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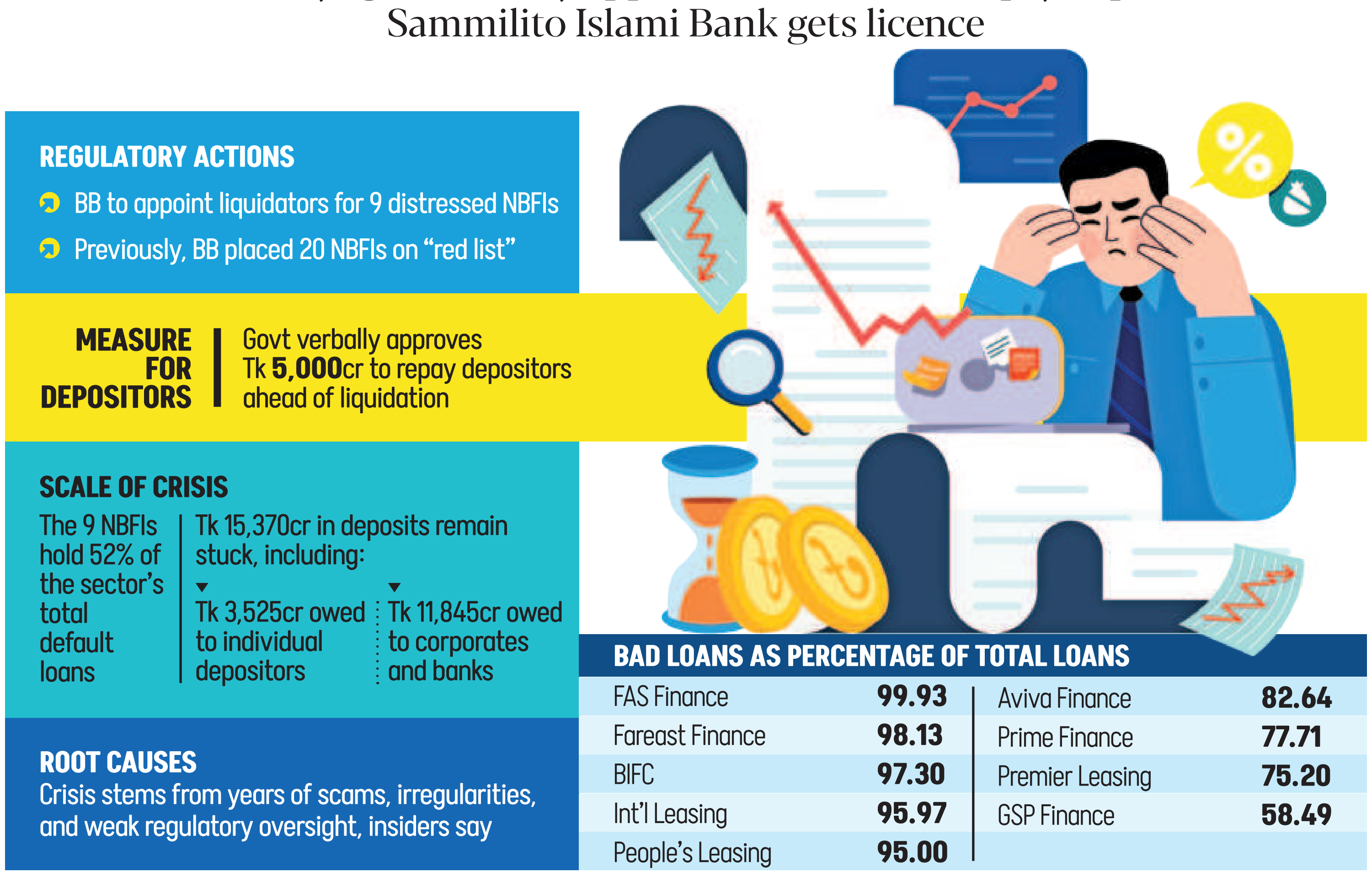
Star BUSINESS

BB board clears winding up of nine non-banks

Governor says govt verbally approved Tk 5,000cr to pay depositors; Sammilito Islami Bank gets licence



MD MEHEDI HASAN

The Bangladesh Bank is moving to wind up nine ailing non-bank financial institutions as its board has approved their liquidation under the newly framed Bank Resolution Ordinance 2025, the country's first comprehensive framework for resolving failing banks and non-banks.

The ordinance sets out how distressed institutions may be merged, restructured or closed, and establishes the hierarchy for repaying creditors once assets are sold.

The BB board, chaired by Governor Ahsan H Mansur, granted the approval yesterday, clearing the way for the regulator to formally shut the institutions, appoint liquidators, sell their assets and distribute the proceeds to claimants, a senior central bank official confirmed on condition of anonymity.

The move coincides with another major clean-up operation in the financial sector -- the merger of five troubled shariah-based banks. The BB board also licensed the newly merged Sammilito Islami Bank, marking the largest bank consolidation in the country's history. It is to be the largest Islamic bank in the country now.

Officials say the NBFI liquidations, alongside the bank merger, reflect the regulator's shift towards aggressive intervention after years of deterioration across the financial system.

The nine selected NBFIs are FAS Finance, Bangladesh Industrial Finance Company, Premier Leasing, Fareast Finance, GSP Finance, Prime Finance, Aviva Finance, People's Leasing, and International Leasing.

Together, they accounted for 52 percent of total defaulted loans in the NBFI industry, which stood at Tk 25,089 crore at the end of last year, reflecting years of unchecked lending irregularities and erosion of capital.

Seven of the eight NBFIs have an average net asset value of negative Tk 95 per share, leaving little prospect of meeting obligations without state intervention. In other words, when the companies' assets are sold off and debts cleared, there will be nothing, or far too little, left for ordinary shareholders.

DEPOSITORS TO BE PRIORITISED

The BB board's approval comes as the institutions are failing to pay back depositors, many of whom have been waiting months, in some cases years, despite their schemes maturing.

Earlier on Saturday, responding to a query from The Daily Star, Governor Mansur said BB would appoint liquidators "soon".

He also confirmed that depositors would be paid before liquidation proceeds, saying, "The government has already verbally approved around Tk 5,000 crore to repay depositors of these NBFIs."

Mansur said they are moving forward with the liquidation of the companies only to protect depositors. "Returning the deposits of the NBFI customers is our top priority," he said.

For depositors, the collapse of these NBFIs has been devastating. Irregularities in lending, including loans to related parties, poor recovery practices and unchecked concentration of credit, left the institutions unable to meet obligations. As a result, customers' savings remain blocked despite matured schemes.

Khalil Ahmed Khan, a 64-year-old depositor of Aviva Finance, is among those affected. His Tk 23 lakh deposit matured in January, but he has so far received only Tk

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Garment exports triple in 15 years, but jobs remain stagnant: RAPID

Women's workforce participation has also declined

STAR BUSINESS REPORT

Over the past 15 years, Bangladesh's readymade garment (RMG) exports have tripled, yet job creation in the sector has remained stagnant, highlighting a growing disconnect between economic growth and employment, according to Research and Policy Integration for Development (RAPID).

The organisation also noted a decline in women's participation in the workforce during an event on the country's jobless growth, organised with Friedrich Ebert Stiftung (FES) Bangladesh at the Six Seasons Hotel in Dhaka yesterday.

Between 2010 and 2024, RMG exports rose from $12.5 billion to $40 billion, while employment in the sector stayed around 4 million, RAPID said. Its analysis showed that in 2010, 220 workers were needed for every $1 million of exports, but by 2024, this had dropped to 90.

MA Razzaque, chairman of RAPID, said the data shows that Bangladesh's growth and structural changes have not generated enough decent jobs for women and young people due to skill mismatches, widespread informality, and weak labour governance.

"This growing gap between GDP and employment could waste the country's demographic advantage," he warned.

Razzaque noted that from 2013 to 2023, agriculture's share of GDP fell from about 15.5 percent to 11 percent, while industry's share rose from roughly 25 percent to 34 percent. Despite this, manufacturing lost around 1.4 million jobs, with employment falling from 9.5 million to 8.1 million, while agriculture still employs nearly 45 percent of the workforce.

He added that manufacturing output grew 10 percent annually over the past decade, including both export-oriented garments and non-garment items for the domestic market, yet employment in the sector declined.

Women's share in manufacturing fell from around 40 percent to 24 percent, with their numbers dropping from over 3.75 million in 2013 to about 1.95 million in 2024. Between 2016 and 2020, Bangladesh created roughly 1.2 million jobs per year, far below the 2.2 million needed.

Razzaque also said that the country's long-standing protectionist regime has failed to promote diversification or employment. "Instead, it has encouraged inward-looking firms, created an anti-export bias, and caused persistent structural distortions, keeping the economy locked into a narrow industrial base," he noted.

CALLS FOR A NEW DEVELOPMENT STRATEGY

"Bangladesh's development policies have left the country structurally weak because industry, academia, and entrepreneurship are not properly connected," said

READ MORE ON B3

Bhutan cargo stuck at Burimari over India's clearance delay

S DILIP ROY

Indian authorities have not issued the required transit clearance for transporting Bhutan's transhipment goods through Bangladesh's road network and across Indian territory.

As a result, the trial consignment shipped from Thailand to Bhutan remains stuck at Burimari Land Port in Patgram upazila of Lalmonirhat.

According to officials at Burimari Land Port and customs, Abit Trading Company Ltd in Bangkok sent a container on September 8 to a Bhutanese importer carrying six types of goods: fruit juice, jelly, dried fruits, lychee-flavoured candies and shampoo.

The consignment left Laem Chabang Port in Thailand and arrived at Chattogram Port on September 22.

Authorities then began the shipping process to Bhutan via the Bangladesh-India-Bhutan route under the bilateral protocol. However, without clearance from India, the consignment could not proceed beyond Burimari.

Bangladesh and Bhutan signed a protocol on transhipment facilities on March 22, 2023. One year later, at a commerce secretary-level meeting in Bhutan in April 2024, both sides agreed to send two trial consignments using Bangladesh's seaports and road network, along with India's transit routes.

As part of that decision, NM Trading Corporation brought the first container to Burimari Land Port at 4:00pm on November 28 after it arrived at Chattogram Port.

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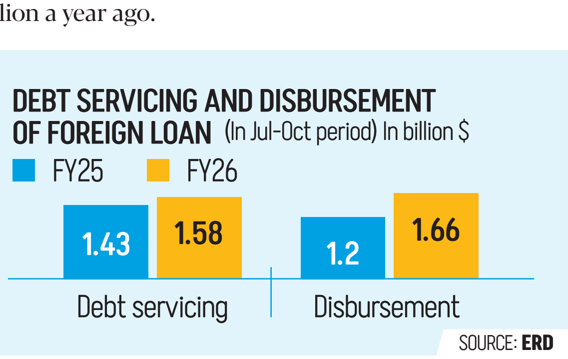
Foreign assistance picks up amid rising debt servicing

STAR BUSINESS REPORT

Both commitments and disbursements of foreign loans increased in the first four months of the current fiscal year, while Bangladesh's debt-servicing burden continued to climb.

Development partners pledged $1.20 billion in assistance during the July-October period, up from just $254 million the previous year, representing a surge of around 375 percent, according to new data released yesterday by the Economic Relations Division (ERD). Of the total commitments, about $1.11 billion was in the form of loans, while the remaining $89 million came as grants.

Similarly, disbursements also picked up, with Bangladesh receiving $1.66 billion compared to $1.20 billion a year ago.



Commitments and disbursements rose this year because last year's political turmoil had slowed development activities and delayed project implementation.

However, the government paid $1.58 billion in external debt servicing between July and October of FY26, up from $1.44 billion in the same period a year earlier.

Principal repayments rose to $1.02 billion, while interest payments reached $560 million, reflecting the growing pressure of maturing infrastructure loans and a weaker taka. In taka terms, the outflow is even more significant due to the currency's depreciation.

Total debt servicing in the first four months amounted to nearly Tk 19,314 crore, up from Tk 17,148 crore last year—an increase of about 12.6 percent.

Despite the higher inflows, the surge in repayment obligations meant that a large share of the foreign assistance received went straight into servicing outstanding loans, leaving limited fiscal space for new or ongoing development projects.

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RMG exporters eye strong rebound next year

Christmas shipment, however, faces a slowdown

REFAYET ULLAH MIRDHA

Local garment exporters are expecting a strong rebound in shipments next year, despite a slowdown in exports to the US before the Christmas peak due to higher reciprocal tariffs.

The outgoing year has been marked by uncertainty caused by tariff changes and volatility in the global supply chain. Market conditions began stabilising after the US finalised tariff rates for individual countries in August.

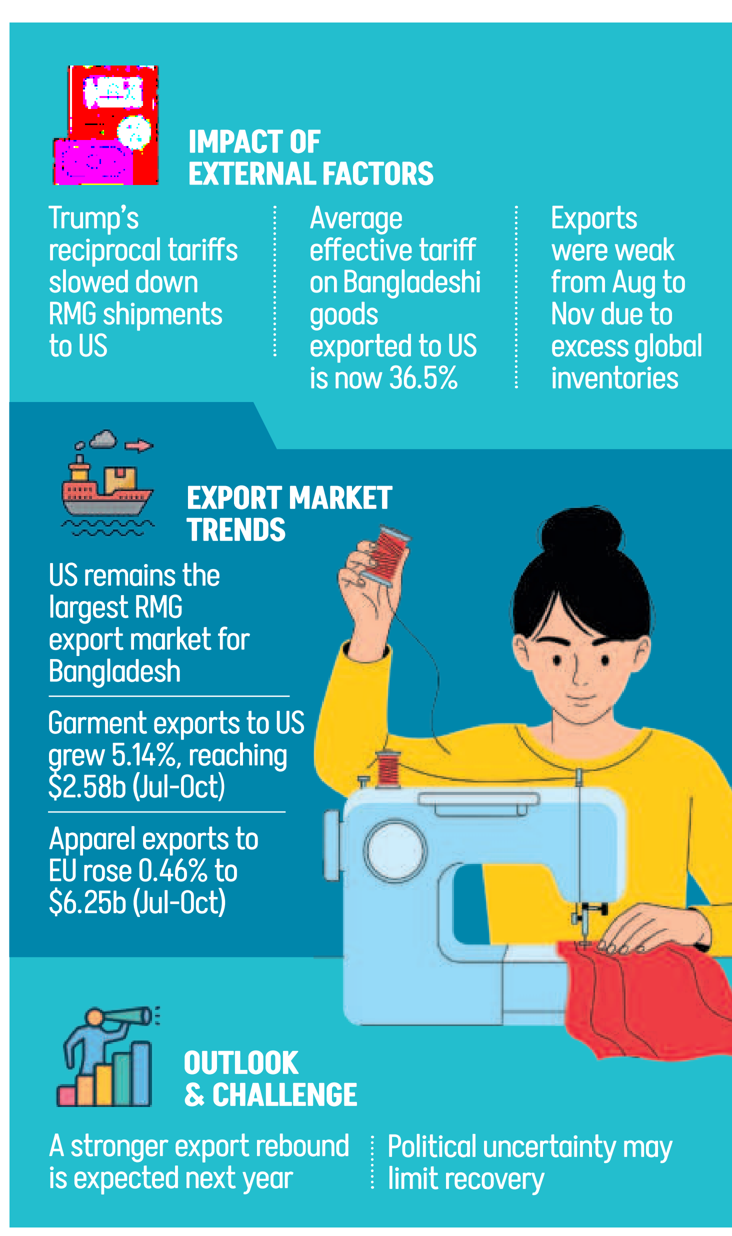
The Trump administration imposed a 20 percent reciprocal tariff on Bangladeshi goods in August. Combined with the existing 16.15 percent Most Favoured Nation (MFN) duty, Bangladesh's exports to the US now face a total tariff of 36.15 percent.

Earlier in April, the US had proposed reciprocal tariffs for several countries and introduced a 10 percent baseline tariff for all imports.

During the negotiation period, US-based clothing retailers and brands stocked up on Bangladeshi garments between April and August to benefit from the lower 10 percent tariff.

Because of this early stocking, Bangladesh's garment exports declined in August, September, October, and November, particularly to the US market.

"When store inventories start to shrink after the Christmas sales in December, imports will begin to rise again from January through March," said Faruque Hassan, managing director of Giant Group, a garment exporter.



He added that exports may not rebound immediately but are expected to grow gradually from March. "Clothing sales in the US have also fallen short of earlier forecasts because prices went up following the higher reciprocal tariff," Hassan said.

Hassan also noted that export prices to the European Union (EU) are declining as major exporters — Bangladesh, India, China, Pakistan, and Vietnam — compete in the same market.

"Due to the higher tariff in the US market, most garment-exporting countries have shifted more of their focus to the EU," he said.

MARKET REVIVING AFTER TARIFF IMPACTS

Sharif Zahir, managing director of Ananta Group, echoed Hassan's views. "Our factories are full of work orders from retailers and brands up to June 2026, even though the outgoing year was only stable after the impacts of the reciprocal tariffs," he said.

Tapan Chowdhury, former president of the Bangladesh Textile Mills Association (BTMA), who also exports garment items, said, "Our company experienced a slowdown in exports because of the reciprocal tariffs. Retailers and brands delayed placing work orders, but now the market is reviving, and they are coming back."

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