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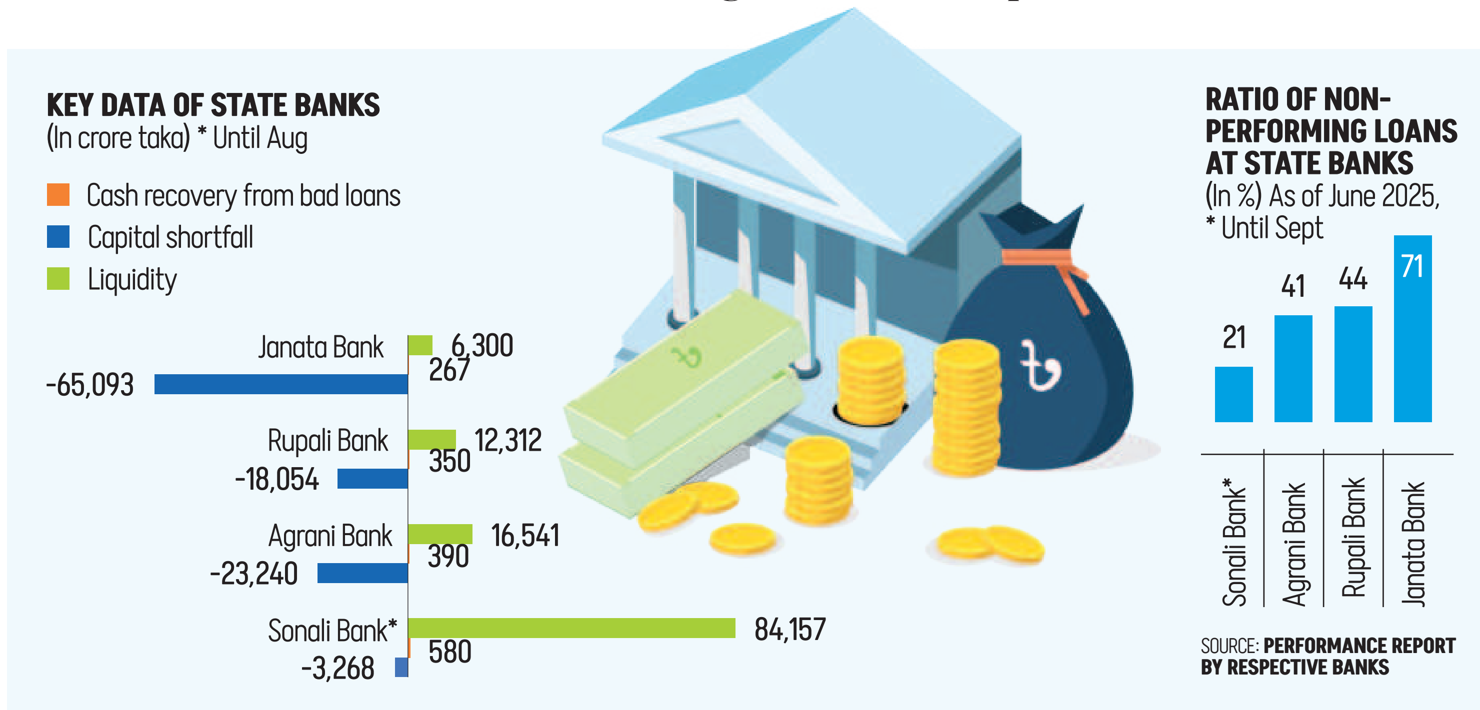
Star BUSINESS

Janata Bank struggles while Sonali recovers

Biannual report to BB shows Sonali Bank's strong liquidity and asset quality, while Janata Bank faces high NPLs and capital shortfalls



MD MEHEDI HASAN

Among the four state-run banks, the financial health of Janata Bank has deteriorated rapidly over the years due to massive loan irregularities and scams, while Sonali Bank is on a recovery mode thanks to a cautious approach to lending.

A decade ago, Janata Bank lost Tk 3,359 crore in the AnonTex Group scam, yet learned little and continued to overlook risky practices. In 2024, its loan exposure to Beximco reached around Tk 25,000 crore, crossing the single borrower limit, and a large chunk of it defaulted later.

But the trajectory of Sonali Bank differs.

After several lending scandals, including the largest in its history, worth Tk 2,700 crore in 2012, the state lender tightened its lending strategy and adopted more disciplined risk management.

According to performance reports submitted to the central bank, Sonali Bank shows the strongest financial health among the four state-run banks.

Its non-performing loan ratio, capital adequacy, large-loan concentration, cash recovery from bad loans, and liquidity position all outperform its peers.

Janata Bank, in contrast, faces a critical situation. Rupali Bank and Agrani Bank are also facing a crisis with high non-performing loans, capital shortfalls, large-loan concentration, and other weaknesses.

Since 2007, the Bangladesh Bank (BB) has set Bangladesh performance-improvement targets for the four state-owned commercial banks.

These targets include cash recovery from defaulters, reduction of defaulted loan ratios, strengthening the capital base, credit growth, and profitability.

At the end of June this year, non-performing loans (NPLs) at Janata Bank stood at Tk 72,107 crore, representing 70.84 percent of its disbursed loans and posing a threat to its stability.

Between January and June this year, the bank's bad loans rose by Tk 4,218 crore. Rupali Bank and Agrani Bank also face severe challenges, with NPL ratios of 44.0 percent and 40.55 percent, respectively.

As of September this year, Sonali Bank maintains the lowest NPL ratio at 20.98 percent, making its asset quality relatively

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NBR proposes 47% increase in staff to run two new divisions

MD ASADUZ ZAMAN

As part of a long-awaited restructuring, the National Board of Revenue (NBR) has proposed a nearly 47 percent increase in staff to operate two newly created divisions following the split of the tax authority.

Under the plan, the Revenue Policy Division and Revenue Management Division would together have 1,077 officials, up from the current 732, according to officials at the finance ministry.

The NBR submitted the manpower proposal to the finance ministry's Internal Resources Division (IRD) last week, as the interim government works to implement the reform during its tenure.

The proposal calls for a major expansion of the Revenue Policy Division, where staff would rise from 117 to 287 -- a 145 percent increase -- to strengthen research, policy development, and economic analysis.

Meanwhile, the Revenue Management Division, responsible for tax administration and enforcement, would grow by 28 percent, from 615 to 790 officials, with the aim of strengthening compliance, expanding the tax base, and reducing evasion.

The plan also includes the removal of several outdated positions, such as hardware engineer, statistical investigator, draftsman, terminal operator, punch card operator, record sorter, and despatch-rider, reflecting a shift toward a more modern, technology-driven revenue system.

"Some posts have become redundant over time and are no longer needed in today's operations," said a top finance ministry official. "We plan to replace them with new, specialised roles focused on technology and data-driven skills. Employees in the removed positions will be reassigned to other roles under the revised structure."

A major focus of the reform is expanding the NBR's information technology capacity. "Earlier, the IT wing had only 24 officials, or about 41, including support staff. We now propose increasing it to more than 100," the official said.

The goal is to create a professional IT wing with expertise in data mining, big data analytics, data security, and software development -- skills seen as essential for improving compliance and reducing tax evasion.

READ MORE ON B3

Bangladesh holds just 0.01% of global potato market

STAR BUSINESS REPORT

The thriving global potato industry is currently valued at approximately $120 billion, but an agriculture-based country like Bangladesh holds less than 0.01 percent share in the international market, experts said yesterday.

The South Asian nation shipped only $14 million worth of the tuber in the 2024-25 fiscal year, which highlights the country's minimal global footprint and untapped potential for growth, they added.

The experts made the comments at an event organised by the Bangladesh Cold Storage Association at the International Convention City Bashundhara in the capital.

At the event, M Masrur Reaz, chairman of Policy Exchange of Bangladesh, said during a presentation that diversifying Bangladesh's economy through agro-processed products such as potatoes is vital to reduce reliance on a single export product and strengthen long-term economic resilience.

"Achieving this goal will require strong policy support, incentives, regulatory reforms, and increased investment in infrastructure," he said.

Given the country's climate, soil fertility, and production systems, agricultural goods offer Bangladesh a stronger advantage than any other sector, he added.

Globally, potatoes account for about 4 percent of total crop production. Asia produces 54 percent of the world's potatoes, and Bangladesh ranks among the top 10 producers in Asia, following China and India.

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Swadesh job scam locks Tk 31 lakh into insurance policies

Insurer delays refunds to jobseekers as Idra distances itself despite complaints

SUKANTA HALDER

KEY POINTS

- Swadesh Life serves around 10,000 policyholders nationwide
- Fresh complaint accuses the insurer of a Tk 30.99 lakh job-fraud scheme
- Legal experts term the allegations serious and punishable
- Idra removed 12 directors over embezzlement allegations in January 2024
- Legal experts call for stronger oversight in insurance sector

VICTIMS' SITUATION

- Victims received no jobs or refunds
- Many complainants took loans to buy the policies

LAW ENFORCEMENT

- Police have given no updates despite a general diary
- Victims now plan to go to the court

COMPANY'S POSITION

- Acting CEO admits the process violated proper policy sales procedures
- Company says policy money cannot be refunded legally at this stage

Eleven people have lodged complaints with the insurance regulator and the police against Swadesh Islami Life Insurance Company Limited, alleging that officials extracted about Tk 31 lakh from them by making policies a condition of employment.

The complainants said they applied for Swadesh Life jobs after the insurer published a recruitment circular. They were contacted by company officials, interviewed and later handed appointment letters.

They were then told that joining the company required opening life insurance policies with Swadesh Life. Acting on that instruction, they opened policies and paid instalments totalling Tk 30.99 lakh.

But none of them was eventually allowed to join, and none has received a refund.

Now, upon receiving the complaint alleging financial fraud, the chief executive officer of Swadesh Life said the company would look into the matter.

Despite its legal power, the Insurance Development and Regulatory Authority (Idra) responded by saying the issue lay entirely with the insurer.

Meanwhile, sector analysts say such hands-off responses do little to rebuild confidence in an already-fragile insurance sector. According to them, without firm regulatory action, scams linked to insurers will continue to erode trust.

HOW THINGS UNFOLDED

In a complaint submitted to Idra on October 19, the group said Swadesh Life published the job advertisement on Bdjobs.com, prompting them to apply. They were later interviewed and given appointment letters.

Company officials told them new recruits had to open policies before joining, the complaint said. Although they were scheduled to join in phases between May 25 and August 25 this year, none have been able to start work. The money paid for the policies has also not been refunded.

Most of the complainants said they took loans to buy the policies, expecting to repay the money once they received their first salary.

"Now, unable to repay, we are under pressure from the lenders," they said.

After realising they had fallen victim to fraud, the group sent copies of their complaint not only to Idra but also to the Ministry of Finance, the Dhaka Metropolitan Police Superintendent, the Anti-Corruption Commission, the Detective Branch and the Police Bureau of Investigation in Dhaka.

One complainant, Abdul Mannan, also filed a general diary with Paltan Model Police Station in October.

As police action has yet to follow, Mannan told The Daily Star that they are preparing to file a case with the Chief Metropolitan Magistrate Court in Dhaka.

Abdul Jabbar Kawser, acting chief executive officer of Swadesh Islami Life Insurance, said the way the accused officials sold policies to the

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Healthcare market projected to reach $23b by 2033

United Hospital CEO says

STAR BUSINESS REPORT

Bangladesh's healthcare market is projected to reach $23 billion by 2033, driven by rising demand for quality care and the increasing prevalence of non-communicable diseases such as diabetes and cancer, a top official of United Hospital Ltd said yesterday.

The current market size, including hospitals, diagnostics, devices, and pharmaceuticals, is around $14 billion, said Malik Talha Ismail Bari, managing director and CEO of the leading hospital.

He shared the information citing studies at a seminar on Bangladesh's healthcare system, organised by the Dhaka Chamber of Commerce and Industry (DCCI) at its office in Dhaka.

"Private hospitals, clinics, and specialised care providers now serve a large portion of demand, significantly increasing the private sector's share," he said.

He added that the annual outflow of money for healthcare amounts to about $5 billion, mainly due to a deficit of trust and doubts over diagnostic accuracy.

"Patients often travel abroad not because treatment is unavailable at home, but due to a lack of confidence in diagnostic accuracy, bill shocks, hidden charges, and concerns over counterfeit drugs and low-quality surgical materials," he said while delivering the keynote address.

India remains the top destination for Bangladeshi patients, followed by Thailand, Singapore, and Malaysia.

Patients feel that Kolkata offers better value through cleaner facilities, clearer billing, and more attentive medical and nursing care than comparable private hospitals in Dhaka, he said.

He also noted that out-of-pocket healthcare expenditure in Bangladesh stands at 74 percent, which is higher than in neighbouring India, Sri Lanka, and Nepal.

At the event, National Prof AK Azad Khan, president of the Diabetic Association of Bangladesh, said that although Bangladesh has made notable progress in the healthcare sector, the desired quality standards have yet to be achieved.

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Prime Bank launches customer awareness programme on carbon accounting

STAR BUSINESS DESK

Prime Bank PLC yesterday organised its first customer awareness programme on "Carbon Accounting, Net Zero Pathways, and Sustainability Reporting" for its readymade garments (RMG) and textile customers at the bank's head office in Dhaka.

The event brought together chief financial officers and representatives from the finance and compliance teams of 55 RMG and textile companies, reflecting strong industry interest in aligning with global buyer expectations on climate and ESG compliance.

The programme was arranged with technical support from Swisscontact and Seba Limited under the Progress Project, funded by the Embassy of Sweden and the Embassy of Switzerland respectively, according to a press release.

It aims to advance sustainable growth in Bangladesh's RMG sector by strengthening workforce development, especially for women; promoting energy-efficient and ESG practices; and building the capacity of local service providers.

In his remarks, Faisal Rahman, additional managing director and chief business officer of Prime Bank PLC, emphasised the importance of sustainability as a shared responsibility.

"At Prime Bank, we believe in creating shared value; your transition is our transition."

"This journey is not a burden but an opportunity to upgrade processes, boost efficiency, attract global buyers, and position Bangladesh as a climate-smart manufacturing hub," he added.

Md Ziaur Rahman, deputy managing director and chief risk officer of the bank, along with senior executives of the bank and representatives from Swisscontact, were also present, demonstrating the bank's commitment to supporting customers in their sustainability journey.

PHOTO: PRIME BANK

Faisal Rahman, additional managing director and chief business officer of Prime Bank PLC, poses for a group photograph with participants of a customer awareness programme at the bank's head office in Dhaka yesterday.

Midland Bank opens new sub-branch in Saidpur

STAR BUSINESS DESK

Midland Bank PLC (MDB) recently opened a new sub-branch at Sahid Dr Zikrul Haque Plaza in Saidpur, Nilphamari.

Md Ahsan-uz Zaman, managing director and CEO of Midland Bank PLC, inaugurated the sub-branch as the chief guest, according to a press release.

In his speech, Zaman requested customers to establish a relationship with the bank by opening an account.

He instructed branch officials to provide the best service to customers and encouraged them to use "Midland Online" -- the bank's free internet banking application -- to enjoy safe, secure and modern banking services from anywhere, at any time.

Md Rashadul Anwar, head of the public relations division of the bank, moderated the ceremony.

Mohd Javed Tarak Khan, head of the institutional banking division; Md Rashed Akter, head of the retail distribution division; and Abir Muntasir Islam, branch manager of the Saidpur sub-branch, along with unit heads of the institutional banking division, the general services division and the public relations division, as well as the area head and cluster heads of the bank, were also present.

Md Ahsan-uz Zaman, managing director and CEO of Midland Bank PLC, inaugurates the bank's new sub-branch at Sahid Dr Zikrul Haque Plaza in Saidpur, Nilphamari recently.

PHOTO: MIDLAND BANK

SBAC Bank holds annual risk conference

STAR BUSINESS DESK

SBAC Bank PLC yesterday organised its "Annual Risk Conference 2025" at its head office in Dhaka.

ANM Moinul Kabir, director of the Department of Off-site Supervision at the Bangladesh Bank, inaugurated the conference as the chief guest, according to a press release.

Mohammad Nazmul Huq, chairman of risk management committee and director of the bank, and Maj (retd) Abu Fateh Md Bashirur Rahman, director and member of risk management committee; attended the event as special guests.

Md Rabiul Islam, managing director and chief executive officer (current charge) of the bank, presided over the conference.

Surabhi Ghosh, additional director of Bangladesh Bank; Robin Chandra Paul, deputy director; and Md Abdul Mannan, executive vice-president and head of credit of the bank, delivered speeches as resource persons.

Md Altaf Hossain Bhuyan, deputy managing director of the bank, was also present, along with divisional heads, branch managers and sub-branch in-charges.

ANM Moinul Kabir, director of the Department of Off-site Supervision at the Bangladesh Bank, attends an "Annual Risk Conference 2025", organised by SBAC Bank PLC, at the latter's head office in Dhaka yesterday.

PHOTO: SBAC BANK

SEL marks 42 years of journey in construction sector

STAR BUSINESS DESK

The Structural Engineering Limited (SEL) has completed 42 years in the construction and housing industry.

The company recently organised a programme at Orchard Convention Hall in Dhanmondi, Dhaka to celebrate its 42nd anniversary, according to a press release.

Prof Abdullah Abu Sayeed, an educationist, founder of Bishwo Shahitto Kendro and a prominent advocate of reading culture, inaugurated the programme as the chief guest.

In his speech, Sayeed praised SEL's integrity, quality of work and customer service over its 42-year journey in the construction and housing sector, and expressed hope that the company's future would be even more prosperous.

Mohammad Abdul Awal, managing director of SEL and president of the Bangladesh Readymix Concrete Association (BRMCA), attended the event and expressed optimism about further improving the quality of customer service.

"SEL has come this far by working with honesty and integrity, prioritising the highest satisfaction of esteemed landowners and customers," he said.

Awal noted that the successful handover of nearly 300 projects and around 7,000 flats to customers marks a major milestone for the SEL family.

He also outlined the company's future roadmap and reiterated its commitment to enhancing customer service.

AHM Zahirul Haque, additional managing director; Mohammad Abdullah, deputy managing director; Mohammad Abdur Rahman (Shafii), additional deputy managing director; and Md Anwar Hossain, director (technical), among others, were also present.

Prof Abdullah Abu Sayeed, founder of Bishwo Shahitto Kendro, inaugurates the 42nd founding anniversary of Structural Engineering Limited (SEL) in Dhanmondi, Dhaka recently. Mohammad Abdul Awal, managing director of SEL, was present.

PHOTO: STRUCTURAL ENGINEERING LIMITED

Oil posts weekly loss on oversupply concerns

REUTERS, *Houston*

Oil prices closed lower on Friday, marking a 4 percent weekly decline as a supply glut and a potential Russia-Ukraine peace deal outweighed worries about any impact from the US seizure of an oil tanker near Venezuela.

Brent crude futures settled 16 cents down at \$61.12 a barrel, while US West Texas Intermediate crude was down 16 cents at \$57.44.

Both benchmarks fell by about 1.5 percent on Thursday and have lost more than 4 percent this week.

"The market continues to be weighed down by the crude oil supply situation... on the other hand, the oil market is ignoring the tension between the US and Venezuela," said Andrew Lipow, president of Lipow Oil Associates.

The US seized a sanctioned oil tanker off the coast of Venezuela, President Donald Trump said on Wednesday. The US is preparing to intercept more ships transporting Venezuelan oil after the seizure of a tanker this week, six sources close to the matter said on Thursday.

RMG industry under strain

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even for that," he said.

Hatem also accused banks of manipulating exchange rates. "They buy dollars from us at lower rates but sell them back at higher rates when we need to make payments. This dual pricing is unfair."

He urged the government and Bangladesh Bank to act quickly. "We need targeted, sector-specific policies. Most importantly, the banking system needs urgent reform. If this trend continues, more factories will close, and the impact on the national economy will be severe," he said.

"This is not just about factories -- it's about exports, jobs, and the economic future. If we don't act now, we may not get a second chance," Hatem warned.

The left-field risk for 2026 is rates going up

REUTERS, *London*

Among the avalanche of 2026 outlooks that banks have sent to their clients in recent weeks, few contain the possibility that global interest rates could trend up, rather than fall or stay the same. Derivatives markets put the chance of tighter policy at the end of next year at 0 percent in the US and just 30 percent in Europe, even as some rate-setters sound increasingly hawkish. Recent policy shifts in Japan and Australia suggest investors should take the risk seriously.

Cries for tighter monetary policy are getting louder. On Wednesday, the Federal Reserve cut rates by 25 basis points and pencilled in one more reduction in 2026. Yet dissent is growing: six of the 19 officials who submitted forecasts wanted no cut, and three expected rates to rise by the end of next year. Outside of the US, the signals are even clearer: European Central Bank board member Isabel Schnabel recently suggested the next move will be a hike. This seemed unlikely when the ECB's own projections showed inflation falling below target, but President Christine Lagarde said this week that the euro zone's economic prospects will be revised up.

Derivatives markets put the chance of tighter policy at the end of next year at 0 percent in the US and just 30 percent in Europe, even as some rate-setters sound increasingly hawkish

Investors aren't fully buying it yet. Bets on where rates will average over the next year have started to tick up in some major economies, but the moves are small and largely relate to pricing out further easing. In the US, most brokerages assume borrowing costs will fall another 50 basis points, as do traders.

One exception is Japan, where derivatives suggest a 75 percent probability of a rate hike this month. But it's a unique situation: the Bank of Japan has barely tweaked its ultra-loose monetary policy since the pandemic and is now reacting to a large, inflationary fiscal expansion. The most striking U-turn is in Australia, where markets have shifted from expecting cuts to believing policy will get much tighter at breakneck speed. With central banks often moving in lockstep, it could set a trend. Indeed, similar bets are starting to spread to Sweden and Canada, which have so far only signalled plans to stand pat.

Borrowing costs are still unlikely to rise enough to derail stocks next year. In many Western economies, unemployment is edging up, wage growth is cooling and inflation expectations remain anchored. These are signs that policy isn't overly loose. In the near term, though, central banks are under immense pressure: headline inflation is sticky and above target, growth is coming in stronger than expected, fiscal policy is stimulative in countries like Germany, and housing markets are rebounding in places like Australia and Sweden. Even in the US, where the president is lobbying for easy money, the bar for a sudden hawkish pivot may be lower than investors think. A global increase in rates could be the hidden danger for markets.

Netflix's $72b Warner Bros deal

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tutorials and influencers. It commands more viewing time than Netflix or traditional TV, powered by creators like MrBeast, with more than 450 million subscribers, top recording artists and children's hits like Cocomelon.

In October, YouTube held 12.9 percent of streaming viewership, compared with Netflix's projected 9 percent share once combined with HBO Max post-merger.

REGULATORS WILL KNOW THE DIFFERENCE

The DOJ is not likely to view those videos as a substitute for Netflix shows and movies, experts said.

"Netflix is going to have a difficult time making arguments that YouTube is substitutable for the kind of content that's on HBO Max and Netflix," said Robin Crauthers, a partner at McCarter & English and former DOJ antitrust attorney.

While companies often seek to defend their mergers by pointing to competition from a broad universe of established and emerging players, antitrust enforcers are experienced in finding the ways that mergers quash competition in distinct sub-markets.

For example, the Federal Trade Commission convinced a court that Whole Foods Market's acquisition of rival Wild Oats Markets reduced competition among "premium natural and organic supermarkets," despite Whole Foods' argument that it competes with conventional grocery chains.

The FTC also successfully challenged the merger between US handbag and accessories maker Tapestry and rival Capri as decreasing competition in the "accessible luxury" market.

The judge who blocked the Tapestry deal relied on documents showing the companies themselves thought of accessible or affordable luxury as a valid category, contradicting their argument at trial that affordable luxury was not a well-defined part of the industry.

NETFLIX FACES DOCUMENT SCRUTINY

Because of recent reforms to the merger clearance process, Netflix will have to hand over more of its internal competition analyses sooner, said former FTC antitrust attorney Shaoul Sussman.

"That will definitely give the government a leg up in the investigation," said Sussman, of the law firm Simonsen Sussman.

If Netflix's documents do not cite YouTube as a major competitor, or if they focus on categories that exclude YouTube, such as paid subscriptions, that will undermine the company's argument, attorneys said.

Netflix has also pitched the deal as bringing down prices for the vast majority of HBO Max subscribers, who are already Netflix customers, by allowing the company to bundle the two products, Reuters reported last week.

Nvidia may increase H200 chip

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Trump's decision on the H200 comes at a time when China is pushing to promote its own domestic AI chip industry. As domestic chip companies have yet to produce products that match the H200, there have been concerns that allowing the H200 into China could stymie the industry.

"Its (H200) compute performance is approximately 2-3 times that of the most advanced domestically produced accelerators," said Nori Chiou, investment director at White Oak Capital Partners.

"I'm already observing many CSPs (Cloud Service Providers) and enterprise customers aggressively placing large orders and lobbying the government to relax restrictions on a conditional basis," he said, adding Chinese AI demand exceeds the capacity of local production.

During the emergency meetings, there was a proposal to require each H200 purchase to be bundled with a certain ratio of domestic chips, one of the first two sources and a third source said.

For Nvidia, adding new capacity is also challenging at a time when it is not only transitioning to Rubin but also competing with companies including Alphabet's Google for limited advanced chipmaking capacity from TSMC.

Farmers harvest Aman paddy in Rajshahi's Paba upazila recently. At the end of September, the outstanding balance of agricultural credit, including interest, stood at Tk 59,500 crore, reflecting an 8 percent increase from Tk 54,928 crore a year earlier. PHOTO: AZAHAR UDDIN

Agri credit overdue surges 88% in Sept

STAR BUSINESS REPORT

Overdue agricultural credit of scheduled banks rose 88 percent year-on-year to Tk 22,120 crore at the end of September 2025, according to a Bangladesh Bank (BB) report.

The central bank attributed the sharp rise mainly to state-owned specialised banks, private commercial banks, and state-owned commercial banks, as highlighted in its monthly report on agriculture and rural finance.

The revised loan classification criteria, effective from April 2025, also contributed to the significant increase in overdue loans.

BB said the surge signals growing concerns over credit recovery and the need for stronger oversight and risk management in the sector.

At the end of September, the outstanding balance of agricultural credit, including interest, stood at Tk 59,500 crore, reflecting an 8 percent increase from Tk 54,928 crore a year earlier.

Grameen Bank and 10 large NGOs collectively disbursed Tk 18,464 crore in microcredit in

The revised loan classification criteria, effective from April 2025, also contributed to the significant increase in overdue loans

September this year, a 21 percent rise from the same month of the previous year. Recovery amounted to Tk 16,968 crore, up 16 percent year-on-year.

Their outstanding microcredit balance stood at Tk 123,006 crore, with overdue loans of Tk 8,383 crore, representing nearly 7 percent of the total.

The overdue amount for microfinance institutions (MFIs) reached Tk 8,383 crore at the end of September 2025, a 20 percent increase from Tk 6,997 crore in September 2024.

Bangladesh Bank said the rise was driven by erratic borrower behaviour and repayment difficulties caused by crop losses from floods and rising living costs.

PKSF's loan programme had an outstanding balance of Tk 13,692 crore at the end of September, with overdue loans of Tk 108 crore.

Bangladesh Bank said that although MFIs experienced higher overdue balances due to borrowers' hardships associated with floods and rising living costs, PKSF and major microfinance institutions demonstrated strong recovery growth and expanding outreach.

Dollar advances after recent fall

REUTERS, *New York*

The US dollar rose against major currencies on Friday after falling in recent sessions, but was still on track for its third straight weekly drop amid the prospect of interest rate cuts by the Federal Reserve next year.

Sterling also eased after data showed the UK economy unexpectedly shrank in the three months to October.

The euro was flat at $1.1735 after hitting a more than two-month high on Thursday.

The dollar index , which measures the US currency against six others, rose 0.1 percent to 98.44, rallying from a two-month low hit on Thursday but still on track for its third weekly decline with a 0.6 percent fall. For the month of December, the greenback has been 1.1 percent weaker so far.

The index was also down more than 9 percent this year, on pace for its steepest annual drop since 2017.

"It's Friday fatigue. The dollar is down on the week and it's pretty much down the whole month," said Bob Savage, head of markets macro strategy at BNY in New York. "And is it because the Fed cut rates? Yes partially."

Against the yen, the dollar rose 0.2 percent to 155.93 yen ahead of next week's Bank of Japan meeting, where the broad expectation is for a rate hike. Markets are focused on comments from policymakers on how the rate path will look in 2026.

Reuters reported that the BoJ would likely maintain a pledge next week to keep raising interest rates, but stress that the pace of further hikes would depend on how the economy reacts to each increase.

Pran Group's Banga Building signs $25m deal with German firm

STAR BUSINESS REPORT

Banga Building Materials Ltd (BBML), a concern of Pran-RFL Group, has signed a $25 million deal with a German development finance institution to expand its production at the Habiganj Industrial Park.

The total project cost of BBML's expansion is $29 million, for which DEG-Deutsche Investitions- und Entwicklungsgesellschaft mbH will give a loan to finance import capital, machinery and raw materials, according to a press release.

The loan will be partially guaranteed by the European Union's EFSD+ programme under its Global Gateway Initiative.

Under the new financing, BBML will expand production of recycled products and soft PVC items such as PU leather, floor mats and PVC ceiling boards, while introducing household cleaning brushes for export to the US and European markets.

BBML currently employs around 9,500 people. The expansion at Habiganj Industrial Park is expected to create an additional 1,000 jobs.

Parvez Akhter, vice-president for industries and services for Asia at DEG, and Uzma Chowdhury, director for corporate finance of Pran-RFL Group, pose for a photograph at the deal signing ceremony. PHOTO: PRAN-RFL GROUP

BBML began commercial operations in 2008 at its industrial park in Shayestaganj, Habiganj.

The company's product portfolio includes PVC doors, fittings, electrical switches, and recycled plastic products.

DEG is a subsidiary of KfW Group, a German state-owned development bank, providing long-term financing and advisory services to private companies in developing and emerging countries.

DEG's support is a strong endorsement of the company's vision to produce import-substitute products while creating rural employment, said Ahsan Khan Chowdhury, chairman and CEO of Pran-RFL Group.

Monika Beck, chief investment officer and member of the management board of DEG, said the agreement reflects the strength of the long-term partnership and underscores a shared commitment to sustainable growth.

The signing ceremony took place on December 11 at Pran-RFL Group's head office in Dhaka.

Uzma Chowdhury, director for corporate finance of Pran-RFL Group, and Parvez Akhter, vice-president for industries and services for Asia at DEG, signed the agreement.

Janata Bank struggles

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stronger, though still high by international standards.

All four state-run banks are facing large capital shortfalls caused by the high volume of bad loans. A capital shortfall indicates a bank cannot maintain the minimum regulatory capital against its risk-weighted assets.

As of June this year, Janata Bank was in the most precarious position, with a capital shortfall of Tk 65,093 crore, far higher than its peers and signalling a major solvency issue.

Agrani Bank and Rupali Bank reported shortfalls of Tk 23,240 crore and Tk 18,054 crore, respectively.

By contrast, Sonali Bank has a manageable shortfall of Tk 3,268 crore.

Between January and June, capital shortfalls declined at Sonali Bank and Agrani Bank but increased at Rupali Bank and Janata Bank.

Recovery efforts remain weak relative to the scale of bad loans.

According to the performance report analysis, Sonali Bank recovered Tk 580 crore in cash from defaulted and written-off loans during January to June, the highest among the four banks.

Agrani Bank and Rupali Bank recovered Tk 390 crore and Tk 350 crore, respectively, while Janata Bank, despite having the largest NPL volume, recovered just Tk 267 crore.

For the banks, a high concentration of loans among a few borrowers poses a systemic risk.

Janata Bank reported the highest concentration, with 76 percent of funded loans tied to 33 borrowers.

Rupali Bank has 63 percent tied to 32 borrowers, Agrani Bank 44 percent among 19 borrowers, and Sonali Bank the lowest concentration at 9 percent among five borrowers, according to the report.

In terms of liquidity, Sonali Bank holds Tk 84,157 crore as of August, indicating a strong ability to meet withdrawals and funding needs.

Liquidity at Agrani Bank, Rupali Bank, and Janata Bank is much lower, at Tk 16,541 crore, Tk 12,312 crore, and Tk 6,300 crore, respectively.

Janata Bank's low liquidity, combined with its capital shortfall, leaves it highly vulnerable, according to industry insiders.

Past loan irregularities, scams, and politically influenced lending under the previous government have undermined the financial health of Janata Bank, Agrani Bank, and Rupali Bank.

In contrast, a cautious lending policy following the Hallmark loan scam has helped Sonali Bank strengthen its position, according to industry sources.

Md Shawkat Ali Khan, managing director and CEO of Sonali Bank, told The Daily Star last week that since the Hallmark scam, the bank has invested more cautiously.

"Loans are no longer extended indiscriminately. In addition, priority is being given to the SME and agriculture sectors. These factors have contributed to the improvement in the bank's financial health," he said.

Regarding Hallmark Group recovery, he said the bank has identified and taken possession of 134 acres of Hallmark's land and is exploring ways to sell the assets.

"We have already spoken with Bida [Bangladesh Investment Development Authority], so they can bring in foreign buyers and facilitate the sale. We have also proposed that the government consider taking over the land," he added.

Hallmark's current liabilities at Sonali Bank total Tk 2,500 crore, with only Tk 13 crore recovered in cash so far.

"In some areas, we improved in the June quarter, but in some we failed," said Kazi Md Wahidul Islam, managing director and CEO of Rupali Bank.

"We are trying to reduce the bad loans," he commented, adding that the bank recovered a significant amount of bad loans in the June quarter.

The Daily Star approached the managing directors of Agrani Bank and Janata Bank for comment, but they did not respond till the filing of this report yesterday evening.

NBR proposes

FROM PAGE B1

The reform also aims to strengthen policy research and statistical capacity within the Revenue Policy Division. "We are making the research wing much stronger," the official said.

A new grade-1 post, called Member, Revenue Policy and Economic Analysis, is being proposed and may be filled from within the civil service or externally. There will also be opportunities to recruit renowned economists, experienced accountants, and legal experts with long-standing experience in revenue-related work, the official added.

The government initially proposed the institutional separation through an ordinance in May this year, aiming to strengthen revenue governance and boost tax collection. However, the move faced resistance from NBR officials and employees, who protested, fearing that their professional interests would not be protected.

Following the unrest, the government introduced amendments and enacted the Revenue Policy and Revenue Management Ordinance, 2025, on September 1.

NBR Chairman and IRD Secretary Md Abdur Rahman Khan said yesterday that several procedural steps must be completed before manpower allocation for the two new divisions can be approved. A key requirement is amending the Allocation of Business and the Rules of Business, which define the legal authority of the new units.

"First, the Allocation of Business and the Rules of Business must be finalised," Khan said. "We are moving quickly. There is no lack of effort on our part, and we are not wasting time. Most of our work on this side is already done. But the government has a sequence of steps that must be followed."

He expressed hope that the split process could be completed during the interim government's tenure. "We have done extensive work and sent the final draft from our side. It is now with the Cabinet, and that process also takes time," he added.

Swadesh job scam

FROM PAGE B1

complainants did not follow proper procedure.

"However, they are now respected customers of the company," he said.

Under the law, a policy must remain active for at least 24 months to qualify for any surrender value, Kawser said. Since only one instalment was deposited, the company cannot legally refund the money at this stage, he added.

Kawser said it is difficult for the company to take responsibility for money that did not go through banking channels.

He added that the insurer would take legal action against the offences committed.

Contacted, Idra Spokesperson Saifunnahar Sumi said the Insurance Act does not allow the regulator to take legal action against anyone other than an insurer's adviser or chief executive officer.

However, sections 10 and 50 of the Insurance Act refer to regulatory powers to act against such offences linked to insurance firms.

Supreme Court lawyer Ishrat Hasan said the allegations against Swadesh Islami Life Insurance are extremely serious and constitute violations of several laws. Taking money from job applicants on the promise of employment is fraud and deception, a punishable offence under the law, she said.

As the matter involves criminal fraud, victims can file a case under the Code of Criminal Procedure, 1898 and seek legal remedy from the courts, she added.

Md Main Uddin, a professor at Dhaka University, said some insurance companies operate on the assumption that Idra will not act against misuse of policyholders' money. That belief encourages further abuses, including job scams where applicants are forced to buy policies as a condition for employment.

Swadesh Islami Life Insurance has more than 30 branches nationwide, around 10,000 policyholders and about 100 permanent employees.

In January 2024, the insurance regulator removed 12 of the company directors, including the chairman, over allegations of embezzling fixed deposits and violating the Insurance Act.

Bangladesh holds

FROM PAGE B1

Reaz said Bangladesh's exports remain heavily reliant on a single product—readymade garments—posing significant macroeconomic risks.

He also said that potatoes offer several advantages, as they are high-yielding (producing 10-28 tonnes per acre), adapt well to local conditions, and have a short production cycle of three to four months.

As climate change increasingly affects Bangladesh—one of the world's most climate-vulnerable countries—potatoes stand out as a climate-resilient crop, he added.

Jahangir Alam Khan, a renowned agricultural economist, said that if the agriculture ministry alone promotes potato consumption, people may perceive it as a directive to reduce pressure on rice due to shortages.

However, if stakeholders in the potato sector—cold storage operators and businesses—inform people about the diverse uses of potatoes at both urban and rural levels, consumption will increase organically, he said.

Currently, potato production is high, but consumption is low, resulting in falling prices, Khan said.

"Increased usage is therefore essential."

Md Mahmudur Rahman, additional secretary of the agriculture ministry, said that in many European countries, potatoes are a central component of meals, while in Bangladesh, rice-based dishes dominate.

Cultural acceptance must develop organically over time, he said.

The government is now considering direct price support or cash assistance for farmers who have incurred losses, Rahman said.

This support will depend on cultivated acreage and available fiscal resources, he added.

Mohammad Masum, chairman of Supreme Seed Company Limited, a renowned local seed company, emphasised that if food security is a key Sustainable Development Goal for Bangladesh, potatoes should be more fully integrated into the national diet.

He suggested that declaring potatoes the country's second staple food would enable coordinated policy measures.

Healthcare market

FROM PAGE B1

He said healthcare quality in Bangladesh lags behind that of developed countries and even some neighbouring nations.

He stressed the importance of implementing primary healthcare and added that, along with overall management development, decentralisation is crucial for improving the health sector.

DCCI President Taskeen Ahmed said there are disparities in service quality between public and private hospitals. Shortages of skilled manpower, the rise of unauthorised clinics and pharmacies, weak regulatory oversight, and limited use of modern technologies continue to erode public health security and trust, he said.

Due to the absence of an effective health insurance mechanism, individuals have to bear nearly 74 percent of total healthcare expenditure themselves, posing serious financial risks for low- and middle-income groups.

To ensure a sustainable healthcare system, he stressed the need for foreign investment, public-private partnerships, modern medical technologies, and skilled professionals.

Mohammad Hatem

RMG industry under strain amid factory closures, job losses

BKMEA chief says, decries rising production costs

JAGARAN CHAKMA

The country's readymade garments (RMG) sector is facing one of its toughest periods in recent years, with falling exports, rising production costs, factory closures, and financial instability putting immense pressure on manufacturers, Mohammad Hatem, president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said.

In an interview with The Daily Star, Hatem described the situation as "extremely alarming," blaming ineffective policies and a lack of banking support for worsening the crisis.

"Not only the RMG sector, but the entire economy, business environment, and flow of money are not functioning smoothly," he said. "We have raised these issues for a long time, but effective solutions are still missing."

Hatem acknowledged some government measures, including action against large-scale bank irregularities, partial control of inflation, and easing the dollar crisis, but said they do not address the deep structural problems of the export-driven RMG sector.

"The government has failed to introduce business-friendly policies in a timely and coordinated way. We are not against the government; we have praised several initiatives. But on key economic issues -- trade, banking, and industrial policies -- there has been little consultation with stakeholders like us," he added.

Over the past few years, major financial support for the sector has been withdrawn. Hatem cited the reduction of the Export Development Fund (EDF) allocation and the closure of the Tk 5,000 crore Pre-shipment Credit Fund in April 2024, which offered loans at just 5 percent interest.

"With borrowing costs now around 15-16 percent, businesses are struggling to survive. How can an industry survive under such intense financial pressure? We are fighting just to stay afloat," he said.

The removal of export incentives, part of Bangladesh's plan to phase them out ahead of its graduation from Least Developed Country (LDC) status, has added further pressure.

TAKEAWAYS FROM INTERVIEW

CRISIS & ALARM

RMG sector in "extremely alarming" state, with exports falling and costs rising

The crisis goes beyond garments – business confidence, cash flow, and overall economic activity are badly disrupted

FACTORY CLOSURE & JOB LOSSES

Around 250-260 RMG factories closed in 18 months, resulting in a net loss of over 2.2 lakh jobs

FINANCIAL SUPPORT GAP

Key financial lifelines withdrawn, including reduced EDF allocation and closure of the Tk 5,000 crore Pre-shipment Credit Fund

BANKING SECTOR FAILURES

Banks accused of "active obstruction", especially toward SMEs, instead of supporting industries during crisis

Credit limits not adjusted for dollar depreciation, sharply reducing exporters' ability to open import LCs

GLOBAL MARKET PRESSURES

US demand weakening due to inflation and tariff uncertainty, while tougher competition in the EU from China and India squeezes orders

URGENT WARNING

Factories running 20-50% below capacity, prompting a warning that without urgent banking and policy reform, more closures are inevitable

"From February 1, 2024, previous export incentives were discontinued. The remaining 0.3 percent is almost unusable due to heavy paperwork and red tape. For us, it is effectively cancelled," Hatem said.

He said around 250-260 RMG factories have closed over the past 18 months, leaving more than 2.2 lakh workers unemployed. "Some factories have opened during this period, creating 30,000 to 40,000 jobs, but overall job loss remains very high," he added.

In Narayanganj, a major knitwear hub, individual factory closures have left thousands unemployed. "These are not just statistics. They represent families, livelihoods, and entire communities," he said.

GLOBAL MARKET PRESSURES AND BANKING CHALLENGES

The global economic climate has also become less supportive for Bangladeshi exporters. In the United States, the country's largest export market, inflation and weaker consumer purchasing power have reduced demand. "Buyers are cautious. They are uncertain about future tariffs and are taking a wait-and-see approach. As a result, we are receiving fewer orders," Hatem said.

Some US quarters have tried to impose parts of the general tariff structure -- about 20 percent -- on Bangladeshi goods, which could further undermine competitiveness.

Meanwhile, exporters from China and India, facing barriers in the US, have shifted focus to Europe, creating "unhealthy competition" and reducing Bangladesh's flow of orders.

As a result, many factories are running well below capacity. "Most are running 20-30 percent below capacity, and some are 40-50 percent lower than normal. This is not sustainable," Hatem said.

Hatem criticised the banking sector for failing to support industries in their time of need. "Banks are completely uncooperative, especially with small and medium-sized enterprises. In some cases, it's worse than neglect -- it's active obstruction," he said.

Bank credit limits have not been adjusted with changing exchange rates. "For example, a Tk 50 crore credit limit when the dollar was Tk 83 allowed LCs worth $6 million. Now that the dollar is Tk 122, I can only open LCs worth around $4 million with the same limit. Yet banks refuse to revise it," Hatem added.

He also highlighted long delays in back-to-back LC processing -- sometimes 20-30 days -- which disrupt production cycles. "Banks give all sorts of excuses -- margin issues, documentation problems, or that your limit is used up. It's the same story every time."

Exporters are struggling to access their own funds, with banks charging 15-16 percent interest on export proceeds needed for salaries. "Earlier, we could access this money interest-free for 30 days. Now, we are being charged

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Responsible banking

MAMUN RASHID

The tragic incident at a commercial bank's branch on the outskirts of Dhaka in 2015, where the branch manager was shot dead alongside several colleagues and clients, still lingers painfully in my mind. In the days that followed, many commented, almost casually, that the young man had acted foolishly. They argued he should have handed over the keys to the armed miscreants and saved his life, as well as the lives of those around him. This judgement, made from the safety of distance, misses a deeper truth about the mindset and ethos of many young bankers.

The manager was at the beginning of his career. For him, the bank was not just an employer; it was an institution he had sworn to protect. Safeguarding the bank's assets, including premises, vaults and client deposits, was part of the trust placed upon him. This sense of duty, though tragically costly, sprang from professional loyalty and an instinctive adherence to responsibility. Many who have worked in banks will recognise this impulse. In moments of crisis, young executives often revert to what they believe their institution expects of them.

This story returned to me when I read headlines accusing banks of "unnecessarily keeping their staff late." The portrayal is simplistic and unfair. Having spent decades around bankers, I must say no, this narrative does not capture the true culture of our institutions. Bankers do not operate in isolation. They work in an environment driven by customer demands, regulatory expectations and market realities.

Inside a bank, people often treat one another like extended family. They step in for each other, provide support when workloads intensify and stay late not because a manager insists, but because the work demands closure. Branch operations, reconciliations, compliance updates, trade documentation and customer service issues do not conveniently end at 5 pm.

Banking is not a nine-to-five profession. It is a service industry where client needs dictate the rhythm.

Textbooks remind us that a bank's core functions include financial intermediation, maturity transformation, efficient credit allocation and payment facilitation. These functions are critical to economic stability, and their execution requires precision, diligence and accountability. Behind every loan approval, every trade transaction and every payment settlement, there are teams ensuring compliance, accuracy and risk mitigation.

In carrying out these functions, banks must comply with laws, regulations and central bank guidelines. They must uphold fairness and transparency while balancing the interests of shareholders, depositors, employees and broader stakeholders. This balancing act, complex and ever evolving, requires conscientious professionals who understand not only the rules but the spirit of responsible banking.

Critics often judge the sector through isolated incidents. Those who observe banking closely know that a bank's strength is built on thousands of daily acts performed quietly by people whose names rarely make headlines. They reconcile accounts late, verify transactions to prevent fraud, manage liquidity exposure and ensure payments move across the economy. Their work may be unglamorous, but its impact is systemic.

This duty must sit alongside the need for robust governance. Regulators, auditors and bank boards must maintain a strong firewall to deter malfeasance and protect depositors. Supervision should be proactive, not merely reactive. Capacity building, transparent inspections and strict post-retirement cooling-off rules would help reduce conflicts of interest. Ethical conduct, combined with sound supervision, reinforces public confidence and ensures banks serve the economy without succumbing to short-term pressure or quick gains.

The branch manager embodied that sense of responsibility, perhaps to an extreme and perhaps beyond what training manuals prescribe, but undeniably with sincerity. His story reminds us that banking is not merely about counting money or processing transactions. It is about trust, discipline and extra mile service. It is about individuals who carry institutional reputation on their shoulders, not merely public relations or awards.

As we reflect on such incidents, let us avoid easy judgments. Acknowledge the pressure and expectations that define bankers' lives. Recognise the unseen dedication that keeps the financial system functioning each day. Above all, remember the human cost behind the word "responsibility", a word that defines the banking profession more than any headline ever could.

The writer is a banker and chairman at Financial Excellence Ltd

Netflix's $72b Warner Bros deal faces skepticism over YouTube rivalry claim

PHOTO: AFP

REUTERS, *New York*

Netflix says it must acquire Warner Bros Discovery to compete with YouTube, but antitrust experts doubt regulators will buy that argument.

The streaming giant's $72 billion takeover of Warner Bros Discovery's studios and HBO Max will face scrutiny from US and global regulators, given its scale and the combined 428 million subscribers.

Netflix insists the deal is needed to challenge Alphabet's YouTube, which media analysis firm Nielsen ranks as America's most-watched TV distributor. But attorneys say the Justice Department is unlikely to see Netflix and YouTube as interchangeable rivals, given their different content, audiences and business models.

"Netflix is trying to say it competes with YouTube because people only watch a certain amount of content a day," said Abiel Garcia, antitrust partner at Kesselman Brantly Stockinger. "That argument ultimately fails."

Netflix spends billions of dollars on scripted original movies and series like "Stranger Things" and "KPop Demon Hunters". It frequently dominates Nielsen's ranking of most-streamed original series, accounting for eight of the top 10 originals in a recent ranking. Subscribers pay $7.99-$24.99 monthly, while ads remain a small but growing revenue stream.

YouTube, by contrast, thrives on user-generated content and advertising built on music videos, how-to tutorials and influencers. It commands more viewing time than Netflix or traditional TV, powered by creators like MrBeast, with more than 450 million subscribers, top recording artists and children's hits like Cocomelon.

In October, YouTube held 12.9 percent of streaming viewership, compared with Netflix's projected 9 percent share once combined with HBO

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US launches pact for AI supply chains

REUTERS, *Washington*

The United States on Thursday announced a pact with allies to secure supply chains for minerals needed for artificial intelligence, hoping to secure a key resource as China quickly takes a lead.

The United States signed an agreement on the supply chains with key Asia-Pacific allies concerned about China's growing clout -- Japan, South Korea, Singapore and Australia -- as well as Israel.

Dubbed the "Pax Silica," adapting the Latin terms for peace and silicon, a key material in AI, the partnership aims to secure supply chains and ensure that the countries are not dependent on China.

"Pax Silica is a new kind of international grouping and partnership -- one that aims to unite the countries that host the world's most advanced technology companies to unleash the economic potential of the new AI age," a State Department statement said.

The United States, which said other countries would join, was vague on the practicalities but said countries would work together to ensure timely supply chains.

"We believe that this gathering and grouping matters because the global system is shifting from 'just in time' to strategically aligned," said Jacob Helberg, the State Department's undersecretary for economic affairs.

"Pax Silica ultimately ensures that these countries have reliable access to the inputs and infrastructure that determine AI competitiveness," he told reporters ahead of the signing.

China has quickly taken a dominant position in the race for resources in the fast-growing area of artificial intelligence, mining around 70 percent of key rare earths.

Nvidia may increase H200 chip output due to robust China demand

REUTERS

Nvidia has told Chinese clients it is evaluating adding production capacity for its powerful H200 AI chips after orders exceeded its current output level, according to two sources briefed on the matter.

The move comes after US President Donald Trump said on Tuesday the US government would allow Nvidia to export H200 processors, its second-fastest AI chips, to China and collect a 25 percent fee on such sales.

Demand for the chip from Chinese companies is so strong that Nvidia is leaning toward adding new capacity, one of the sources said. They declined to be named as the discussions are private.

"We are managing our supply chain to ensure that licensed sales of the H200 to authorized customers in China will have no impact on our ability to supply customers in the United States," an Nvidia spokesperson said in a statement to Reuters after the story was published.

Major Chinese companies including Alibaba and ByteDance have already reached out to Nvidia this week about purchasing the H200 and are keen to place large orders, Reuters reported on Wednesday.

However, uncertainties remain, as the Chinese government has yet to greenlight any purchase of the H200. Chinese officials convened emergency meetings on Wednesday to discuss the matter and will decide whether to allow it to be shipped into China, said one of the two sources and a third source.

Very limited quantities of H200 chips are currently in production, Reuters reported on Wednesday, as the US AI chip leader is focused on producing its most advanced Blackwell and upcoming Rubin lines.

Supply of H200 chips has been a major concern for Chinese clients and they have reached out to Nvidia seeking clarity on this, sources said.

A Nvidia GB300 NVL72 supercomputer is seen on display at the Foxconn headquarters in New Taipei City.

PHOTO: AFP/FILE

As part of the briefing provided by Nvidia, the company has also given them guidance on current supply levels, said one of the first two people, without providing a specific number.

The H200 went into mass deployment last year and is the fastest AI chip in Nvidia's previous Hopper generation. The chip is manufactured by TSMC using the Taiwanese firm's 4nm manufacturing process technology.

TSMC declined to comment on capacity allocations for specific customers, pointing instead to recent remarks by Chairman and CEO C.C. Wei on the company's capacity planning approach amid surging AI demand.

China's Ministry of Industry and Information Technology (MIIT) did not immediately reply to requests for comment.

Chinese companies' strong demand for the H200 stems from the fact that it is easily the most powerful chip they can currently access.

It is about six times more powerful than the H20, a downgraded chip from Nvidia tailored for the Chinese market that was released in late 2023.

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