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 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.

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

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

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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

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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

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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

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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.