Star BUSINESS

NBFI liquidation sparks tension in stock market

The sector plunges 87%; DSEX falls below 5,000 points again

FINANCIAL CONDITION

The troubled NBFIs accounted for 52% of the sector's Tk 25,089cr in default loans

Combined paid-up capital of the 8 listed NBFIs stands at about Tk 1,450cr

Stock investors hold around two-thirds of this capital, with face value of Tk 947cr

Net asset value per share was Tk 95 negative for all but one NBFI

DROP IN SHARE PRICES YESTERDAY

Name of NBFIs	Fall
International Leasing	10%
Fareast Finance	10%
GSP Finance	9.5%
BIFC	8%
FAS Finance	7.7%
People's Leasing	7.4%
Prime Finance	5%
Premier Leasing	3%

SOURCE: DSE

STAR BUSINESS REPORT

It is a hard time to be a stock investor, especially if your money is tied up in banks and non-bank financial institutions (NBFIs).

Sentiment had already been fragile after the merger of five banks wiped out an estimated Tk 4,500 crore in shareholder value, leaving many retail investors increasingly cautious. Now, with the regulator clearing the way for liquidating nine NBFIs, including eight listed ones, ordinary shareholders face potential losses of Tk 1,450 crore.

The combined impact sent alarm bells ringing across the capital market yesterday, with 83 percent of stocks on the Dhaka Stock Exchange (DSE) falling. NBFI shares saw a steeper drop, sliding 87 percent as panicked investors rushed to dump their holdings.

Bangladesh Bank named FAS Finance, Bangladesh Industrial Finance Company (BIFC), Premier Leasing, Fareast Finance, GSP Finance, Prime Finance, People's Leasing, and International Leasing among the institutions selected for liquidation.

Following the announcement, shares of International Leasing, Fareast Finance, GSP Finance, BIFC, FAS Finance and People's Leasing fell by at least 8 percent, while Prime Finance dropped 5 percent and Premier Leasing 3 percent.

RUSHED SHARE DUMPING

Rashed Ahmed, a retail investor, ordered his broker yesterday to sell shares of a relatively well-performing NBFI despite its history of steady dividends.

"With eight listed NBFIs set to be liquidated, the negative impact

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Nobody wants to be a project director now

Wahiduddin Mahmud says

STAR BUSINESS REPORT

Planning Adviser Wahiduddin Mahmud yesterday said officials are getting increasingly reluctant to take up the role of project director and contractors are showing diminished interest in working in development schemes.

This is due to reforms in public procurement rules, he said after the meeting of the Executive Committee of the National Economic Council at the ministry in Dhaka.

He said the interim government's reforms have made procurement more transparent, ending monopolies and requiring contractors to disclose their full business and tax information.

"We could not speed up project implementation as nobody wants to become a project director now, and contractors are also less enthusiastic," he said.

He said that a few big companies had controlled contracts of major projects for years, including highways and railways, manipulating evaluations so only previous contractors benefited.

"Now, no one can monopolise the process, and false or proxy participation is not allowed," he said.

"Naturally, this makes some hesitant to come forward."

He also mentioned administrative hurdles, including shortages of project directors and temporary appointments in many ministries, which have slowed Annual Development Programme (ADP) implementation.

From July to October this fiscal year, only 8.33 percent of ADP allocations were spent, according to Implementation Monitoring and Evaluation Division data.

Mahmud, an eminent economist, said: "Though I'm not fully certain, corruption, extortion, and similar practices still exist in some form."

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Renewable energy reforms cut tariffs, but transparency lags: CPD study

STAR BUSINESS REPORT

Bangladesh's shift to competitive bidding for renewable energy projects has led to lower tariffs, but key challenges remain in transparency, accountability, and efficiency, according to a new study by the Centre for Policy Dialogue (CPD).

Unveiled yesterday at a national dialogue in Dhaka supported by the Australian High Commission, the study analysed 55 solar project tenders floated between December 2024 and March 2025 under the reinstated Public Procurement Act 2006 and the Public Procurement Rules.

The reinstated laws replaced the Quick Enhancement of Electricity and Energy Supply (Special Provision) Act 2010, which allowed unsolicited contracts.

The study found that 41 percent of bidders reported leaks of sensitive data such as bid prices, while only 30 percent believed the evaluation process was largely transparent

"Transparency has improved, but not enough," Khondaker Golam Moazzem, research director at CPD, said at the event. "Barriers for local firms, poor access to information, and low trust continue to hamper fair competition."

The study found that 41 percent of bidders reported leaks of sensitive data such as bid prices, while only 30 percent believed the evaluation process was largely transparent.

Of 105 firms that purchased tender documents, only 44 submitted bids, and many large-scale projects above 100 MW received no bids due to strict financial requirements.

The average number of bids per package was just 1.4, raising questions about the effectiveness of competition.

On the positive side, the shift to open bidding resulted in a 24.6 percent drop in average tariffs, from $0.10 per unit to $0.08 per unit, highlighting the benefits of competitive procurement.

However, firms cited barriers such as unrealistic conditions, slow approval processes, complex land issues, and the absence of digital tendering.

Moazzem noted that while the Quick Enhancement Act initially addressed acute power shortages during the previous regime, it was eventually exploited by local and international interest groups.

He said the reintroduction of the Public Procurement Act and rules marks a positive shift but stressed persistent issues regarding efficiency, transparency, and private sector participation.

M Rezwan Khan, chairman of Power Grid Company Bangladesh PLC (PGCB), warned of systemic inefficiencies, noting, "We have nearly 28,000 MW of generation capacity, but demand is far lower. We're paying costly capacity charges due to uncoordinated expansion."

He also criticised the slow approval process – projects currently require up to 29 permissions – and flagged tariff losses due to delayed adjustments.

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Remittance jumps 31% in November

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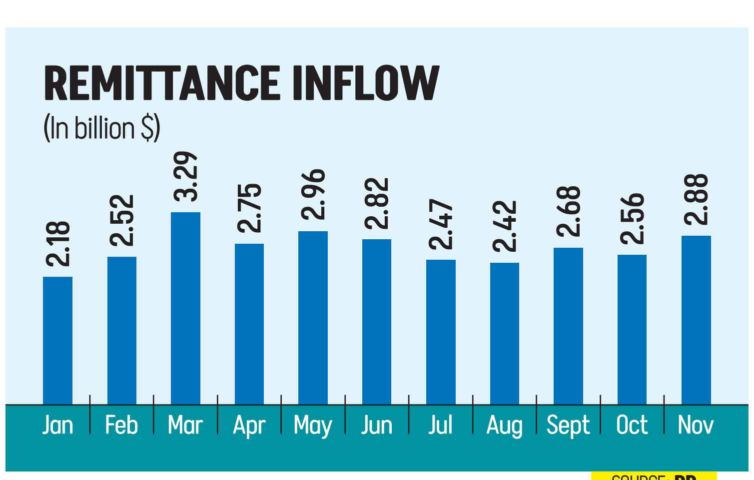
Remittance inflows to Bangladesh rose by 31.34 percent year-on-year to $2.88 billion in November, marking the highest in the last six months.

Expatriates had sent $2.19 billion home in the same month last year, according to the latest data from the Bangladesh Bank.

November's figure is also 13 percent higher than October's inflow of $2.56 billion.

Bangladesh has seen a growing trend in remittance inflows since December last year, driven by multiple factors, including a narrowing gap between official and informal exchange rates, industry insiders said.

During July to November of this fiscal year, remittance inflow reached $13.03 billion, up from $11.13 billion in the same period last fiscal year, the data showed.



The recent growth in manpower exports has also boosted remittance earnings. Over 40 lakh people left the country for jobs abroad in the four years ending in fiscal year 2024-25, according to the Bureau of Manpower, Employment and Training (BMET). Industry insiders said this migration will further increase remittance earnings in the coming days.

Bankers noted that as irregular or alternative payment methods are now under control, demand for US dollars has declined, reducing foreign currency transactions through hundi or informal channels. As a result, remittance inflows through banking channels are rising.

A senior central bank official said the regulator had warned commercial banks that it would no longer provide US dollar support, requiring banks to manage their own dollars for import payments.

This has encouraged lenders to make greater efforts to collect more remittances since the beginning of this year, he added.

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Reserves, remittance lift external sector outlook

GED report says

STAR BUSINESS REPORT

Bangladesh's external sector improved last year as reserves and remittances grew, though trade remained unstable.

Exports dipped in April and June before recovering, while garment shipments and imports showed mid-year declines followed by modest rebounds later in 2025, according to a government report.

Gross reserves climbed from $24.35 billion in November 2024 to $32.34 billion in October 2025, while BPM6 reserves rose from $18.61 billion to $27.58 billion.

According to the Economic Update & Outlook November 2025 report by the General Economics Division and the Bangladesh Planning Commission, stronger inflows and prudent management drove the steady rise.

Remittances also provided resilience, consistently surpassing the previous year's levels.

Inflows peaked in March, September, and December 2024, and again in May and October 2025.

The October inflow stood at $2.56 billion, remaining higher than last year's $2.40 billion.

Trade indicators were more volatile. Export earnings fluctuated, dipping sharply in April and June 2025 before recovering moderately.

Export earnings were $3.80 billion in September 2024, hitting a peak of $4.77 billion in July 2025, then declining to $3.82 billion in October.

Readymade garments (RMG) continued to dominate exports, mirroring overall trade trends.

In October, RMG exports stood at $3.02 billion, though still below the mid-year peak. Non-RMG exports

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