the Banking Companies Act to its previous form — what else has been done? We want to see what has been achieved in terms of good governance."

READ MORE ON B3

High NPLs creating risks of credit crunch, stagflation: PRI



STAR BUSINESS REPORT

The high volume of non-performing loans (NPLs) in Bangladesh's banking sector is creating risks of a credit crunch, weakening investment, collapsing investor confidence, and even stagflation, according to the Policy Research Institute of Bangladesh (PRI).

NPLs, loans that borrowers are failing to repay, have reached Tk 6.44 lakh crore, nearly 36 percent of total disbursed loans, according to a PRI study presented at a seminar on its "Monthly Macroeconomic Insights".

"At least 16 banks have become incapable of issuing new loans," Ashikur Rahman, principal economist of PRI, said while presenting the keynote paper at the event jointly organised by the PRI and the Department of Foreign Affairs and Trade of Australia, at the PRI office yesterday.

The paper also noted that distressed assets – the sum of officially classified NPLs along with rescheduled, written-off, and otherwise troubled loans – in the banking sector could now total around Tk 9.5 lakh crore, highlighting the low potential for recovery.

PRI said without decisive action to address rising NPLs, Bangladesh faces mounting financial stability risks.

"Effective NPL resolution will require a comprehensive, multi-pronged strategy – similar to the approaches adopted in the UK, Malaysia, and China – that combines strengthened supervision, robust legal and recovery frameworks, and well-designed asset management mechanism," it added.

A CRISIS NEVER ENCOUNTERED BEFORE

When banks hold so many bad loans, they struggle to lend new money, which slows investment, limits public spending, and undermines economic growth. PRI's study warns that the situation could even lead to stagflation, a scenario in which high inflation coexists with low growth and high unemployment.

Rahman noted that with Tk 6.44 lakh crore in bad loans, reducing interest rates is practically impossible.

He said Bangladesh has yet to develop the institutional capacity to implement international best practices for resolving NPLs, largely because the country has never faced a crisis of this magnitude before.

"But the moment has now arrived when such capacity must be built. Bangladesh has much to learn from how countries like Malaysia, the United Kingdom, and China successfully cleaned up their financial sectors," he said.

The economist added that in many countries, specialised asset management companies (AMCs) purchase NPLs from banks' balance sheets to recover value and restore lending capacity.

If the spiralling bad loans remain unchecked, he warned that Bangladesh risks becoming trapped in a high-interest-rate, high-inflation, low-investment, low-growth equilibrium. "Resolving NPLs is no longer a banking issue-it is a macroeconomic imperative."

Anwar-Ul-Alam Chowdhury Parvez, president of the Bangladesh Chamber of Industries (BCI), said businesses are often blamed for rising defaults, but they are not entirely responsible.

"The business environment here is not supportive. Entrepreneurs now have to take fresh loans just to repay earlier ones," he noted.

Chowdhury also pointed out that the loan repayment period, previously six months, has been reduced to three months, meaning loans are now classified as defaulted much faster, which has contributed to the rise in NPLs.

He recommended improving law and order, resolving the energy crisis, ending mob culture, and providing policy support to businesses. "Otherwise, defaulted loans will continue to rise."

The prominent businessman also stressed the importance of a stable political environment and credible elections for sustainable development.

He further highlighted the need for stronger domestic policy frameworks, a long-term energy strategy,

READ MORE ON B3

Govt cuts 700 MHz spectrum price by 10%

BTRC prepares for auction on Jan 14

MAHMUDUL HASAN

The government has approved a 10 percent reduction in the price of the 700 MHz frequency band, often called the "golden spectrum" for mobile networks, as the Bangladesh Telecommunication Regulatory Commission (BTRC) prepares for an auction.

The move is aimed at expanding mobile coverage and improving service quality nationwide.

"We received approval from the ministry on Tuesday," said Major General (retd) Md Emdad ul Bari, chairman of the BTRC. "Preparations for the auction have already begun."

The Finance Division formally approved the reduction, which aligns with global trends where the cost of similar spectrum bands has fallen sharply. According to GSMA, an international mobile industry body, prices for frequencies below 1 GHz have dropped about 75 percent between 2012 and 2023.

After the 10 percent reduction, the base price of 700 MHz spectrum is set at Tk 237 crore per MHz for a 15-year allocation, down from Tk 263 crore per MHz

AUCTION AND PRICE DETAILS

BTRC documents show that after the 10 percent reduction, the base price of 700 MHz spectrum is set at Tk 237 crore per MHz for a 15-year allocation, down from Tk 263 crore per MHz.

Faiz Ahmad Taiyeb, special assistant to the chief adviser for telecom and ICT, said the government had earlier directed the BTRC to lower the spectrum price following requests from global telecom investors.

He explained that under the country's telecom policy, operators could receive an additional 20 percent discount if they meet network rollout targets within the first two years.

Taiyeb also noted that the government plans to allow payment of spectrum charges from the second year, giving operators time to establish their network infrastructure before financial obligations begin.

READ MORE ON B2

Govt aims to save Tk 3,000cr annually on fertiliser

STAR BUSINESS REPORT

The interim government is pursuing measures expected to save between Tk 2,000 crore and Tk 3,000 crore annually on fertiliser, according to Mohammad Emdad Ullah Mian, secretary of the Ministry of Agriculture.

The measures have already saved Tk 1,000 crore this year, he said at a seminar on local farm machinery and the challenges of exporting agricultural products at the CIRDAP in Dhaka yesterday.

The event was organised by the Bangladesh Agricultural Journalists Forum (BAJF) in celebration of its 25th anniversary, marking the opening of a four-day international conference, "Political Commitment in Agriculture and Food."

The secretary revealed that a long-term plan is being formulated to modernise and develop Bangladesh's agricultural sector over the next 25 years. The final draft is expected by December.

He also stated that Tk 600 crore from the mechanisation project has already been returned to the government.

Md Durrul Huda, chief scientific officer and head of the Farm Machinery and Post-Harvest Technology Division at the Bangladesh Rice Research Institute, pointed out that Bangladesh faces challenges in producing modern agricultural machinery due to a shortage of skilled workers, outdated infrastructure, and limited access to advanced equipment.

The country's light engineering sector and foundries are not fully modernised, making it difficult to maintain interchangeable parts or adopt assembly-line production, he said. Besides, Huda stressed that domestic production of agricultural machinery requires state support, long-term planning, and low-interest loans.

He called for stronger collaboration between the government and private sector to make local production viable, noting that the absence of state-owned engine manufacturers has hindered progress in both public and private initiatives.

READ MORE ON B3

Bhutan transit shipment begins trial run via Ctg port

Expected to arrive at Burimari today

STAFF CORRESPONDENT, *Ctg*

Chattogram port on Wednesday night cleared the first transit shipment for Bhutan, which is expected to reach Burimari land port by this afternoon.

The 20-foot container, imported from Thailand by Bhutanese company Abit Trading, marks the start of a trial run for transporting Bhutanese cargo through Chattogram port and across Bangladesh under a bilateral agreement.

Bangladesh and Bhutan signed the "Agreement on the Movement of Traffic-in-Transit between the People's Republic of Bangladesh and the Royal Government of Bhutan" on March 22, 2023, followed by a protocol to implement the agreement.

Chittagong Port Authority Secretary Md Omar Faruk said, "The Bhutan transit consignment was released after all customs formalities were completed."

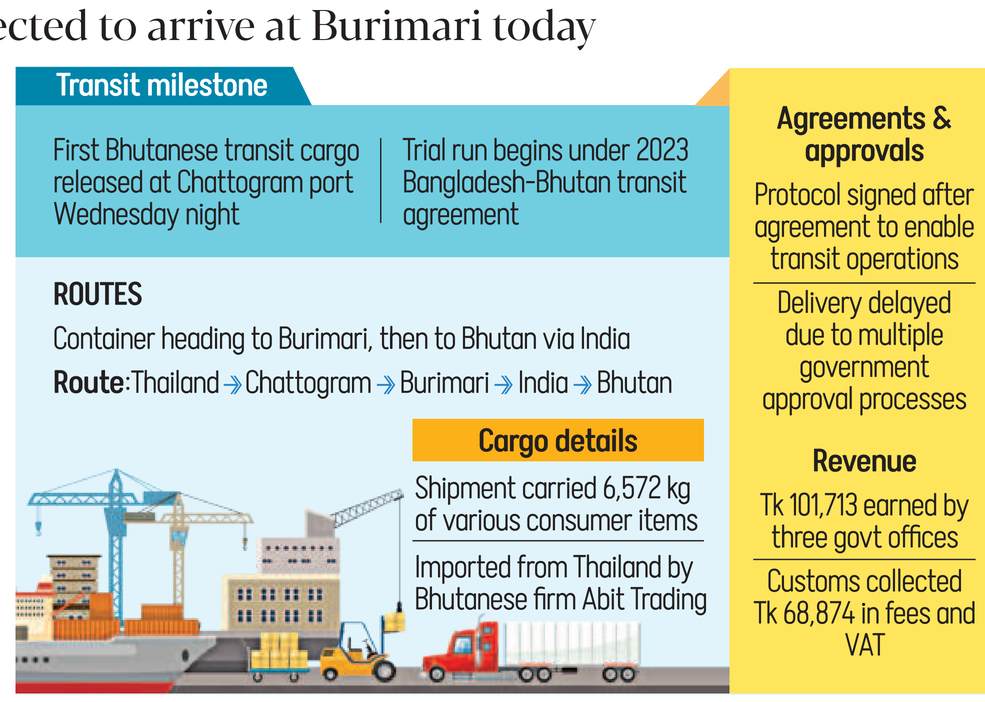
Md Shahidul Alam Khan, managing director of NM Trading Corporation—the Bangladeshi clearing and forwarding (C&F) agent for Bhutan's cargo—said, "A prime-mover trailer carrying the container left Chattogram port on Wednesday evening and is now heading to Burimari land port. We expect the cargo to reach Burimari by Friday (today) afternoon."

He added that from Burimari, the container will be transported to Bhutan through Indian territory. According to documents, the container holds 6,572 kg of consumer goods, including iced tea, shampoo, dried palm fruit, jelly, candy, and orange juice.

One year after signing the agreement and protocol, a Bangladesh-Bhutan secretary-level trade meeting held in Bhutan in April 2024 decided to conduct two trial runs of transit shipments.

Under the first trial run, a vessel named MV HR Hera carrying the transit container arrived at Chattogram port on September 22 from Laem Chabang port in Thailand, said Md Shahidul Alam of the C&F firm.

"The release of the consignment was



delayed because it took time to get approval from various government offices," he added.

On November 17, the National Board of Revenue (NBR) issued an order to complete customs procedures for Bhutan's consignment. On November 20, the Road Transport and Highways Division sent a letter to the NBR regarding tolls and charges for transit shipments.

Following this, the C&F agent NM Trading Corporation began handling Bhutan's cargo.

REVENUE FROM TRIAL TRANSIT SHIPMENT

Three government offices earned a total of Tk 1,01,713 from the trial transit shipment.

Chattogram Custom House received Tk 68,874 in charges and fees, including VAT, covering document processing, transhipment, security, escort, administrative fees, and container scanning.

The Road Transport and Highways Division collected Tk 16,792 as road toll, including VAT, while the C&F agent paid Tk 16,047 to the Chittagong Port Authority for unloading the container and moving it to the yard.

ROUTE FOR TRIAL TRANSIT

According to the bilateral agreement, the shipment route runs from Laem Chabang in Thailand to Chattogram in Bangladesh, then to Burimari land port, onward to Changrabandha in West Bengal, India, through the Siliguri Corridor and Hasimara-Jaigon, and finally to Phuentsholing in Bhutan. Earlier, five trial runs of Indian transit shipments were conducted using Chattogram and Mongla ports.

The first trial took place in 2020 when the vessel MV Shejyoti arrived at Chattogram port on July 21 carrying four containers of Indian iron rods and pulses, later sent to Tripura and Assam via Akhaura land port.

Following the 13th India-Bangladesh Joint Group of Customs meeting in March 2022, both countries agreed to conduct four more trial runs.

Crown Cement to buy cargo ship worth Tk 148cr

STAR BUSINESS REPORT

Crown Cement PLC has announced plans to purchase a second-hand ocean-going mother vessel at a cost of Tk 147.60 crore.

The mother vessel, a large cargo ship that sails long international routes between major ports, carrying bulk goods or containers in large volumes, has a capacity of 53,569 deadweight tonnes, according to a price-sensitive disclosure yesterday.

The acquisition comes as Crown Cement posted stronger earnings in the July-September quarter of FY2025-26, driven by higher sales despite rising import duties and raw material costs.

Its earnings per share rose 80 percent year-on-year to Tk 0.45, compared to Tk 0.25 in the same period of 2024.

The company said the per-unit sales price declined 1.59 percent, while international raw material costs increased, but overall sales growth offset the pressure.

As of October 31, sponsors and directors held 52.22 percent of shares, while the public owned 29.15 percent. Institutions and foreign

READ MORE ON B2